



*Agriculture
in
Western Europe*

EXCERPT FROM:
MONTHLY REPORT OF THE MUTUAL SECURITY AGENCY

PUBLIC ADVISORY BOARD
MUTUAL SECURITY PROGRAM

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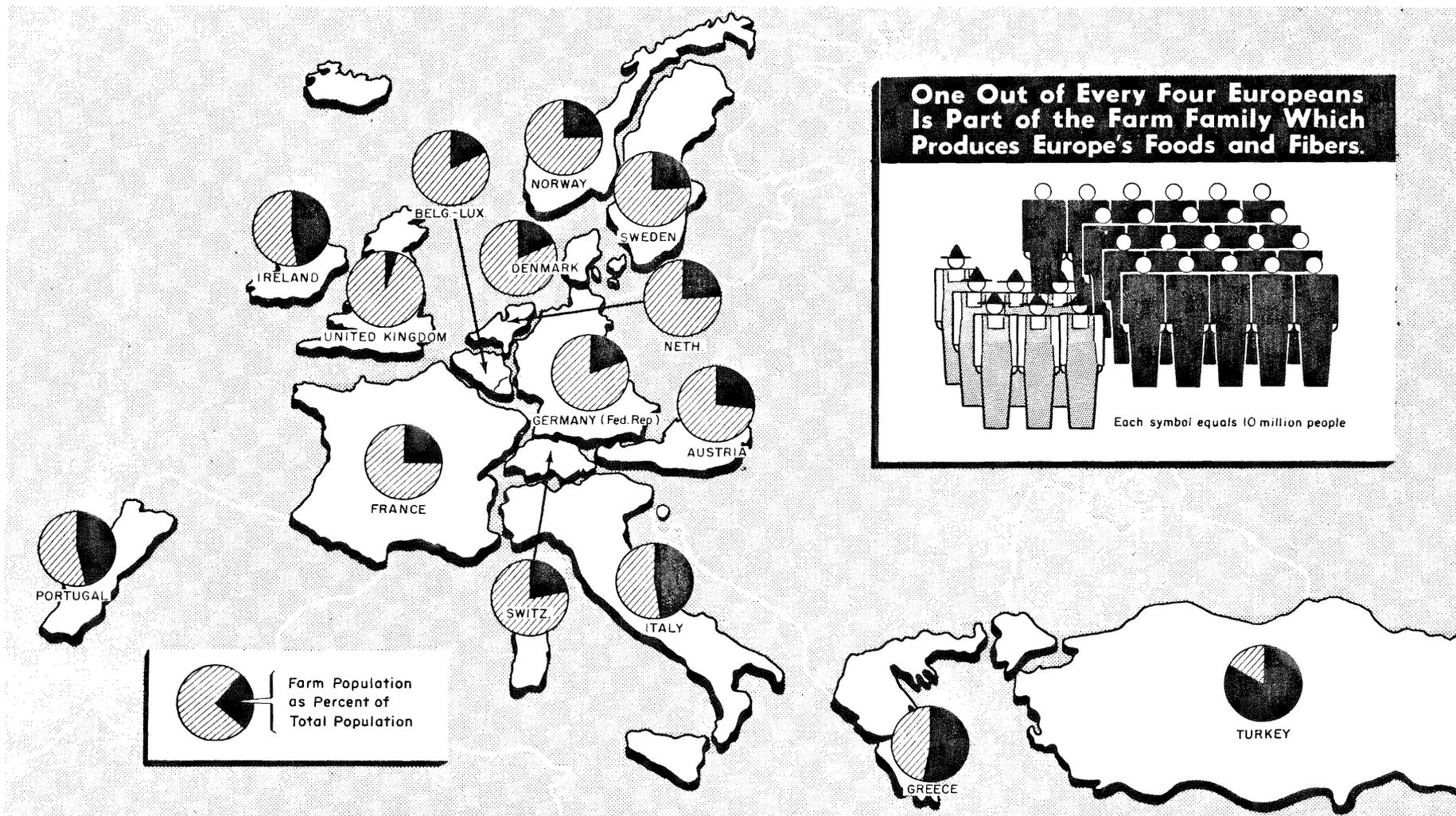
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*This Document Prepared from
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THE FARMER IS A VITAL COMPONENT OF WESTERN EUROPE'S RESOURCES

There are about 16 million farms in the Western European area*, and an estimated 70 to 78 million persons who make up the agricultural segment of the economy.



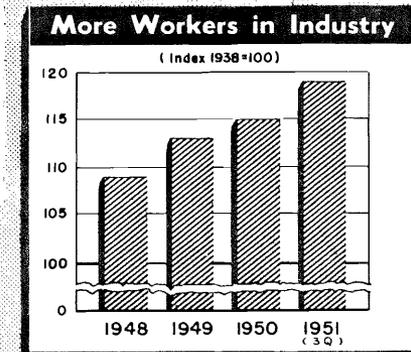
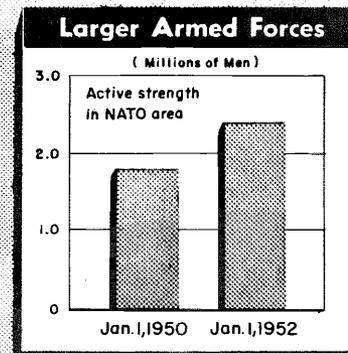
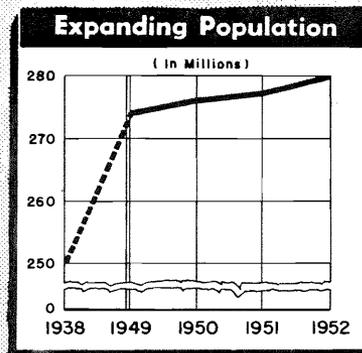
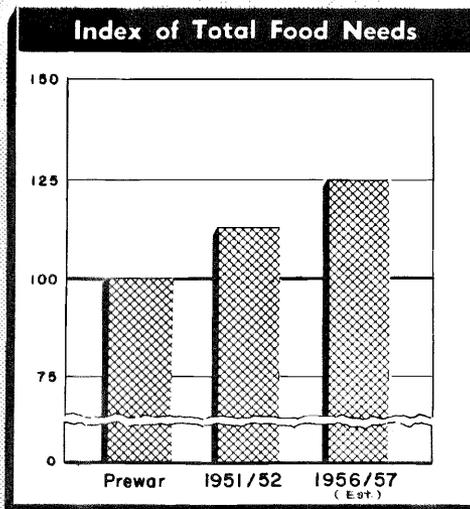
* "Western Europe" as used in this report refers to the OEEC countries. Data on Iceland and Trieste are not available for this chart.

