

THE FUTURE OF IRISH EXTERNAL TRADE

A DISCUSSION

(Held on Thursday, 27th April, 1944)

Dr. Henry Kennedy said that his contribution to the Discussion would take the form of a detailed estimate of the productive potential of our land. He would leave to other speakers consideration of the economic and perhaps political pre-requisites for the attainment, in whole or in part, of the estimates which he put forward.

An estimate is made of what production might be obtained from the land of the country, assuming that it is farmed with adequate knowledge, skill and adequate capital resources for equipment and essential raw materials. In order to simplify the problem, it is assumed that the foods for man and beast are home produced; and that no feed for animals is imported. The object is to give a picture of what might be achieved, on the assumption of various crop yields.

I—FOOD FOR HOME CONSUMPTION.

An estimate of the acreage of land necessary to provide adequate food for the existing population without importing food for animals is made on the basis of the following yields—

| | | | | | |
|----------|-----|-------|-----|---------|---------------------|
| Wheat | 20 | cwts | per | statute | acre |
| Barley | 20 | " | " | " | " |
| Oats | 25 | " | " | " | " |
| Potatoes | 12 | tons | " | " | " |
| Roots | 30 | " | " | " | " |
| Grass | (a) | 3,600 | lbs | Starch | equivalent per acre |
| | (b) | 3,000 | " | " | " |
| | (c) | 2,400 | " | " | " |

The crop yields are claimed to be reasonable on the basis of land well cultivated and adequately manured. In view of the fact that there has been little actual measurement done in this country on the yield of grass, produced and utilised in accordance with the best modern practice, a variety of yields have been assumed, and the necessary acreage calculated accordingly. The figure of 3,600 lbs SE per acre corresponds to a yield of about 14 tons of young grass, and in my opinion can be obtained in practice—again assuming the proper management and manuring. Alternative calculations are made on the basis of yield from grass of

| | | | | | | |
|-----|-------|------|--------|------------|-----|------|
| (a) | 3,600 | lbs. | Starch | Equivalent | per | acre |
| (b) | 3,000 | " | " | " | " | " |
| (c) | 2,400 | " | " | " | " | " |

| | | | |
|--|-----|-------------|---------|
| 1 <i>Beef Cattle</i> 200,000 at ten cwts | | | |
| Requirements | | | |
| Whole milk | | 7,000,000 | gallons |
| Separated Milk | | 20,000,000 | " |
| Meal (oats) | | 1,500,000 | cwts |
| Fodder per beast (including pasture) | | 4,680 lbs | S E. |
| Acreage required | | | |
| Corn (oats) | | 60,000 | acres |
| Fodder | (a) | 260,000 | " |
| | (b) | 312,000 | " |
| | (c) | 390,000 | " |
| 2. <i>Pigs</i> 800,000 at two cwts. | | | |
| Requirements | | | |
| Separated Milk | | 120,000,000 | gallons |
| Meal | | 1,660,000 | cwts |
| Potatoes | | 13,600,000 | " |
| Acreage required | | | |
| Corn | | 83,000 | acres |
| Potatoes | | 56,600 | " |
| 3 <i>Sheep and Lambs</i> 900,000 | | | |
| Fodder | | 800,000 | S E |
| Fodder acreage | (a) | 200,000 | acres |
| | (b) | 240,000 | " |
| | (c) | 300,000 | " |
| 4. <i>Direct Food Crops</i> | | | |
| Wheat | | 580,000 | acres |
| Oats | | 20,000 | " |
| Barley | | 20,000 | " |
| Sugar Beet | | 80,000 | " |
| Potatoes | | 70,000 | " |
| | | <hr/> | |
| | | 770,000 | " |
| 5. <i>Milk and Dairy Products</i> | | | |
| Butter | | 200,000,000 | gallons |
| Milk | | 135,000,000 | " |
| Add Milk for Calves | | 7,000,000 | " |
| | | <hr/> | |
| | | 342,000,000 | " |
| from, say, 600,000 cows | | | |
| Fodder Acreage | (a) | 600,000 | acres |
| | (b) | 720,000 | " |
| | (c) | 900,000 | " |
| 6. <i>Horses</i> : 300,000 | | | |
| Corn (oats) | | 276,000 | acres |
| Fodder | (a) | 170,000 | " |
| | (b) | 204,000 | " |
| | (c) | 255,000 | " |

