The Study of Agricultural Economics.[1]

By C. S. ORWIN, M.A.

IT is now about five and twenty years since research and educational work in agriculture began to be developed seriously in this country. Since that date a very great deal of effort has been expended in investigating the forces by which plant and animal life are controlled, and in bringing natural science to bear in every way upon the problems of food production. Work along these lines has been productive of most valuable results to the farmer; but at the same time the fact has been overlooked that, when all is said, farming is a business, and if it is to succeed as such it must be carried on with a clear regard for the economic forces which control the industry. So, whilst desiring nothing but the fullest recognition of work in the fields of natural science applied to the investigation of farming problems, I must express without any qualification the view that the equal importance of the study of these economic forces has never been adequately recognised.

Educational and research work in agriculture which takes no account of the dominant importance of economics must always be ill-balanced and incomplete, for farming business requires for its proper control a consideration of human relationships, of markets, of transport, and of many other matters which should come within the purview of the economist, as well as, or even more than, a consideration of questions regarding the control of plant and animal growth with which the man of science, in the limited sense of the name, is concerned. No one could wish to deny the need for the close and continual study of the soil and the means by which it can be made to produce more abundantly; no one could deny the need for research work in problems of animal and plant life. But the main concern of the farmer is to know not so much that which he can *grow* and how best to grow it as that which he can *sell* and how to sell it at a profit. Given the necessary capital and labour, conditions may be contrived under which any soil may be made to produce any crop; but the wisdom or otherwise of embarking upon any particular form of production can be determined only by a study of economic forces. In Bedfordshire, for example, considerable areas of very moderate land are met with given up to a most intensive form of agriculture; but land equally suitable for a similar form of farming may be met with in many other parts of the country which is producing not a tenth part of the value in food products nor employing a tenth part of the capital and labour, whilst at the same time the systems under which it is farmed are fully justified by the results.

The reason of the difference, as doubtless everyone realises, is that the land in the former case is so situated that it has access, in the first place, to supplies of organic manures on an abundant scale and at a cheap price, and, in the second place, to markets crying out for its produce, whilst one or both of these facilities are denied to the other areas. In the Chilterns district of Oxfordshire farming a generation ago was mainly directed to the production of corn and meat, and nothing that has arisen out of the work of the investigators along lines of natural science would have called for any radical changes in agricultural policy on these soils. But economic forces, inexorable in their effect, have brought about a revolution, and arable land previously under corn and sheep is now laid down to grass or occupied with fodder crops for the maintenance of the dairy herds which have replaced sheep throughout the area. Again, in the hill districts of England and Wales there occur combes and valleys admirably adapted by soil and climate to the production of potatoes, and the highlands of Devonshire and Somerset may be cited in illustration. In these places, however, in the majority of cases, even though good markets may exist—Somerset, for example, imports potatoes—the lack of transport facilities makes it impossible for the farmers to produce anything which does not go to market on four legs.

Coming last to the question of human relationships, we find that it is possible to organise much more intensive forms of agriculture than any of our own, which would be an enormous advantage to a consuming nation like Britain; examples of such are to be met with in varying degrees of intensity in many countries. The Chinese, one reads, have increased production per unit area to an almost incredible extent, and in a lesser degree a similar state of affairs exists in parts of France and in Belgium (so often held up to us in this country as a model of productive capacity which we should strive to emulate). But in all these places the results are achieved only by a prodigal use of labour. The nation gains, no doubt, in the volume of produce available for its consumption, but the individual producer, deprived under this system of the opportunity to apply his manual effort in conjunction with an adequate amount of capital and land, is sacrificed to the consumer's advantage, and is driven to spend himself, year in and year out, for a reward for his toil to which the British worker, with so many alternative openings in more profitable directions available for him under our industrial system, would never for one moment submit.

These few illustrations may serve to indicate the over-riding importance of the economic factor in farming just as in any other business. It is a common experience in industry that many scientific and technical processes are possible which are not profitable, and it is in the light of the profit that they leave that all of them must be judged.

[1] Abridged from the presidential address delivered to Section M (Agriculture) of the British Association at Edinburgh on September 12.