DEFENSE DEMANDS AND POPULATION GROWTH PUT HEAVY PRESSURE ON EUROPE'S FOOD SUPPLIES

Rearmament under the program for mutual security requires expanding armed forces and greater numbers employed in industry. More men under arms and more industrial workers mean higher-than-average food consumption. The new demands on Western Europe's farmers come on top of the already difficult problem of maintaining the normal needs of a population grown 12 percent since prewar and still on the increase.

FOOD NEEDS ARE INCREASING

THE MAIN FACTORS CONTRIBUTING TO THIS INCREASE



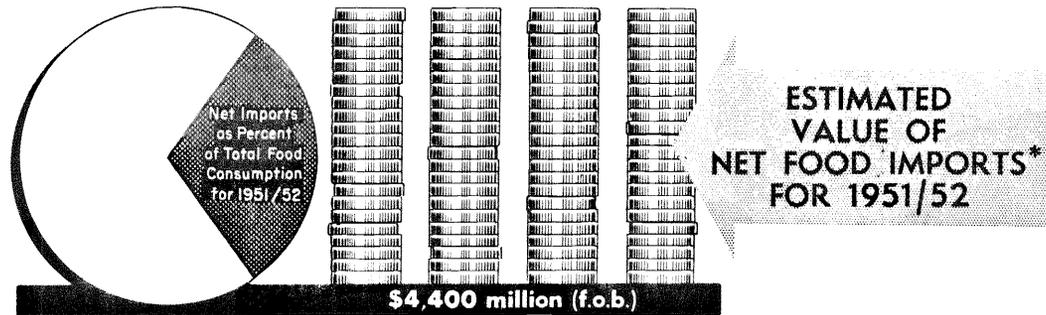
Unless Food Supplies Are Increased the Resulting Shortages and Inflated Prices Will Seriously Hamper the Fulfilment of Security Goals.

EUROPE COULD EXPAND ITS FOOD SUPPLIES IN TWO WAYS :



WESTERN EUROPE IMPORTS 30 PERCENT OF ITS FOOD NEEDS

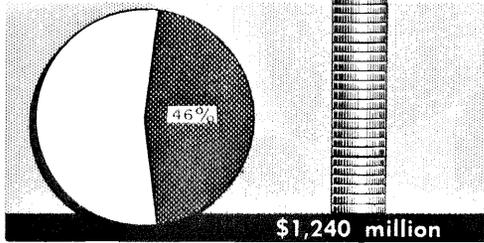
In spite of record 1951 harvests in most areas, Western Europe must still import a large percentage of its food supplies. One European out of every three is dependent on outside food sources for daily requirements.



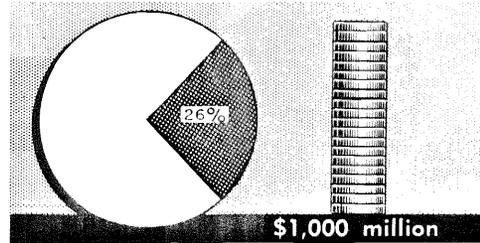
* Including coarse grains.

Net Imports of Selected Food Items From Rest of World

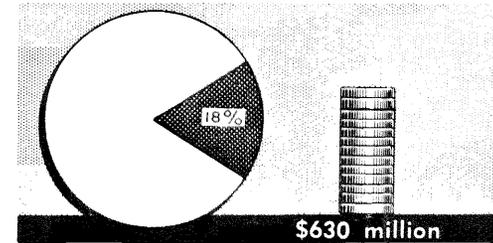
FATS and OILS



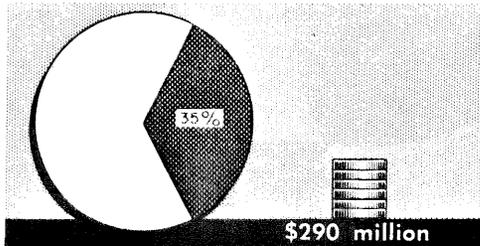
BREAD GRAINS



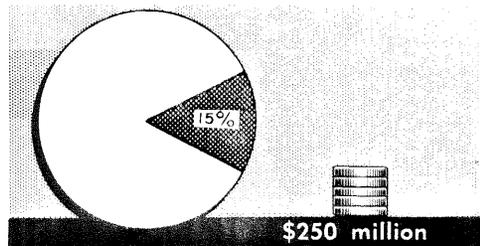
COARSE GRAINS



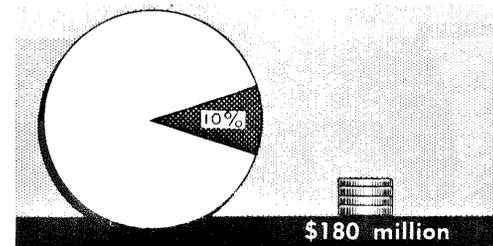
SUGAR



FRUITS



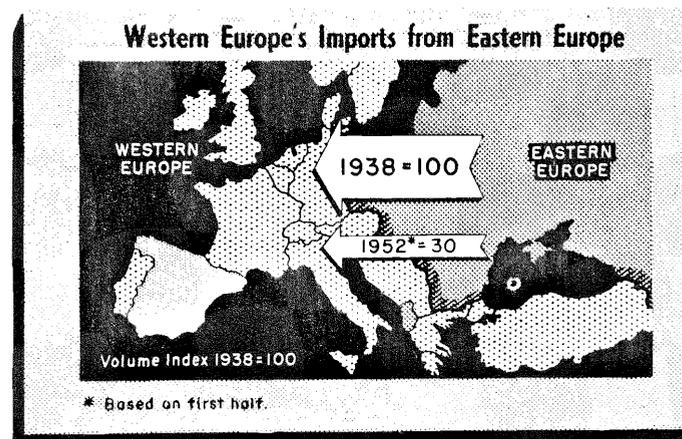
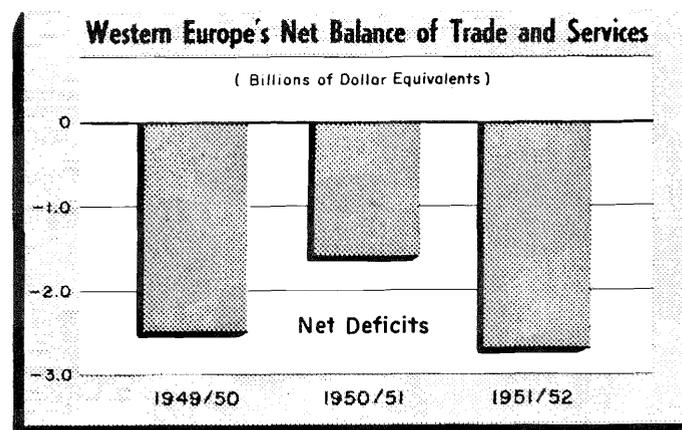
MEAT