7 *Eggs* 6,000,000 great hundreds

Assume 140 eggs per hen, requiring 12 gallons separated milk,
100 lbs meal and 1 cwt potatoes
Say, 5,000,000 hens

| | | |
|--------------------|---------------|---------|
| Separated Milk | 60,000,000 | gallons |
| Meal | 500,000,000 | lbs |
| Potatoes | 5,000,000 | cwts |
| Corn acreage | 200,000 | acres |
| Potato acreage | 21,000 | " |
| Total Corn acreage | 1,239,000 | acres |
| Potato acreage | 148,000 | " |
| Sugar Beet acreage | 80,000 | " |
| Fodder | (a) 1,230,000 | " |
| | (b) 1,476,000 | " |
| | (c) 1,845,000 | " |
| Total acreage | (a) 2,697,000 | " |
| | (b) 2,943,000 | " |
| | (c) 3,312,000 | " |

Making liberal allowance for land for seed productions, vegetables and miscellaneous crops, the acreage figures may be estimated as

- (a) 3,000,000 acres
- (b) 3,250,000 "
- (c) 3,500,000 "

II—PRODUCTION FOR EXPORT.

The total area of the twenty-six counties is approximately 17,000,000 acres, of which about 11,600,000 acres are classed in the official statistics as under crops and pasture and the remaining 5,400,000 acres include "woods and plantations, grazed and barren mountain, turf bog, marsh, water, roads, etc." There seems to be no information available as to the line of demarcation between the land defined as under crops and pasture, and that under mountain grazing—nor is there any information as to the amount of land which has returned to the wild as a result of neglect. It would, therefore, be rash to assume that the whole 11,600,000 acres can be reckoned to have the production possibilities postulated at the beginning. Some of the land will not be ploughable, and on that account there may be very strict limitations on the possibilities of improvement. It is suggested, however, that an estimate can be made on a fairly conservative basis that the total land is the equivalent in production possibilities of, say, 9,500,000 acres of land capable of giving the assumed yields. Estimates are made as follows of the acreage requirements for the production of

1 *Milk* 800,000,000 gallons

| | | |
|----------------|---------------|-------|
| Fodder acreage | (a) 1,400,000 | acres |
| | (b) 1,680,000 | " |
| | (c) 2,100,000 | " |

2 Cattle

(a) 500,000 Fat at 10 cwts

| | | | |
|----------------|-----|---------|-------|
| Corn acreage | | 150,000 | acres |
| Fodder acreage | (a) | 650,000 | " |
| | (b) | 780,000 | " |
| | (c) | 975,000 | " |

(b) 500,000 Stores at 5 cwts
Requirements

| | | | |
|----------------|-----|-----------|-------|
| Corn | | 1,250,000 | acres |
| Corn acreage | | 62,500 | acres |
| Fodder acreage | (a) | 230,000 | " |
| | (b) | 276,000 | " |
| | (c) | 345,000 | " |

3 Pigs 4,000,000 at 2 cwts

| | | | |
|----------------|--|-------------|---------|
| Separated Milk | | 600,000,000 | gallons |
| Corn acreage | | 415,000 | acres |
| Potato acreage | | 283,000 | " |

4 Eggs 15,000,000 great hundreds

| | | | |
|----------------|--|---------|-------|
| Corn acreage | | 500,000 | acres |
| Potato acreage | | 53,000 | " |

Total acreage

| | | | |
|----------|-----|-----------|-------|
| Corn | | 1,127,000 | acres |
| Potatoes | | 336,000 | " |
| Fodder | (a) | 2,280,000 | " |
| | (b) | 2,736,000 | " |
| | (c) | 3,420,000 | " |

Total Land Required

| | | |
|-----|-----------|-------|
| (a) | 3,743,000 | acres |
| (b) | 4,199,000 | " |
| (c) | 4,883,000 | " |

or—making provision for seed, horses, etc

| | | |
|---------|-----------|-------|
| say (a) | 4,250,000 | acres |
| (b) | 4,750,000 | " |
| (c) | 5,500,000 | " |

The land available, after home requirements are covered, would be under the different assumptions of productive capacity for grass

| | |
|-----|-----------|
| (a) | 6,500,000 |
| (b) | 6,250,000 |
| (c) | 6,000,000 |

so that the figures of production for export assumed above could be increased under the different conditions assumed by the following approximate percentages

| | |
|-----|-----|
| (a) | 50% |
| (b) | 30% |
| (c) | 10% |

The produce for export for which the land requirements were estimated above would be—

| | |
|------------|-----------------------|
| 500,000 | cattle fat at 10 cwts |
| 500,000 | stores at 5 cwts |
| 3,200,000 | cwts Butter |
| 4,000,000 | pigs as Bacon |
| 15,000,000 | great hundred Eggs |

