the likely beneficiaries of lower costs from agricultural advance, while workers, shareholders, and consumers share jointly in technical advances in industry. Another consequence of the low-income elasticity is to limit the growth potential for agriculture, both permitting and requiring a change in the structure of the economy away from agriculture. The evils, often exaggerated, of a one-crop economy derive mainly from these two points.

The instability of raw material prices has been documented by a series of studies over the past 30 years. A United Nations study in 1952,[9] covering the period 1901 to 1950 indicated an average year-to-year fluctuation in prices of 14 percent. The export volume varied by nearly 19 percent, while the combination of the two exaggerated rather than reduced the fluctuations, so that export earnings had a year-to-year fluctuation of 22.6 percent. This was a period of two major wars, a major depression, and several more limited cyclical changes. A more recent study,[10] for 1953–61 for a somewhat different list of commodities shows more modest fluctuations, volume 8.7 percent, unit value 8, while export value averaged 10.5 percent. With the greatly enhanced ability to deal with cyclical fluctuations during the past 20 years, the 10 percent of the latter study is far more appropriate than the 22 percent of the earlier study. An economic study by MacBean,[11] forming entirely on the period after 1947, concludes that the fluctuations in exchange earnings are no more severe for developing nations than for developed countries. However, there were individual countries which, for a variety of domestic and international reasons, suffered substantial instability in exchange earnings. We suggest that the widely accepted traditional view; namely, that specialization on a few export primary products exposes a nation to great economic instability, is likely to be overstated and overstressed. The traditional view depends too much on the experiences of 1925–45 and too little upon the period since 1947 when widespread sophisticated management and substantial economic stability of the major national economies has been the rule.

Turning to growth and development problems imposed by the low-income elasticities, here too the traditional view in the developing countries is to eschew investments in export agriculture. Only an exceptional nation, such as Taiwan, has deliberately invested broadly in agriculture for export. Others, such as Nigeria in oil palms and Parana State in Brazil in coffee, have invested in certain crops, in a few cases with deliberation, but in most cases as a consequence of private farmer decisions. Most nations have sought to save exchange through import substitution industries, or have sought new exchange revenues by developing a new export commodity as a means of diversifying their economy. In most cases, these procedures have been contrary to the concept of comparative advantage, assuming that added output of existing raw material exports would depress the price and therefore exchange earnings. The recent price facts support this view for certain commodities, such as coffee, rubber, coca, and cotton, and deny this view for other products such as meat, dairy products and

[9] United Nations Department of Economic Affairs, "Instability in Export Markets of Under-developed Countries," New York, 1952.
[10] FAO, Trade in Agricultural Commodities, op. cit., p. I–17.
[11] Alasdar MacBean, "Export Instability and Economic Development," Harvard University Press, 1966.