THE PROSPECTS FOR MATERIALLY INCREASING FOOD IMPORTS ARE UNFAVORABLE

The defense program and population growth are raising Western Europe's food requirements by about 2 to 3 percent a year. The amount of food imports necessary to meet these expanding requirements will naturally depend on the increased agricultural production Europe will be able to achieve. For example, if output were to remain constant at current levels, net food imports would have to be boosted by 7 to 10 percent each year.

- The gap between food imports and import needs may be further increased by world-wide shortages for export of some commodities. The United Kingdom, in particular, is affected by the scarcity of meat moving in international trade.
- Even if supplies were readily available, foreign exchange difficulties and the competing needs for defense materials pose almost insuperable financial obstacles to any substantial increase of food imports into Europe.
- Western Europe has traditionally relied on Eastern Europe for sizeable quantities of grains and livestock products. Current East-West trade restrictions form yet another barrier to enlarged imports.



FREE EUROPE MUST, THEREFORE, PRODUCE MORE AT HOME

Since Europe cannot expect to rely on greater imports, it must turn to its own resources. Increase of domestic farm output is the only real answer to Western Europe's food needs.

A Look at the Production Picture

WORLD WAR II LEFT IN ITS WAKE A WRECKED AGRICULTURAL ECONOMY

The end of the war found Western Europe's agricultural plant badly shattered. Land was impoverished. Live-stock herds were depleted. The people of Europe were left without enough to eat. Output in the crop year 1945/46 was more than 25 percent below prewar levels despite an increased population.

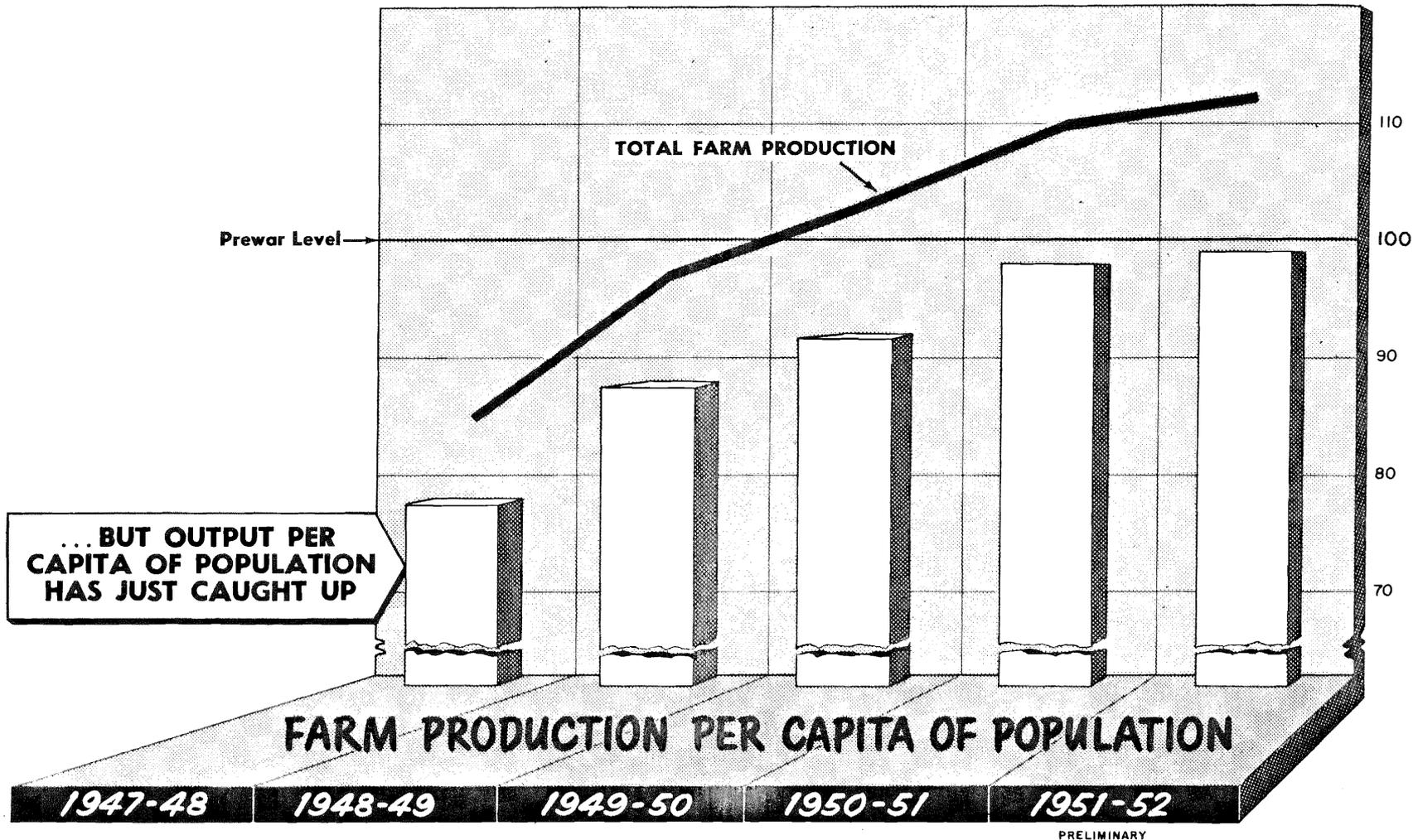
BY 1952, WESTERN EUROPE HAD BOOSTED TOTAL FARM OUTPUT TO 112 PERCENT OF PREWAR

Western Europe's agricultural production has risen steadily in the postwar years. By 1951/52, total output climbed to 12 percent above prewar. This represented a net gain of more than 30 percent since the beginning of the Marshall Plan in April 1948. After World War I, it took about 10 years for Europe's agricultural production to recover only to its prewar level.