On the basis of the prices ruling from 1910—1914, the value of these exports would be approximately £68,000,000. The exports on that basis would, therefore, under the various conditions amount to—

- (a) £102,000,000
- (b) £88,000,000
- (c) £75,000,000

The question will naturally arise as to the cost at which such production can be achieved. In view of the present low level of productivity, it is perfectly safe to assert that the output suggested, based as it is on reasonable crop yields, would result in a very material reduction in costs. Indeed, in a country of small farmers increased output per acre and per man is absolutely essential to cheaper production. Calculations made for farms of various sizes make this abundantly clear. But theoretical calculations carry little conviction. It is necessary that the possibilities should be demonstrated in actual practice.

Professor J. Johnston : In the future as in the past our exports must consist mainly of those things which we can most readily produce in excess of the requirements of the home market. But they are also liable to be affected by external, i.e., British, commercial policies in relation to them. If British policy were governed by purely objective considerations the coincidence between deficiencies in their production and superfluities from ours would guarantee favourable conditions for a mutually profitable trade. We cannot, however, if past experience is any indication, be quite certain that British policy will be determined by purely objective considerations, and, even if sentiment be entirely excluded, that it will not be influenced by sectional interests which are incompatible with the British general national interest as well as with ours.

What we can most readily produce in excess of the requirements of the home market is agricultural rather than industrial products, and among the former store cattle in various degrees of fatness must continue to take pride of place. In spite of all the efforts made in the Economic War period to foster an export trade in pig and dairy products these have now completely disappeared, and cattle now constitute almost the sole agricultural export that has survived the stress of the second European war.

Objectively our substantial export of potential beef cattle is a relatively important element in Britain's present *total meat* supply. The latter may now be estimated at 18 million cwt per annum and our average exports of dry stock would probably weigh 3,600,000 cwt dead weight which is 20 per cent of Britain's total meat supply.

Nevertheless the future of this trade is not so rosy as these facts would seem to suggest, and the record of the past eleven years gives ground for legitimate anxiety. About eleven years ago a certain policy was inaugurated in the supposed interests of a section of the British agricultural community, and has since been maintained in one form or another. It would be easy to show that the operation of that policy has been injurious to the general British national interest. Even if it does not affect the total number of our cattle exports it diminishes their aggregate weight, and under war conditions must aggravate the existing shortage of meat rations in Great Britain. That policy has been and is a major disaster to her agricultural economy.

The policy in question takes the form of a price differentiation penalising the export by us of beef cattle in a finished condition. Briefly stated the price differentiation operates as follows. Where the British Ministry of Food pays 64/- per cwt live weight for an animal reared and finished in Britain, it pays only 50/- for an animal of exactly similar quality exported from Éire in a finished condition, but the price of a forward store of corresponding quality is 59/-. These figures are given for the purpose of illustration only.

One effect of this has been *and is* that our cattle fatteners cannot buy cattle in competition with a 59/- price in order to sell them at a 50/- price. The export of really fat cattle has almost completely disappeared, and our cattle exporters have an obvious incentive to "slim" a beast that might be put in the "fat" category on reaching a British port.

A more important consequence has been the virtual disappearance of winter stall feeding of cattle in Éire, for a decade or more, with consequent scarcity of animal manure. Our land has thus been cumulatively impoverished and our tillage policy been deprived of its most essential foundation. If anyone asks why, in a recent year, the index of physical production of our agriculture is only 96.8 per cent of the 1929/30 base in spite of the vast increase of crop production, this all important fact constitutes an almost complete answer.

A British well wisher, viewing our economy from a distance, recently sent me a long memorandum urging the transformation of our beef cattle export trade into an export trade in dead meat. He pointed out the various economies that would result and the valuable industrial developments that would be facilitated by the local availability of the important by-products of a dead meat industry. I had to refer him mournfully to the British Ministry of Food and point out that no Irish dead meat company could buy live cattle on a 59/- price basis and sell dead meat on a 50/- price basis and hope to avoid bankruptcy.

The sum of the matter is that the future of our export trade in cattle is dominated by political factors which are outside our control.