Economic conditions are subject to continual change, and the variations may be both sudden and extreme. This makes it the more needful to be continually recording experience and to examine it for the facts that emerge from which to obtain guidance for future policy. Much information is required both for national and individual guidance. Of late years, for example, there has been much advocacy of more intensive cultivation of the soil; it is said that by closer settlement and more intensive methods the production from the land could be much increased. On the other hand, there are those who advocate a development of extensive farming as being the only means by which to attract capital to the land and to pay the highest wage to the worker. Both sides to this controversy can and do produce evidence in support of their views, and some figures derived from a survey made by my colleague, Mr. J. Pryse Howell, will serve to illustrate both. The total area surveyed was 9,390 acres, divided into fifty-two farms of various sizes, and the region was selected by reason of the uniformity of the general conditions. All available data for each holding were collected, and after grouping the farms according to acreage the figures were thrown together and averaged for each group, with the following result:—

Production per Unit of Land and per Unit of Labour from Holdings of Various Sizes.

Group.	No. of farms in each group.	Average size of farms.	Average arable land per cent.	Altitude.	Average rent per acre.	Average men per 100 acres.	Sales per acre.	Sales per man
Acres.				Feet.	s. d.		£ s. d.	£ s. d.
I. 0–50	5	39	17	341–369	32 10	7·1	11 19 11	168 19 0
II. 50–100	10	78	22	319–384	33 0	6·4	9 19 2	156 2 0
III. 100–150	14	138	21	370–453	27 2	4·2	7 19 1	189 0 0
IV. 150–250	11	201	11·7	330–411	28 4	3·3	7 5 8	222 12 1
V. over 250	12	356	18·0	286–435	26 5	2·6	8 4 4	316 19 0

It will be noted that the conditions under which the farming is carried on in the various groups show no material differences as between one group and another, except in the matter of area. There is a tendency for rent to fall as the size of the holdings increases, but it is not pronounced, and in one case (Group IV.) the percentage of grassland to arable land is considerably higher than in the rest; but, considering the variations which must be expected in the conditions prevailing over any area of fifteen square miles, it may be claimed that in respect of altitude, quality of land, and proportion of arable to grass the holdings in these five groups are fairly comparable. Taking the results as they stand, the fact emerges that employment and production vary inversely with the size of the holding, but that the production per man employed varies directly with the size of the holding. Thus, on one hand, the advocates of closer settlement and the intensive methods which must necessarily follow if men are to live by the cultivation of small areas of land would seem to be justified in that the results shown by the survey indicate the highest amount of employment and the greatest product-value in the smaller groups. On the other hand, the advocates of more extensive methods of farming can point to their justification in that it is clear that the efficiency of management is greatest in the larger groups if the standard of measurement be that of product-value per man employed.

However, it is clear that either party is drawing conclusions from incomplete data. The efficiency of any farming system can be judged only by an examination of the extent to which all the factors of production are utilised and balanced under it. Each of the assumptions made from the figures above ignores entirely the factor of capital. Land, labour, and capital are all required for production, and the *optimum* system of farm management is that which utilises all three together so as to secure the maximum result from each. If information were available as to the capital utilised in each of the five groups in the survey it might be found that in the smaller groups labour was being wastefully employed, and that an equal number of men working on a larger area of land with more capital, in the form of machinery equipment, would produce an equal product-value per unit of land with a higher rate of output per man employed. Equally it might be found that in the larger groups the use of more labour, or a reduction in the area of land, might produce the same product-value per man with a higher rate of output per unit of land. Obviously there can be no absolute answer to the question of what constitutes the most economical unit of land for farm production. The quality of land in certain cases, and market, transport, and climatic conditions in many more, make it impossible to determine even within wide limits the size of the holding on which the principal factors of production can be employed with maximum effect. Within similar areas, however, and in limited districts, much work can and should be done by agricultural economists to collect evidence on this point for the information of all concerned with the administration of land.

Another matter of the utmost importance to the farmer and to the public alike, and one which is crying out for investigation on a large scale, is the distribution and marketing of farm produce. Attention has been directed many times to the discrepancy between the price realised by the producer and the price paid by the consumer for the same article. In connection with market-garden produce, for example, the Departmental Committee on the Settlement or Employment on the Land of Discharged Sailors and Soldiers stated in their Report (Cd. 8182, 1916) that "the disparity between the retail prices paid for market-garden produce in the big towns and the small portion of those prices received by the growers is utterly indefensible. It demonstrates a degree of economic waste which would ruin any other industry." No evidence was published by the Committee as to the facts upon which this conclusion was based, but a recent inquiry made by the Ministry of Agri-

culture into the prices prevailing at various stages in the distribution of vegetables in London may be quoted in confirmation of it. Figures were collected to show the amount received by the producer, the wholesaler, and the retailers for various classes of everyday garden stuff, with results as shown below.