BUT THE POPULATION HAS ALSO INCREASED, SO THAT PER CAPITA PRODUCTION HAS CAUGHT UP WITH PREWAR LEVELS ONLY RECENTLY

Western Europe's over-all increase in farm output until recently lagged behind the increase in its population. Not only did European countries have to contend with the problem of their own normal population growth; they also had to meet the needs of the masses of refugees which streamed in from behind the Iron Curtain. The result is that, for the area as a whole, agricultural production on a per capita basis has just begun to reach the prewar level.

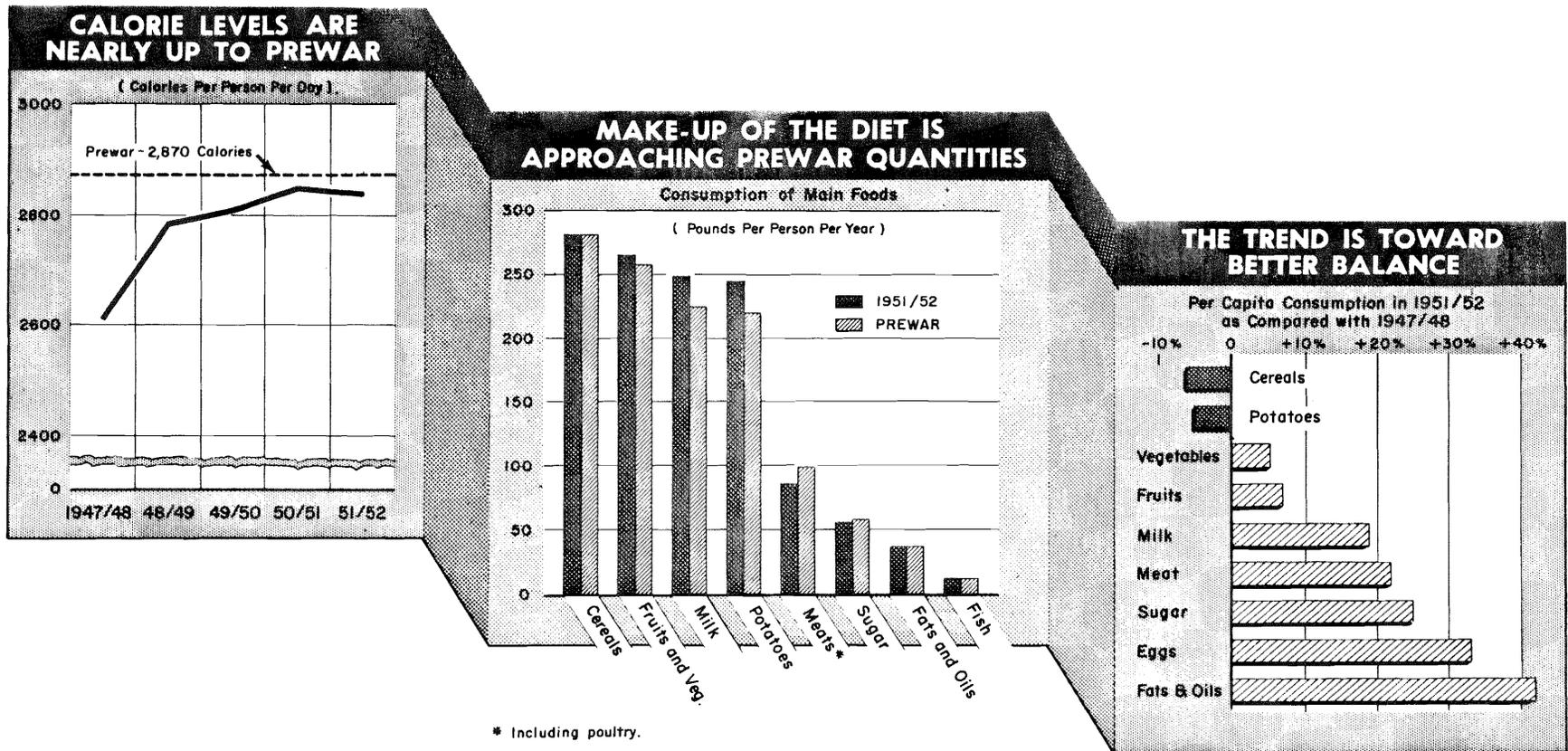
TOTAL AGRICULTURAL OUTPUT IS 12 PERCENT ABOVE PREWAR ...



WESTERN EUROPE'S DIET IS IMPROVING

Recovery in the quality of Western Europe's diet since the early postwar years is reflected in near-normal consumption of carbohydrates and in increased consumption of protein foods, fruits, vegetables, and fats.

Although consumption of meat is still some 13 percent below prewar, consumption of milk per person is more than 10 percent above prewar. The postwar trend toward greater consumption of milk, which accounts for a large part of Europe's protein intake, seems likely to continue. Consumption of cereals, which rose in the postwar years as people turned to carbohydrate foods in the absence of proteins, has dropped back to prewar levels; consumption of potatoes, although declining, is still 11 percent above prewar.