Our production of dairy products has also in recent years been injuriously affected by external price policies. We find it difficult to pay a shilling a gallon for milk sent to the creameries, but almost any milk produced in Northern Ireland will command a price of the order of 2/6 a gallon in certain seasons. Consequently it pays us much better to export cows and female breeding stock than to maintain dairy production for the home market.

In these and other ways our whole agricultural economy is closely affected by price policies practised in England, there ought to be some attempt to reach a comprehensive trade agreement with Great Britain in all these matters so that agricultural and export policies which are obviously to the mutual interest of both countries may again become practical politics

Mr. O'Hegarty said that he thought that we should first conceive what the postwar world was likely to be like, and what our place in it was likely to be like. He thought that we would be faced with definite coldness from both England and America, and that the system of selective prices, referred to by Professor Johnston, would remain and would be extended. England would be engaged in keeping the Commonwealth together, and, for that purpose, in placating sentiment, and meeting wishes as far as possible in the willing Dominions, and would pay very little attention to the unwilling Dominions. He thought that we should have to start, make the maximum use of our own resources, develop food industries as are ancillary to agriculture (e.g. Dead Meat and Tanneries), prohibit the importation of such luxuries as coal and petrol save for purposes for which no substitute can be provided, and set aside all grandiose schemes about larger export trade and larger import trade until we learn by experience what the postwar world is actually

Lieut.-Col. K. E. Edgeworth : If I understand him correctly, Dr. Henry Kennedy's contention is that the present efficiency of Irish agricultural production is very low, and that, if really efficient methods were adopted, two results would follow —

- (1) The total agricultural output would be greatly increased, and
- (2) The costs of production would be lowered to a figure which would compare favourably with those of our competitors in the international markets, and at the same time the earnings of the farmer would be increased to a figure which would compare favourably with the wages of the industrial workers in the towns.

The second of these propositions is evidently by far the more important, for it is futile to produce commodities which cannot be sold, and it is clear that the farmer will not remain on the land unless his earnings are maintained at a reasonable figure. The vital question therefore is whether the second proposition is true, or partially true, or false. It is common knowledge that land differs widely in quality, and it may be said that the proposition is partially true, if it is true for some of the land and not for the remainder.

The point which I wish to make is that the truth or otherwise of these propositions cannot be established by any amount of academic discussion, nor by general assertions that they are true or untrue, nor by reference to such vague generalities as the law of diminishing returns. The truth can only be ascertained from a knowledge of the facts, that is to say from properly authenticated records of the results obtained on the actual farms.

It does not appear that the necessary factual evidence is actually available at the present time, and it would seem that the immediate objective of those who desire to improve the standard of Irish agriculture should be to design and put into operation some scheme for

giving the newer methods of cultivation a proper trial under actual conditions and for placing on record the results of these trials. Until such evidence becomes available most people, including most of the farmers, are likely to remain sceptical, and will probably assume that the claims made for the newer methods are considerably exaggerated.

In making these comments, the last thing which I wish to do is to disparage the efforts which are being made to improve the efficiency of Irish agriculture. Speaking as an interested spectator, who lays no claim to any special knowledge of farming, however, I would suggest quite definitely that what is needed is a more liberal supply of facts and a little less propaganda.

Mr. Ó Coineáin : At the present time it is impossible to forecast the post-war structure of international trade. Nevertheless it is not too soon to study our special problems. I take it as agreed that the largest possible export trade is desirable, in order to pay for necessary imports and ensure employment for all our people. Personally I do not take a gloomy view of the prospects but I do think that we should expect competition to be keener than ever before and make our plans accordingly.

There are no grounds for believing that we will be entirely at the mercy of circumstances. On the contrary, the future of Irish external trade will to a large extent depend on the Irish people themselves. We must produce efficiently if we are to have a large export trade. It is of the utmost importance that this fact should be really believed by producers. The aim should be maximum efficiency inside the framework of the national policy of the day and in this connection it seems certain that defence considerations will continue to affect efficiency for as far ahead as we can see. Reasonable care in production, marketing and salesmanship is not enough. If we are not determined to be meticulous, then we will be pushed aside by those who are. Efficiency is of paramount importance, especially for small nations operating in a world of power politics.

Agriculture will continue to be the mainstay of our export trade and world trends should be carefully watched so that production may be deflected into the most remunerative channels. It seems likely that nutritional standards will be raised in many countries after the war. The Hot Springs Conference recommended that governments should provide systematic education in food values and take other measures to combat malnutrition. Schemes such as the Beveridge Plan should also result in an increased demand in Great Britain for Irish dairy produce, eggs, vegetables, etc.