Producer's, Wholesaler's, and Retailers' Prices for Market-garden Produce, January, 1921.

	Cabbages, medium grade, per doz.	Cabbages, bottom grade, per doz.	Cauliflowers, top grade, per doz.	Sprouts, top grade, per 28 lbs.	Turnips, medium grade, per cwt.
	s. d.	*s. d.*	*s. d.*	*s. d.*	*s. d.*
Producer...	0 3	0 2½	3 0	3 6	3 0
Wholesaler	1 0	0 9	5 0	--	5 6
Retailers—					
(*a*) Stalls and barrows	2 6	2 0	6 0	—	14 0
(*b*) Suburban shops ...	3 0	2 6	8 0	—	14 0
(*c*) Stores and high-class shops ...	4 0	3 0	10 0	14 0	18 8

One has only to glance at the prevailing methods of distribution to realise their wastefulness. The street in which I live contains ten houses, and each day four milk-carts, three bakers' carts, three grocers' carts, and two butchers' carts deliver food to them. Twelve men, horses, and carts, not to mention a host of errand-boys on foot and on cycles, to deliver food to ten families!

At the present time labour problems afford a useful example of the need for further investigation of the economic problems of agriculture. The labourer is often blamed for results which are due to the inefficiency of the farmer as a manager. When wages were low it may have been that the labourer was the cheapest machine, but in proportion as his remuneration approaches more nearly to the standard of reward in competing industries, so will the necessity for making his work more productive be intensified. The value of the output from the farm per man employed is not the only measure by which to gauge the efficiency of the management, but is certainly one of primary importance. A man with a spade can dig an acre of land in about two weeks at a cost to-day of about 4*l.* 10*s.*; a horseman and a pair of horses can plough an acre in about a day and a half at a cost of about 1*l.* 15*s.*; a farm mechanic on a tractor can break up an acre in about a quarter of a day, and although in the absence of sufficient data the comparison cannot yet be completed by reference to the cost of motor ploughing, it is fairly safe to suggest that when all the factors are considered—speed, less dependence upon atmospheric and soil conditions, as well as actual cost—there will be a still further advantage to be derived by investing the manual worker with the control of mechanical power. Thus it may be that high labour costs to-day are due in many cases less to the inefficiency of labour and more to the inefficiency of management.

In a recent issue of the *Times* an agricultural writer expressed the view that if the means existed for determining the proportion of the net returns of agriculture accruing to-day to labour, it would be found that labour was taking an excessive toll of farming results. This view is probably very generally held, and it affords a good example of the misconceptions which may and do arise in people's minds in the absence of exact information upon which to base their assertions. This happens to be one of the questions which have been the subject of investigation at Oxford, though only on the small scale that the means at the disposal of the University have admitted. An investigation was made before the war of the distribution of the net returns of agriculture as between landlord, farmer, and labour. It was found that the proportions accruing to each of the three interests varied hardly at all, and that it would be safe to say that 20 per cent. of the total was going to the landlord, 40 per cent. to the farmer, and 40 per cent. to labour before 1914. Taking the above proportions, and calling each of these shares 100, the proportion of distribution between the three interests varied during the following six years as shown below:—

Distribution of the Net Returns from Farming between Landlord, Farmer, and Labour during the years 1913–14—1919–20.

Year.	Landlord.	Farmer.	Labour.
1913–14 (standard)	100	100	100
1914–15...	97	104	99
1915–16...	94	108	98
1916–17...	91	115	94
1917–18...	90	111	99
1918–19...	87	115	98
1919–20...	89	109	102

The figures are interesting in several ways. In the first place they seem to disprove the suggestion referred to above, that labour has been taking an undue share of the net returns from farming, for an examination of the figures in the "Labour" column shows that until the institution of the Agricultural Wages Board in 1917 the tendency was in the direction of a slight but steady reduction in the proportion coming to the workers; the effect of the Wages Board Orders was to steady this tendency and, ultimately, to bring labour back approximately to the position it occupied in 1913–14. If the figures could have been continued for another year it is likely that they would show a material increase in the workers' share, but, even so, it would be found that this increase had been achieved without reducing the farmer's share below his pre-war proportion. In the second place, the figures confirm the experience of landowners in that the landlord has received no part of the increased prosperity of farming, whilst, as everyone knows, his expenses of maintenance have enormously increased. Briefly, the situation is that, thanks to the Agricultural Wages Board (and its appointed members may take heart from the fact), the workers have been maintained in the same position as regards their share in the net returns as that in which they were before the war, whilst the farmer has received his share in the increase realised during the past few years, together with that which would have gone to the

landlord had the pre-war scale of distribution been maintained. Rents and wages under normal conditions are slow to adjust themselves to changes in farming fortune, and, except in a time of violent economic upheaval, it is right that this should be so, for if the landlord may be regarded as a debenture holder, and labour as a preference shareholder, then the farmer, as the ordinary or deferred shareholder, has to bear the brunt, and if he must take the kicks so also is he entitled to the halfpence.