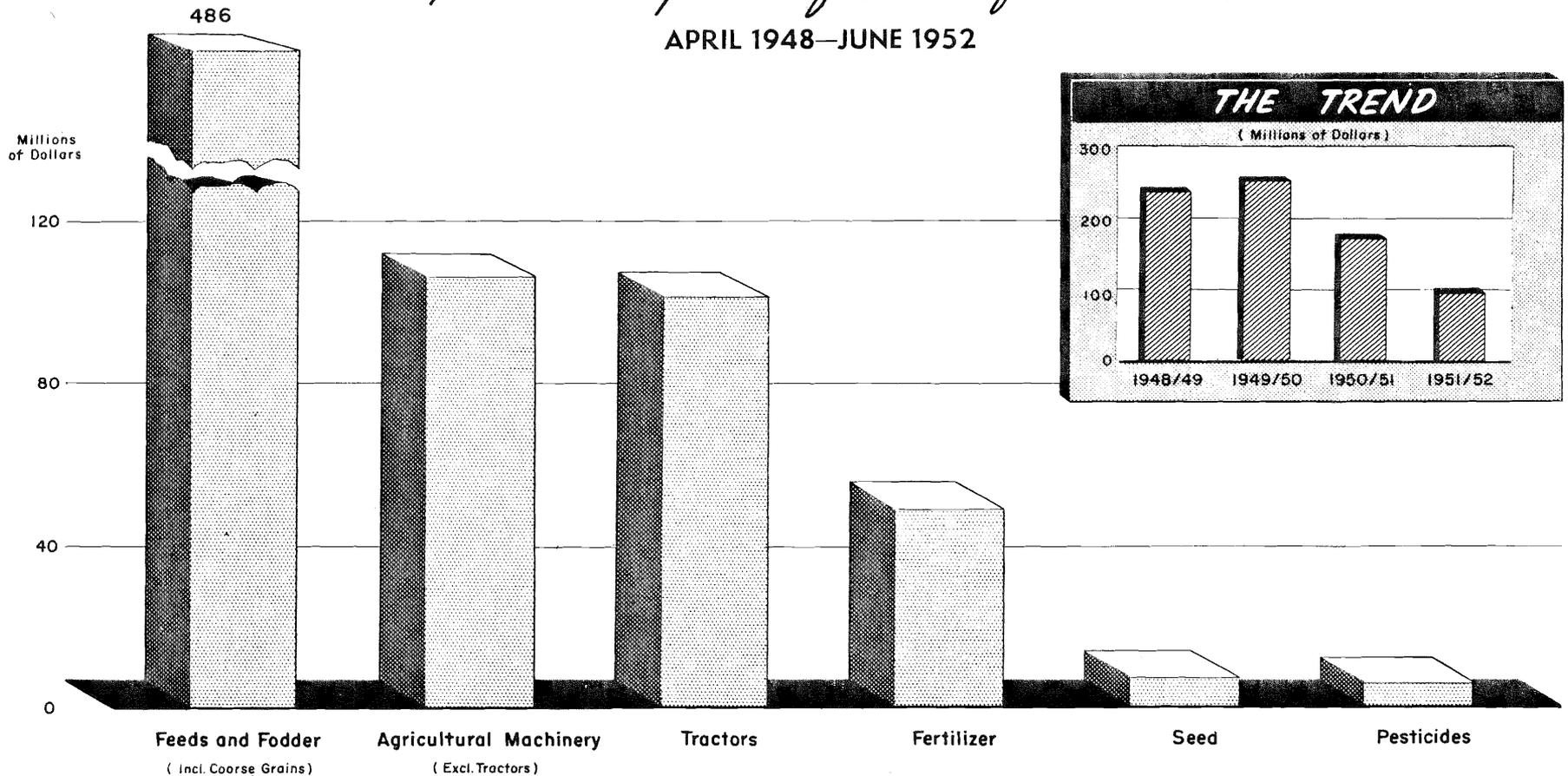


THE UNITED STATES HAS ASSISTED WESTERN EUROPE'S AGRICULTURAL EFFORT

In addition to providing certain necessary commodities such as foodstuffs, cotton, and tobacco, the United States, through the operation of the Marshall Plan and the Mutual Security Program, has stimulated Europe's agricultural effort by financing items which act directly to increase production on the farm.

U.S.-Financed Shipments of "Means of Production" Items

APRIL 1948—JUNE 1952

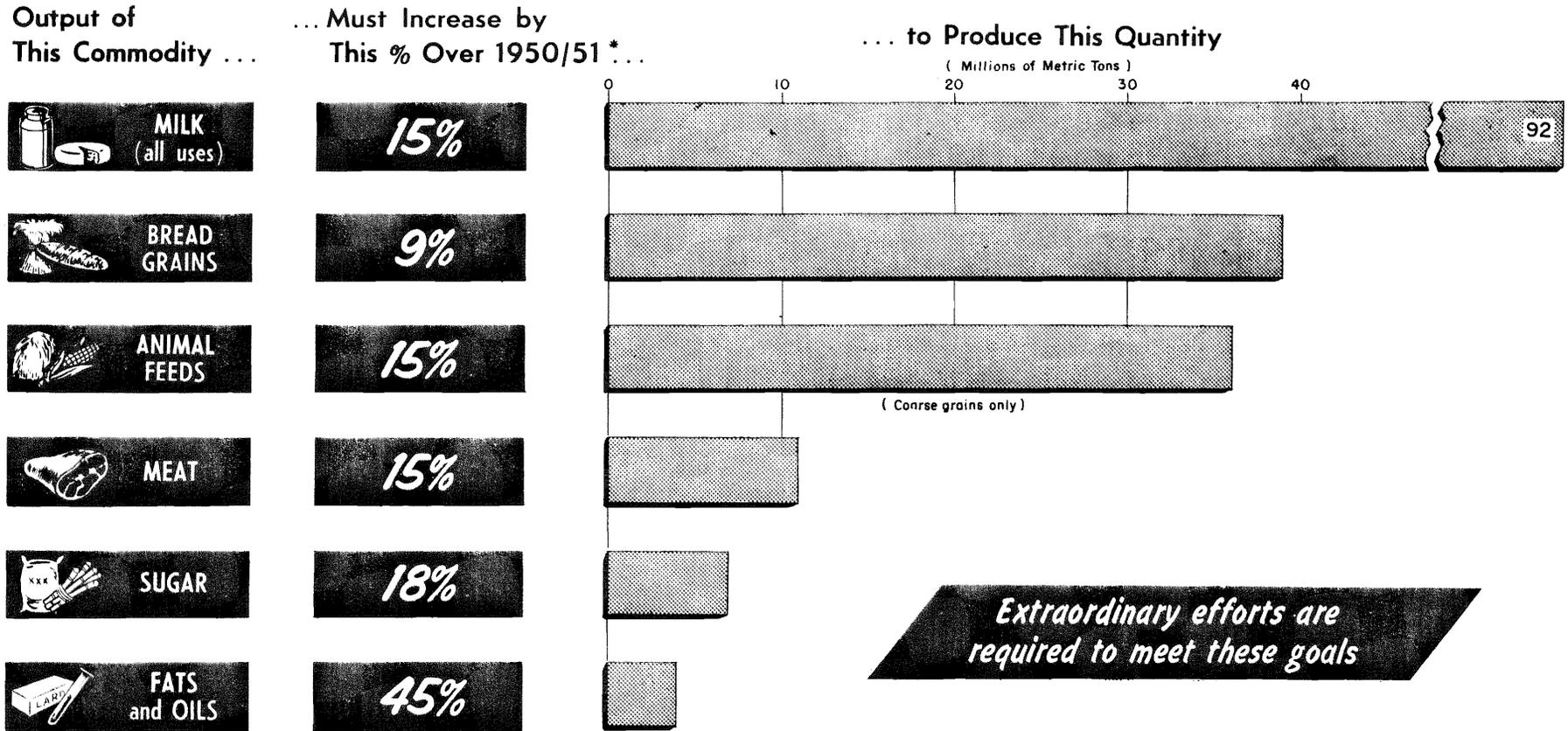


THE DRIVE FOR GREATER PRODUCTION ①

A Goal Has Been Set for Higher Output

In a recent *Manifesto* of the Organization for European Economic Cooperation, the nations of Western Europe have set themselves to achieve a 25-percent increase in their total output of goods and services by 1956/57. This goal has a direct effect on food requirements. Taking into account the normal growth of population, the needs of defense, and the greater purchasing power generated by economic expansion, the OEEC has estimated that Western Europe will require a minimum of 12 percent more food to maintain calorie consumption levels of the typical consumer.