It will be a much harder task to build up an export trade in industrial products. Even an industrialised country like Great Britain will have an uphill fight to recapture lost markets and face the increased competition of new industries in other countries. Our lack of coal and certain industrial raw materials should not, however, lead us to adopt a defeatist attitude. Dr. Beddy pointed out in his recent paper that despite the absence of coal, water power and metallic ores, Denmark has a large export trade in ships, marine engines, cement, cement machinery, dairy machinery, hydrogenated fats and soya bean flour. By employing to the full the technical, artistic and inventive faculties of our people, we can produce goods which will find markets abroad. The principle

of specialisation in international trade still holds and it behoves us to exploit its possibilities. The matter could not be better expressed than it was by Mr Frank Hugh O'Donnell recently when he urged us "to export the Irish mind". If the Irish mind has nothing to offer the world in the war of specialised industrial and artistic products, then the fault will lie with us and not with the structure of world trade.

I am convinced that intensive advertising among the large Irish populations in all parts of the world and particularly in the USA would, in itself, ensure large markets for good products.

The important thing is to get into the right frame of mind. It is not impossible to build up an export trade in industrial products, but this can only be done by hard work and by using fully all our resources of raw materials, ingenuity and brains. We have no beaten track to follow in this matter. The work is pioneering in character and scientists, engineers and artists have all a part to play.

Mr. R. J. P. Mortished (*in a communication read by an Honorary Secretary*) said that we cannot, of course, foretell the whole of the future, but many—and terrible—things have already happened that will have inevitable consequences, and many things are now being done or decided that we must take into account in our reckoning of the future, even though there may yet be changes in other people's plans.

The outlook for the immediate post-war period is terrifying. In Europe alone some 200 million people who are now underfed, half-starved or dying of starvation will have to be fed, some 60 million people who have been uprooted from their homes will have to be returned to their homes or settled in new homes. An organisation for dealing with this problem has already been set up in UNRRA, the United Nations Relief and Rehabilitation Administration. The organisation is unsatisfactory in two important respects, it excludes the neutral countries—ourselves, of course, with the others—and it has decided to confine itself to immediately urgent relief work and not even to try to lay the foundations of long-term reconstruction. Both these restrictions are, I think, bound sooner or later to disappear, and in any event we ought, as a matter of national decency, to include in our national plans provision for such modest contribution as we can make to relieving the immediate post-war sufferings of our fellow-creatures in other countries. Relief requires not only organisation but also supplies. Here also the position is very unsatisfactory. The enormous stocks of grain which had been accumulated (mostly in Canada) are rapidly disappearing, they have been used to make industrial alcohol for war purposes, to feed cattle and pigs so that Uncle Sam and John Bull may not go too short of beef and pork and bacon, and even, it is said, to burn as fuel. There will be no very large carry-over immediately available for relief, and a drought in Canada—always a possibility—might mean a shortage even in current production. We should be wise, therefore, not to count on access, in the immediate post-war period, to ample supplies of low-price grain. Apart from breadstuffs, there will be an intense demand for fats and meat and milk products, and also for livestock—cattle, horses, pigs, poultry—for the reconstitution of flocks and herds. It will not be "effective demand" in the economic sense—or, at best, only partly—but it will be a terribly insistent demand in the human sense. We ought,

therefore, to plan for a surplus over our own needs to help meet this demand. There will also be a demand for services by doctors, nurses, midwives, sanitary workers, helpers of all kinds. Our post-war plans ought to take account of that demand also.

Turning from relief to reconstruction, it is certain that there will be a tremendous demand, augmented by every additional day of war's destruction, for materials for the rebuilding of houses and factories, for machine tools and machinery, for raw materials for manufacture, and for fuel. We can do virtually nothing to supply these needs (though it might be worth while considering our possibilities in regard to flax, cement and books). On the contrary, we may find great difficulty in getting supplies of such materials for our own needs. We ought therefore to be considering how far, and in what ways, we can increase our own production of necessary materials (turf and coal, rape and sunflowers for oils, crops for industrial alcohol, textiles and plastics), and also our production of other goods for export to enable us to buy abroad on a seller's market.