Turning now from problems in which either the nation generally or whole classes of the industry are concerned, it may be stated that there are many economic problems arising on the farm itself in the solution of which the individual farmer should be able to derive help from the economist. Some of these problems are so simple that their solution should be obvious, but the fact remains that waste in its most easily eliminated forms is constantly to be met with on the farm. The need for the study of the economic use of manual labour has already been referred to in another connection, but, granted that the balance between the employment of land, capital, and labour on any farm has been established, cases are continually met with where labour is being mismanaged. It is a not uncommon practice at threshing-time to take the horsemen from their work to assist at threshing, and as this operation can be performed only in dry weather, it may be assumed that the horses might usually be employed on threshing days. With manual labour costing about 7*s*. 6*d*. a day and horses about 5*s*. a day, the advantage of hiring casual labour for threshing, even at high rates of pay, will be obvious when it is remembered that the horseman whose horses are standing idle represents a daily cost for the manual work performed by him of some 18*s*. On a Midland counties farm, where the maximum possible horse-hours in a certain week in November last were 238, the time actually worked by horses was found to be eighty-seven, owing to threshing operations, and the wastefulness of the labour-management in such a case is obvious. Again, employers in certain cases object to paying Saturday overtime to men willing to work, because overtime payments are at a higher rate than those for ordinary time, but they overlook entirely the fact that the Agricultural Wages Board provides no overtime payments to the horses, and thus the cheapest horse-labour on the farm is that performed on Saturday afternoon at overtime rates of pay to the horsemen.

Everyone realises, of course, the importance of keeping horses busy, but not everyone thinks how heavily the cost of manual labour is increased by idle horses. The maximum number of working days in a year is 312, a total obviously impossible of attainment in practice. Such records as are available show that the days actually worked by horses on the farm will not usually exceed four-fifths of the maximum. More time may be lost in summer than in winter, a fact not generally realised, and the period of maximum unemployment falls between haymaking and harvest. The busy seasons are, of course, the autumn and the spring, when the preparation of the ground for winter and spring corn is going actively forward. In the year 1918 figures were collected to show the percentage of days worked compared with "possible days" in each month on four farms distributed pretty evenly over England, and the results, thrown together, are as follows:—

Percentage of Days Worked to Possible Horse-days on Four Farms in 1918.

	Per cent.		Per cent.
January	67	July	38
February	82	August	65
March	77	September	78
April	74	October	80
May	70	November	67
June	56	December	64

Although the figures represent an average of four farms, it is noteworthy that the results on the individual holdings varied one from another in degree only, and that the months of maximum and minimum employment were the same in every case. The loss of time is far more serious than many people realise. The maximum possible horse-days in the year are 312, and the cost per day of the horses on the above four farms on this basis was 2*s*. 7*d*., whereas, owing to the time lost, the cost on the basis of days worked was 3*s*. 7*d*. Whilst some difference is inevitable, so great a discrepancy as these figures reveal can be avoided by skilful management, and one of the tests of the farmer's efficiency is provided by an examination of the distribution of horse-labour throughout the year on his farm. His cropping and other work should be so contrived as to provide for the uniform utilisation of horse-labour month by month. Under skilful management the differences in the number of days worked by horses from year to year are extraordinarily slight. On an East Midlands farm, employing twenty-three horses, the days worked per horse during the past six years have been as follows:—

Year	1913–14	1914–15	1915–16	1916–17	1917–18	1918–19
Days worked per horse	250·25	247	243	236	243	244·5

It may be noted, in passing that figures such as those given for the seasonal employment of horse-labour emphasise the need for a study of the place of the agricultural tractor in farm management, for the busiest times of the year synchronise, more or less, with the seasons when the weather is more uncertain and suggest that the application of speedier mechanical power to field operations, in substitution for slower horse-power, would result in economic advantages in certain cases.

