

improve the climate for change in agriculture through increased demand, particularly in lower income countries, but more directly and in all countries through the labor market.

Achieving structural transformation is important for two reasons. First, short of major structural reorganization in agriculture, the flexibility to adapt output to market requirements as between commodities will be difficult to achieve. Many small farms with excess family labor, limited capital, and very limited land resources must employ labor intensive techniques and maximize returns to land. This resource organization limits flexibility in responding to market and price conditions and leads to excess output of some products in the face of limited or inadequate output of other products. Second, the small farm is high cost and large numbers of high cost producers create conditions where governments have little flexibility in reducing price support levels and trade barriers.

A significant question is whether policies will be implemented to effectively support or encourage reorganization. Change could undoubtedly be facilitated by market pressures if permitted to operate, but this is difficult to achieve in the face of political pressures, and it is likely that achieving change will depend heavily on policies that are aimed directly at changing farm organization rather than through price pressures. Maintenance of income on small farms will become more and more difficult as time passes and increasing attention must be given to direct programs for structural improvement.

Legislation to improve farm organization in both Japan and Western Europe includes efforts to provide specifically for consolidation and amalgamation of land into larger units as well as broader programs aimed at promoting rural development and assisting rural people to prepare for and accept other employment. With few exceptions, however, these programs have not progressed far and in large part are aimed at gradually eliminating land parcelization and achieving a reduction in the number of very small farms. Programs are not aimed at encouraging the general structural reorganization that is required to provide an efficient commercial agriculture utilizing modern technology and with sufficient land and capital resources to provide an increasing level of income without relatively high prices and consequent trade restrictions.

Thus, it cannot be assumed that change will take place quickly to bring agriculture to a lower cost basis requiring less isolation from world markets. Political, social, and institutional restraints to change based on historical factors are numerous. In these areas, the EEC has taken only minor and cautious steps and there is little evidence that leadership for this kind of change will develop under the common agricultural policy. Further, agricultural policies are sometimes strongly influenced by other factors. In Japan, achieving self-sufficiency in food cereal production has an important bearing on agricultural policy. Sweden and some other European countries, seek to maintain a given level of self-sufficiency in food production even at an economic cost. In most European countries the maintenance of a desirable rural social structure, again at an economic cost, is a strong motivating factor in policy development.

While conditions vary among countries both exporters and importers engage in widespread intervention in domestic agricultural mar-