In what conditions it will be possible for us to buy abroad we do not yet know. There is much discussion of international commodity controls, and there is also evidence of intensified international rivalry, as, for example, in petroleum, in air transport and shipping, and in markets for manufactures. If there are international controls, it would be unwise to expect that at any rate in the early years we or any other small country not in command of any essential raw material or service, will be given any great consideration or allowed any effective say in the working of the controls. If there are not effective controls, we might perhaps enjoy some precarious and fleeting advantages, but we should pay a heavy price later when the world crashed into chaos once again. In either event, therefore, we should strive for the most efficient development of our resources in agriculture, in manufacture, in shipping and air transport, in fuel and power, and in scientific knowledge and technical skill.

Our main market, both for buying and selling, has been the British. The last war inflicted heavy blows on the British economy, this war is inflicting heavier blows still, enormously accelerating developments which are no doubt inevitable but which might have been much more gradual. British overseas investments have dwindled almost to nothing. Supremacy in shipping has been lost to the United States and Britain's position will be recovered, if at all, only with difficulty. Coal-mining needs radical reorganisation, a substantial permanent increase in the pay and standard of living of miners seems inevitable, with a consequent increase in the price of coal, perhaps off-set by more efficient use of coal products rather than crude coal for fuel and power, and these changes may have important influence on the economies of our utilisation of turf and water power. Cotton textiles will suffer a further decline in exports, as they did after the last war, and Britain has no special natural advantages in the manufacture of artificial fibres. Future policy in agriculture is still uncertain, but British production will probably concentrate on meat, liquid milk and the protective foods, leaving wheat, butter, cheese and bacon still supplied mainly by imports. The redressing of the British balance of trade will necessitate some reduction of imports and a stimulation of exports. We shall be affected on both sides. The British livestock industry may still need our cattle, but our butter exports will

have to face even keener competition from the Antipodes (and later from Denmark) which we can hardly hope to withstand unless we raise our milk yields and increase winter production. Our manufacturers will have to reckon with severe competition from British exporters, strengthened by war-time research and development of new materials, concentrated and well organised effort in scientific and technical research and experiment and training in industrial skill will be indispensable. Whether British imports of dehydrated foods will be an important factor is uncertain, and seems doubtful in view of the present attitude of the average British housewife, we ought to be sure of a good market for shell eggs and other fresh foods, but only if we can guarantee high quality and a regular flow.

The economic situation will be largely governed by the political situation. All the fine phrases notwithstanding, we seem to be entering on a period of power politics, with Russia on the one hand, the United States on the other, and Great Britain precariously balancing herself between the two. Russia, with enormous damages to make good and huge territories to develop, might be expected to direct most of her attention eastward rather than westward, ultimately, no doubt, she will do so, but it seems clear that she is determined in the immediate future to acquire a dominant position in Central and Eastern Europe, with a decided say in the Mediterranean and perhaps more than one finger in the pie in the Middle East. The United States, faced with the prospect of virtual exhaustion of her oil supplies in less than twenty years, determined to become a great maritime power, enjoying a considerable start in aviation, and with an eager eye open on the possibilities of a European market in the reconstruction period, is developing an imperial interest in the Middle East, the Mediterranean, East and West Africa, and naval and air bases all round the world. Great Britain is uneasy about the possibility of maintaining her position, especially in view of the difficulties of really effective co-operation with the Dominions, in the end, as some of her economists and statesmen are beginning to suggest, she may become what she has never been before, economically and politically, as well as geographically, a part of Western Europe. The Far East is of little direct interest to us, but the decline of white supremacy may add to the difficulties of Europe.

The situation as a whole presents possibilities of an even bigger explosion than the present, there are indications also of a kind of triumviral world dictatorship, what there is not much sign of is a sustained effort to secure genuine world co-operation.

But this is not the whole of the picture. There is in Western Europe a group of peoples who have suffered terribly from the war and will be fiercely resolved to safeguard themselves against a repetition of it. More acutely conscious than ever of their distinctive nationalities, they will yet be prepared for close co-operation in matters of economics and defence. Their interests are not always identical, but they do not seriously clash. Since the urgent necessities of reconstruction will compel them to exercise close control over their national economics, planned international co-operation between them will be easier than under a system of uncontrolled private enterprise. Some of them—the "Oslo Group"—made an abortive attempt to get together in the inter-war period, at the present moment, the Netherlands, Belgium and Luxemburg are planning a post-war customs union. There is at least a hopeful

possibility of the emergence of a Western European association, based in the beginning on the countries that have been occupied by Germany, extending to include Sweden and Switzerland and later a new Germany (and later still perhaps Great Britain) Such an association would be powerful without being imperialist and would be able to play an effective and useful part in any future world organisation To what extent, and in what way, having regard to our geographical position, our economic structure which must always be based essentially on what we can grow on our own soil, and our contacts with Great Britain, could we work in, or with, such a Western European association? In the past, we have been a part of the European policy, can we become so again? That seems to me to be the fundamental problem of long-range national policy for us, to which thorough but realistic study should be devoted