TO MEET A MINIMUM 12% INCREASE IN FOOD SUPPLY BY 1956/57:



* Percentage increases calculated after consideration of import availabilities.

THE DRIVE FOR GREATER PRODUCTION ②

Europe Is Trying to Step Up Agricultural Productivity

WHAT PRODUCTIVITY MEANS

Agricultural productivity means getting maximum efficient production on the farm, and then making the greatest use of what is produced.

Small farms, and in some cases limited acreage, make it necessary for the European farmer to concentrate on making the most of the resources available.

Soil, labor, fertilizer, feed, machinery, seed, pesticides, capital investment, credit facilities, distribution and marketing channels—all must be used to greatest advantage in the light of the latest discoveries and techniques.

WHAT PRODUCTIVITY IS DOING

There is greater output per acre, per man, and per animal.

Crop yields are being increased by wider applications of lime and fertilizer, use of improved varieties of seeds, and more general treatment of seeds against seed-borne diseases.

Forage for livestock feeding is being raised by means of more efficient management, better seeds, liming, and greater use of fertilizer.

Better conservation and utilization of fodder is being obtained by using advanced methods of haymaking, by grass drying, and by raising the production of silage from grass and sugar-beet tops.

Greater output per animal unit and per unit of feed is being emphasized by improved feeding and breeding of livestock and by better control of animal diseases.

All these methods are planned to be more widely applied to raise over-all productivity and to give a greater chance of meeting production goals.

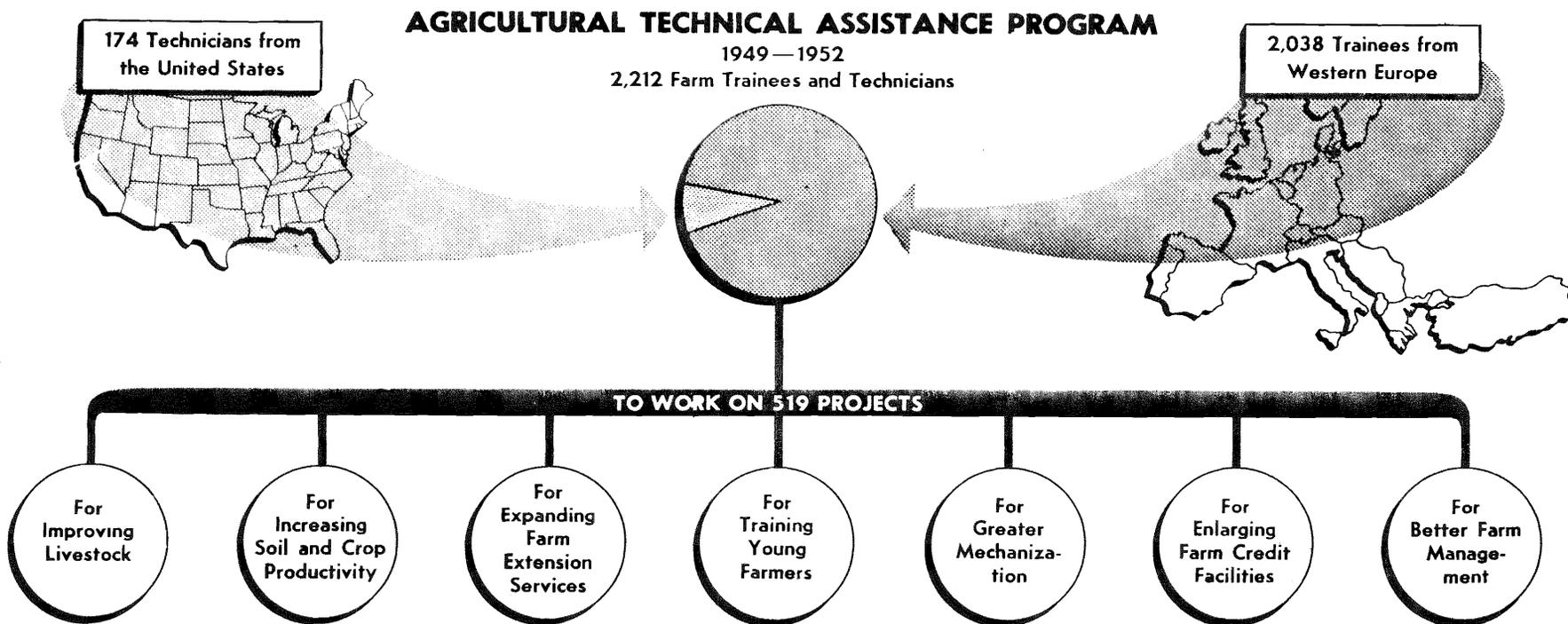
THE DRIVE FOR GREATER PRODUCTION ③

Planned Technical Assistance Is Helping to Increase Production on the Farm

Technical assistance projects are designed to bring rapid and tangible results in the expansion of Western Europe's agricultural output.

The technical assistance program demonstrates to the European farmer and the European scientist the various methods by which the United States has successfully turned the latest developments of the research laboratory into practical use for the man on the farm.

Technical assistance projects initiated by the European governments give selected agricultural specialists an opportunity to study United States farm extension services, rural youth organizations, home demonstration techniques, and other means of quickly transmitting new agricultural information directly to the farmer. Also, American agricultural experts are sent abroad to fill requests of Western European countries for help in solving many special problems of production and farm policy.



THE DRIVE FOR GREATER PRODUCTION ④

Land Reform Measures Are Under Way Through Land Redistribution...

