knows that this state of affairs cannot continue indefinitely. Britain, one of the chief opponents of Europe's agricultural policy, is increasingly confident that the present arrangements will one day wither away, together with the surpluses they engender. France, while pro-claiming that the policy must stand, seems also to be preparing for a change. That, at least, is one of the reasons given for the plan to reorganize the French research council INRA responsible for agricultural research (see p. 660). So why, in Britain, has the argument gone quite the other way, with the government insisting that British agricultural research, having been cut to the bone already, should be further decimated in the next two years? Sheer parsimony is not a sufficient explanation of the British policy on research (see p. 663), although it may be a large part of it. The French view appears to be that if there are to be changes in the agricultural policy, French farmers will need the benefit of new agricultural technologies if they are to survive. In Britain, the argument goes the other way. After four decades during which farming productivity has been enormously increased, and where the net cost of food imports is a smaller proportion of national wealth than for a century, Europe's surpluses are part of the reason why the government is cutting back on research. Over the three years ending in March 1988, the numbers of people employed by the chief public research organization will have fallen by nearly a third. Now the knives are out elsewhere, among the research teams of the largely successful extension service that has been one of the chief agents of increased productivity in recent decades. The French policy seems to be that farmers should be helped to greater productivity and flexibility in the face of the threatened reduction of an admittedly artificial demand for food; the British, that farmers should not be helped to be more efficient or to be able to ring the changes on the crops they grow — or that they should pay for the cost of the research that will enable them to remain competitive. The truth is that while the technology of agriculture is on the threshold of changes more radical than there have been since Neolithic times, the French line is by far the safest.

Not that the British agricultural research establishment is blameless. Over many years, and long before the Rothschild reorganization of civil science in 1971, too much of what passed for agricultural research was carried out in publicly-owned institutes dedicated to the needs of particular sectors of the agricultural industry (and sometimes, as with grasslands research, duplicated to meet the needs of different geographical regions of Britain). Too much has been done in-house, in institutes that often became centres of unchanging expertise. It was natural that agricultural research should have become the chief victim of the Rothschild review, with roughly 40 per cent of its budget transferred to the ministries concerned. But now the shoe is on the other foot. The government, in its haste to implement the policy it has just thought of, is forcing through economies at a rate that will actually increase total costs over the two financial years ahead, and before anybody can have made a sensible estimate of how a reorganized research establishment might most effectively be deployed in the interests of future farmers.

In the long run, there are good reasons why some of the costs of the research establishment should be borne by the ultimate users, the growers and the food processers. Indeed, there are many sectors of the British (or any other) agricultural industry where it would be beneficial if research could be regarded as an essential part of the production enterprise. The techniques of meristem culture are so relatively simple that no seedsman or nurseryman should be without them. And Britain might yet have an interesting cheesemaking industry if cheesemaking were not so highly centralized, and if there were bacteriologists on or near farms. The snag is that it will take time to encourage such an upheaval in the way that farmers and agricultural scientists behave. It will also take time to persuade farmers and other users of research in this field to pay for the benefits they receive, and create a mechanism for passing a hat around among them. Meanwhile, the most likely development is that the people who might perform these services will have been put out to grass. □

Curing symptoms

The US Treasury plans to cure the symptoms of the federal budget deficit. Why not the cause?

Mr James Baker, the new Secretary of the US Treasury, is a new broom who is energetically doing his best to sweep clean wherever he can. Without direct influence on the legislative process, he cannot do much to cure the causes of the US money problem, the huge federal budget deficit. Three weeks ago, however, he did try to cure one of the second-order symptoms of the underlying malaise, the cry in Congress for protection from unfair competition from overseas which is a consequence of the trade deficit which is itself a consequence of the high dollar which in turn is a consequence of the need to induce overseas lenders to help bridge the budget gap. . . The difficulty is that Mr Baker's solution, that other governments should sell their dollar holdings so as to devalue the dollar, can work only temporarily; what is to happen when other governments' dollars are all spent? Mr Baker's evident hope is that the elements of a more durable solution will be in place long before then, and he may be lucky. But nobody can be sure. And much the same sense of skating on thin ice is engendered by Mr Baker's proposals for dealing with the debts of developing countries, spelled out at the meeting of the International Monetary Fund in Seoul this month; they could work, but they might not.

The dilemma has been clear since the 1970s. Much of the more than $350,000 million owed by the developing countries is money earned by the oil exporters when oil was still black gold, which was lent to commercial banks in the West and then passed on to developing countries so as to buy oil. (Mexico is a conspicuous exception; having plenty of its own oil, it borrowed money in anticipation of future earnings therefrom.) The same commercial banks cannot now face the reality that much of what they have lent may never be returned for fear that their balance sheets would be spattered with red ink. Even though the past three years have given banks a breathing space, the risk that excessive reality might trigger a sequence of bank failures is still present. (Those tempted to say "Serve them right!" had better reflect that the money lost would mostly belong to the banks' customers, not their shareholders, and that the results could be worldwide deflation.) So Mr Baker suggests a two-part plan; first, the commercial banks should be prepared to lend the developing countries now in debt a further substantial $20,000 million (over the next three years) and then, that the World Bank should also lend them more.

That something needs to be done, and urgently, is plain. As things are, the risk that either the banks or their debtors will go bust is too great for comfort. And there is much in the complaints of developing countries up to their eyes in debt that far too great a slice of their export earnings is now used to pay off debts originally incurred at low interest rates but now "rescheduled" at much higher rates. The social and political consequences of that state of affairs, continued over decades ahead, are too sombre to contemplate. The flaw in Mr Baker's solution is that, like the scheme to drive down the international value of the dollar, it tackles symptoms and not causes. The total amount of debt would not shrink, but it would become less onerous in the short term. The commercial banks and the developing countries would have a breathing space but not a permanent solution to what has become their mutual problem. Nor would it help, as Mr Baker suggested at Seoul, to set up a new international bank to take over the debts on the commercial banks' books, which would be an invitation to default. The only long-term remedy is that the developing countries should be enabled more easily to pay off their debts, which in turn implies that the governments now worried about the viability of their commercial banks should be willing to provide more foreign aid to the debtor countries, and that the debtors should be helped more easily to pay off their debts by means of exports, which implies a need that interest rates should fall — and that the US deficit should shrink. □