Neither the known facts of the present situation nor any plausible speculations about the future situation suggest anything but a period of extreme difficulty for a small, militarily weak and economically poor country such as ours We need not be too pessimistic, the damage to the health and vitality of the peoples of Europe will take a generation or more to repair, but the material damage can be quickly made good But over-optimism would be even more foolish We shall be able to establish for ourselves a safe, honourable and useful position in the post-war world only by the exercise of wise statesmanship But the foundation of statesmanship is study and knowledge—knowledge possessed not only by the statesman himself but also by his people, for without their understanding support he cannot pursue any effective policy

Mr. Meenan : Two questions face the framers of import policy after the war—firstly, how far we will be obliged to carry over war-time conditions of production into the peace, secondly, how far we will choose to do so

The answer to these two questions depends to some extent on matters quite outside the control of anybody in this island In regard to the first, if we are to have any discussion at all to-night we must assume that we have reasonable liberty of access to raw materials provided we have the money to pay for them That brings us at once to the widespread fears that we will not be able to make use of our sterling assets It is impossible to deal with all sides of a complex question in a symposium of this kind, but it may be pointed out that the root of currency problems after the war will be a shortage of dollars It is very likely that there will be a control of exchanges of sterling (and of most other currencies for the matter of that) against dollars How far does that affect our import trade? In 1938, the last full year of peace, 11·4 per cent of our imports (£4·7 m) came from the U S A They were principally cereals, raw tobacco, fruit, machinery and motor vehicle parts Quite apart from any question of currency, the United States have become dependent on Canada for part of her own wheat supply and it is most unlikely that in any case we would be able to buy from them As regards maize, Argentina has used its increasing surplus of maize for fuel in default of transport and, before the war, we were on the verge of a barter agreement for maize with Brazil The other countries from which we bought most in 1938 were—from British India came 3·9 per cent of imports (£1·6 m) chiefly tea, from Canada, 3·7 per cent (£1·5 m) chiefly cereals timber and paper and from Australia, 2·5 per cent (£1 m) chiefly wheat.

All these countries are likely to be in close trade association with Great Britain in any foreseeable future and our imports would represent only a very small percentage of the sterling purchases that would, in any case, be made from them. There does not appear to be, therefore, any *a priori* reason why we should not be able to trade freely with them. It is suggested, then, that we should be able to import a substantial proportion of our requirements within a reasonable time after the resumption of civil life. It is fortunate that our imports from countries other than the United Kingdom are produced in bulk in countries that have not been devastated by war. The three possible bottle-necks in their distribution seem likely to be (a) pre-emptions exercised by UNRRA or by individual nations for the relief of civil populations, (b) transport, which may largely depend on the progress of the Japanese war, (c) the pace of turn-over from war-time to peace-time production.

These are generalisations, necessarily so in the time allotted for this paper. But it may be claimed that they show that we may have greater freedom of import than some people fear, always subject to the position of sterling. That brings us to the second question. What kind of imports; what is our import policy? Both in industry and agriculture this raises questions of high policy. Others are here to speak on agriculture and I turn to industry. The controversies of the last ten years have had the unfortunate effect of driving discussions on tariff policy into terms of agriculture on the one hand and industry on the other. It is suggested that a limited revision of tariffs is desirable in the interest of both producer and consumer. There seem to be three main points to be considered. Firstly, the position of industries that are almost completely assembling or packing industries should be reviewed. They constitute nothing more than a tax on price. They bring nothing of advantage to the national economy, not even the merit of giving secure employment as, being utterly dependent on free import, they disappear as their supplies in war-time become restricted or cut off. Secondly, it is impossible not to feel that in some cases firms are manufacturing under protective tariffs that are too widely drawn. That is to say, that the tariff is imposed on a whole range of goods of which the firms only produce some. If indeed they commence to extend their range, the position would be different but in several cases it could never possibly be profitable to produce some of these goods for which the Irish market is so restricted. Thirdly, there is the question of how far the protection afforded to one industry clashes with the interests of another. It is certain that these clashes have occurred. Our industrial policy should have some system of priorities of import, it is impossible to think that it has.