In certain countries of Western Europe, large and generally underdeveloped estates and holdings are being broken up into family-operated units to achieve fuller utilization of available arable land.

In Italy, especially, a large-scale redistribution program is now under way. The density of Italy's population and the vast stretches of mountainous country necessitate the greatest possible cultivation of each acre of usable land. Such cultivation is precluded so long as large estates continue to exist in areas where owners are unwilling or unable to undertake maximum land development.

In 1950, the "Sila" and "Extract" land reform laws authorized redistribution of land in Italy's most depressed areas. Under the two land reform laws, expropriated land is allotted to landless farmers who repay over a 30-year period the expropriation price plus part of the development costs.

Other legislation has authorized financing to develop these areas over a 10-year period. Regional land reform agencies contribute technical assistance and planning. They also help with public works, housing, soil conservation, irrigation, and similar farm assistance measures. In addition, in Sicily the autonomous Regional Assembly passed its own law instituting local land reform procedures.

Similar land redistribution reforms are also being carried out in parts of Western Germany.



THE DRIVE FOR GREATER PRODUCTION 5

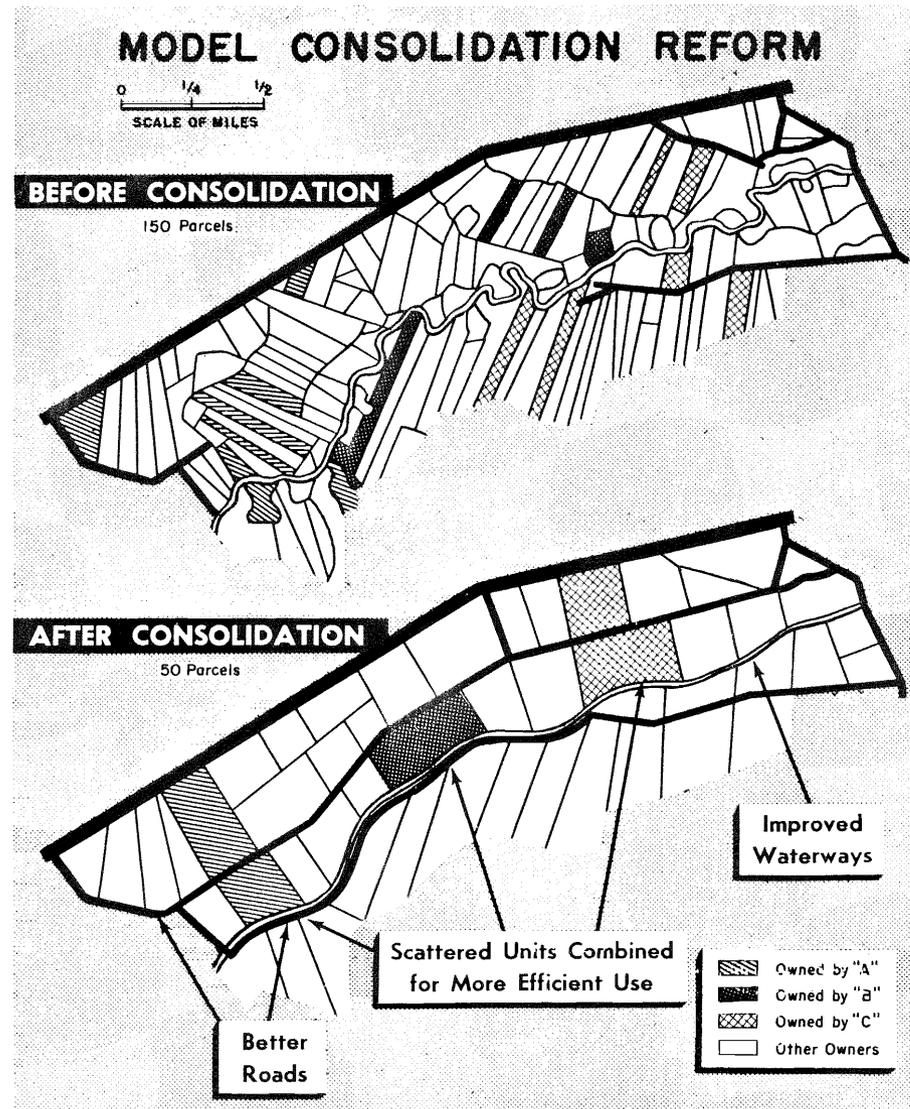
... and Land Consolidation

The excessive fragmentation of small unit holdings is perhaps as great a problem as the existence of the large estates. Millions of man-hours are lost every year in trying to develop land which, although held by a single owner, is subdivided into tiny, widely separated strips. Efficient mechanical cultivation of such strips is often impossible; sometimes half a workday is spent merely in walking from one field to another.

Measures to correct the uneconomical parceling of land tracts are being undertaken throughout Western Europe, particularly in France, the Netherlands and Western Germany.

Land consolidation measures generally follow a pattern whereby parcel boundaries are redesignated, and in many cases a number of small, scattered land units are joined together in one block. Each owner receives property of approximately the same value, in quality and acreage, as his original holdings. Not only are the individual properties replanned, but the systems of roads and waterways are usually overhauled and improved.

Rational consolidation of land parcels can accomplish substantial savings in farm operating and labor costs. At the same time, consolidation can remove a serious bottleneck to greater agricultural efficiency, mechanization, increased production, and effective agricultural planning.



THE DRIVE FOR GREATER PRODUCTION ⑥

Europe Is Turning Out More of Its "Means of Production"