In connection with the study of economics on the farm the question of agricultural costings naturally suggests itself. Farmers, as a class, are not accountants and much less are they cost accountants, but this has not deterred many of them from taking part in discussions of farming costs which have been going on in the Press and

in the Food Controller's offices for some time past, and the confusion of thought on the question of what cost of production really is which these discussions have revealed is evidence of the need for study and education in costing processes. Few things can be of greater service to the farmer than scientific book-keeping carried out and interpreted with proper understanding, but few things can deceive him more than costing wrongly conducted or misinterpreted.

Lastly, I want to urge, and particularly before a gathering such as this, the importance of agricultural economics in agricultural education. The fact is realised, no doubt, by many teachers, but until a sufficient body of data bearing on the study of farm management can be made available to them it is impossible for them to give to the teaching of practical agriculture that solid economic basis which is fundamental, and the teacher is driven to include in his instruction much to which the economic test has never been applied and to exclude more for which no basis for teaching exists at all. Given the requisite body of information it would not only be possible but also necessary to recast the whole foundations upon which the teaching of practical agriculture rests.

Black Coral as a Charm for Rheumatism.

By PROF. J. STANLEY GARDINER, F.R.S.

MR. C. H. POWNALL, of Banjoewangi, Java, has sent to NATURE office a letter accompanying three bracelets made from the horny skeletal substance of a soft coral or Gorgonian, known to science as Plexaura. This forms great branched growths which are abundant on the outer or seaward sides of coral reefs at from 10 to 40 fathoms, but in protected situations almost reaching the surface. All corals are formed by anemones, and the one in question here possesses eight feathered tentacles round the central mouth. The original anemone of a "colony," as the whole animal is termed, settles on the bottom and buds off other anemones from its sides, these in turn giving birth to further children. All remain attached to one another by canals, so that the whole growth forms a single, many-mouthed animal. It takes the form of long branches, the whole simulating a broom-like shrub growing upon the bottom of the sea. The skeleton is in the centre of the stems, and consists of an axis of black, horny substance in each branch, surrounded by the living tissues of the anemones, these further strengthened by scattered spicules of carbonate of lime. Generally, the branches are regarded as belonging to some form of submarine plant, to which the name Akar Bahar is given in the Malay Archipelago.

The bracelets, which are the cleaned, horny axes of stems twisted into rings, are "credited with the virtue of curing rheumatism." "There are," says Mr. Pownall, "many doctors in the Malay Archipelago who advise their patients to make use of them. They acknowledge that the bracelets do good, although they cannot account for it. It has been suggested that the substance is radio-active. Personally, I can testify that, during a residence of forty-seven years in this part of the world, I have never met a person who has used one of these bracelets without deriving benefit from it. The bracelets are usually worn on the left arm. All natives are firmly convinced of their efficacy, and all seamen and others who are much exposed to the wet make use of them. They maintain that they must be used quite plain; any ornamentation of gold or silver renders them useless."

Rheumatism is, of course, one of those diseases which can have as many causes as there are weeks in the year. Any concretions in any part of the body, however caused, may give the regular symptoms. The close association of rheumatism with malaria is well known to every tropical traveller, and malaria is particularly rife among coast-dwelling people. In some cases the symptoms described by the malarial patient are such as are usually associated with rheumatism. The present writer, while living in a small tropical island, Rotuma, ran out of quinine, which he had found quite effective. His reputation, however, had been established by that time, and he then found a mixture of cascara, brown sugar, and methylated spirit equally good. Probably these bracelets, if he had had them, would have been quite effective to produce similar faith cures. They exhibit absolutely no trace of radio-activity, and are not composed of a substance which could produce any direct effect. A lady who is a victim to rheumatism has worn one of these bracelets for a month, with considerable comfort and a satisfaction which she herself laughs at.

The association of the bracelets with rheumatism in the Malay Archipelago is interesting, because the use of similar bracelets merely as articles of adornment seems to be widely spread among fisherfolk from Suez to the most distant islands of the Pacific. They are made either of the stems of some Gorgonian such as the above, or of the true black coral (Antipatharia), in which the central horny rod is slightly hollowed. In the Maldives, growths dredged up by the present writer, after he had taken what he required, were eagerly divided up by his native crew, and a large piece was taken by the Sultan's representative to be presented on his return to court. The ornaments made were exclusively used by the women. Other coloured Gorgonians obtained at the same time were quite neglected. One of the black sailors, originally recruited at Zanzibar, on