There is another matter that is still more important. Recent years have seen the development of several mineral-resources such as barytes, gypsum and quartz. There are questions about these that cannot be answered except by those who know the extent of these resources and the price at which they can be marketed. Are they capable of facing post-war conditions? If they are continued, under a tariff or not, are they to be sold to the home market or exported? If they are continued, will they be under private or public control?

These are all questions of the utmost importance to Irish industrialists. It is clear that there can be clashes of interest on a scale unknown in agriculture. The Irish industrialist has a right to know how and where

and from whom he will buy his raw materials. The conclusion is inescapable that there is a strong case for a commission on post-war industry of the same calibre as that that now considers post-war agriculture.

Dr. Beddy : I did not intend to participate in to-night's discussion but I feel I should intervene in support of Dr. Kennedy on the question of costs. The President has rightly referred to the law of diminishing returns. This would, undoubtedly, apply if we had reached a stage of maximum profitable production in agriculture, but I think it will be generally agreed that we are very far from this stage and consequently increased production, so far from giving rise to increased costs, should operate to reduce costs. One of the most important elements in cost is labour, and cost per unit in this respect would not increase even with a substantial expansion in output, since, as is well known, the labour available on our farms is by no means fully occupied, there being inactivity on most farms for a substantial portion of the year, i.e., the winter months. I believe with Dr. Kennedy in the possibilities of considerable agricultural expansion, and it would seem that if instead of aiming at expansion we are content with static conditions we do not even reach that goal and our agriculture declines. From some figures at which I looked recently I noticed that between the two Census years—1926 and 1936—our agricultural working population declined by 40,000 while from 1922 to 1938 650,000 acres of land were withdrawn from cultivation. In the same period our cattle declined by 319,000, the bulk of these being cattle of two years and upwards. Professor Johnston has referred to this latter decline which has arisen through the falling-off in the market for fat cattle. This type of trade—and in fact the cattle trade as a whole,—is generally regarded as our most desirable agricultural activity, but in fact our cattle exports in so far as fat cattle are concerned account for only 3 per cent of the total British demand for beef, while our store cattle after being fattened in Britain supply a further 10 per cent. We cater for a market in cattle which in 1938 yielded us about £10 millions but we have neglected other markets of greater importance. In that year British imports of butter exceeded £50 millions, while imports of cheese, eggs and bacon were approximately £9½ millions, £12½ millions and £31 millions. The point I am making is that we are concentrating upon one corner of the British market and neglecting to cater for that market in other products which would involve a far greater utilisation of our natural resources and would give rise to increased activity and prosperity, and in particular to additional industrial employment. We have geared our agricultural output to the trade in beef animals to an extent which is limiting the utilisation of our resources. I consequently consider that in drawing attention to our real agricultural possibilities Dr. Kennedy has to-night provided one of the most encouraging contributions to the solution of our national economic problems.

At a later stage, in reply to Mr. Kelly —

On a point of correction I should like to say that I have not suggested that two men should be put to do the work of one. On the contrary, I have indicated that one man could do far more work than he is doing at present if he were operating under a different agricultural system. Furthermore, as regards Mr. Kelly's invitation to compare Meath and Sligo farms, I should be interested only in such a comparison under a system in which our natural resources would be utilised in both counties to a much greater extent than at present.

Dr. Geary said that he wished merely to make a statistical point in regard to some observations of Mr. Phillpotts and Professor Johnston. Ireland's position on Mr. Phillpotts' list of countries was not ignoble, having regard to the fact that the majority of countries listed were the most agriculturally progressive in the world. The contrast would be even less marked if comparisons were made between *net* instead of gross agricultural output. In Ireland input as a proportion of output was much lower than in the case of some of the other countries, Denmark for example. About 1929, before the economic depression set in, gross output of agriculture per person engaged in agriculture in Ireland was about equal to the corresponding figure in France and Germany.

As Professor Johnston said, gross volume of agricultural output had declined by about 8 per cent since before the war. The gross output is the concept which matters from the consumer's point of view, but it does not do justice to the producer's war-time efforts. For reasons outside the control of agriculturists the input into agriculture is considerably less than before the war. At 1938-39 prices the value of feeding stuffs, fertilisers and seeds purchased by the agricultural community in 1942-43 was £1½ million as compared with £9 million before the war, with the result that at fixed (1938-39) prices the *net* output of agriculture, or the difference between gross output and cost of materials, actually increased by 9 per cent between 1938-39 and 1942-43.

Receipts and Expenditure for Year Ending 30th September, 1943
—see overleaf