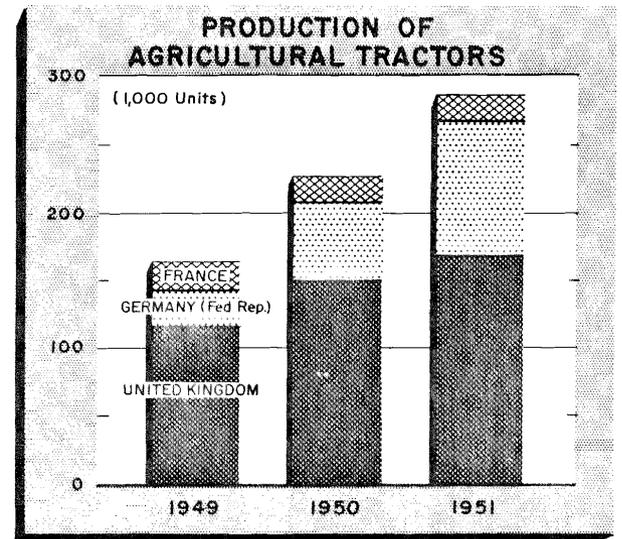
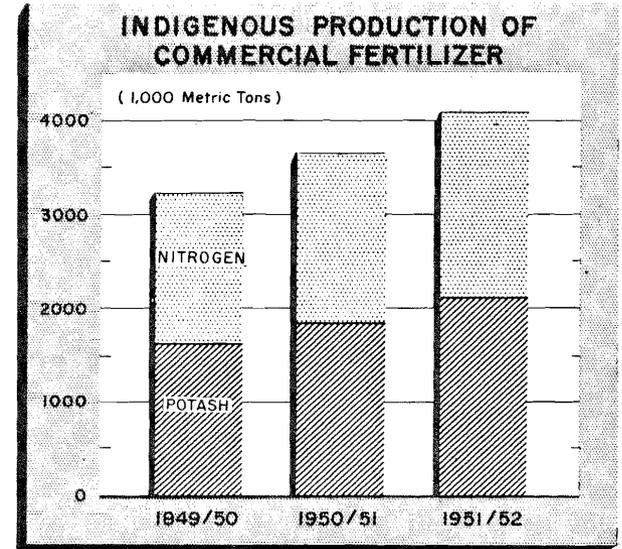


FERTILIZER output is increasing. Production of European commercial fertilizers—such as nitrogen and potash—has been climbing steadily in the post-war years. Equally important, domestically produced fertilizers have been moving in greater quantities in intra-European trade and into export markets elsewhere.



TRACTOR production is also on the rise. The United Kingdom, one of Europe's principal producers of agricultural machinery, not only is manufacturing more units but is exporting more to the continental countries. Western Germany's tractor output has expanded at a rapid pace. France, though a comparatively small producer, has increased its output slightly in recent months. These three countries account for the bulk of Europe's tractor production.

Except for feeds and fodder, chronically in short supply, domestic output of "means of production" items has been restored to the point where Western Europe can now largely supply itself.

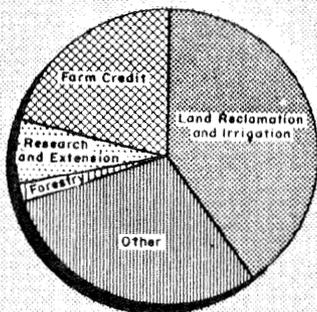


THE DRIVE FOR GREATER PRODUCTION 7

Counterpart Funds Are Being Put Into Agricultural Improvement Projects

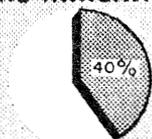
Until recently, counterpart for agricultural projects has been used mainly for land reclamation and irrigation. Emphasis is now shifting to extension and demonstration projects to encourage a wider use of modern farming practices which can bring an increase in crop and livestock production within the next few years.

COUNTERPART FUNDS WITHDRAWN SINCE APRIL 1948



Western Europe has used the equivalent of \$ 815 million of its local currency counterpart funds for agricultural purposes

LAND RECLAMATION AND IRRIGATION



Land reclamation projects are of primary importance to any long-term expansion of agricultural production. Projects for land reclamation and irrigation not only have brought more areas under cultivation but have also helped to increase crop yields.

FARM CREDIT



In view of the small scale of many farm enterprises, farmers cannot always take advantage of normal credit facilities. Special steps are therefore being taken to provide needed credit and working capital for greater agricultural development.

RESEARCH AND EXTENSION



The benefits of farm research and extension services act to bring the latest techniques to the average farmer in order to increase over-all agricultural efficiency and productivity. The proportion of counterpart spent for these projects is being substantially increased.

FORESTRY



Projects under forestry include specific measures for reforestation and conservation.

In addition to the foregoing, counterpart funds have been used for war damage reconstruction of farm buildings, livestock disease control, liming, warehousing and storage, seed breeding, and similar agricultural projects.

WHAT EUROPE STILL HAS TO DO ①

Western Europe's increased food requirements will necessitate further effort both to extend the available arable land and to increase crop yields. In particular, the following broad measures are necessary to obtain greater agricultural output:

Expand Production of Food, Feeds and Fodder

This means additional programs for even larger consumption of fertilizer, greater use of good seed, and further improvement in all farm practices.

Develop Stronger Farm Advisory and Technical Assistance Services

Productivity in agriculture depends upon well-organized public services which work directly with the farmer on a day-to-day basis and show him how to apply the latest techniques to his own particular needs. Europe employs good, modern research methods but, by better extension services, it can improve its channels for putting research findings into practical use. Top priority should be given to expanding the demonstrational-extension type program as one of the quickest means of increasing productivity.

Continue Counterpart Grants to the Farmer

For a more rapid stimulation of agricultural production, it is necessary to continue the emphasis on using available counterpart funds to make well-placed incentive grants to the farmer.

Expand Agricultural Investment and Credit Facilities

To put improved farm techniques into operation requires additional investment by the individual farmer in machinery, irrigation, liming, seeds, silos, and fertilizer. Part of this required investment comes from the farmer's own resources, but part must be financed by an expansion of rural credit facilities, particularly those serving small farms.

WHAT EUROPE STILL HAS TO DO ②

Increase Utilization of Agricultural Machinery

An expanded agricultural program requires a stepping-up of the rate of mechanization and increased use of tractors and other farm machinery. An adequate supply of such farm implements must be made available. In addition, farmers who cannot afford to buy their own machinery should be assisted in setting up farm machinery pools and similar cooperative arrangements.

Extend Trade Liberalization in Western Europe

Trade barriers in Europe have acted to restrain the rate of agricultural expansion in certain countries. Further trade liberalization can help provide the incentive of assured outlets to promote an increase in output for intra-European trade.

Improve Marketing and Distribution

Better methods of packaging and improved standards of sanitation and quality will conserve food and lead to an expansion of intra-European trade. Technical assistance projects which further these ends should be encouraged.

Pursue Study of Agricultural Integration

With the objective of a single Western European market, the OEEC countries have taken preliminary steps for a joint study of the possibilities of a "green pool" to integrate the area's agricultural products and trade channels.

Achievement of this objective would promote the most efficient use of modern farm techniques and bring higher productivity and greater output. At the same time, agricultural integration raises many economic problems of adjustment for the small farmer and maintenance of farm incomes during the necessary transition period. Further discussions concerning a single agricultural market are scheduled for the coming months.

