19th October 1949.

Dear Rothschild,

I came out to find your letter of yesterday's date awaiting me this morning. Thank you for sending me your comments on Wallace's note and a copy for him, which I am sending off, with some further comments of my own.

Carry on. I am well.

1. "Who decides . . .?"

Do you not think we must go behind the current stated policy of the Ministry of Food? For that august body will either rely on experts on the production of farm products, whose knowledge we are saying should be assembled, or, more probably, on someone's "administrative good sense", uninformed by such knowledge. We have got nowhere unless we can say, if necessary, the Ministry of Food's "requirements" of more milk and beef (at specified levels of utilisation of land, labour and capital equipment) are illusory and chimerical.

However, probably the said Ministry will never specify its requirements in accurate terms, and we shall be spared the painful necessity of being so rude.

As soon, however, as anyone in a context of practical administration reads the words "animal improvement" it appears that there must be latent in our minds some notion of better or worse (for our purposes, no doubt).
bovine genotype. At this point only the geneticist has a comprehensible or definable job, and the expenditure of public money on his activities may rationally be contemplated. If not, not. Consequently, I think your remark about the geneticist coming first is but trifling and irrelevant.

3. I am sure you are right in 3 to stress that subsidies mask and disguise the real economic situation, (i.e. production of goods controlled by the expenditure of limited resources, which might be diverted towards other types of production) much more dangerously than would be the case in a subsidy-free economy. In fact the economists of 150 years ago would explain that one of the advantages of a free economy was that measurable prices, demand curves, etc. were in such an economy a tolerable approximation to the underlying economic reality. By tinkering with subsidies the government can, and indeed does, in particular cases, divert the potential of economic effort into quite unprofitable channels.

I do, however, dissent from the view that if recommendations of a group of experts are to have any meaning the government should implement them with discriminating subsidies. There might be no need for anything of that sort. Subsidies are certainly not the only means open to government to influence or control economic activity.
4. I am sure Wallace does not want his word taken for it about the dual purpose animal, but that this, as well as the problem of getting behind the mask of an artificial economy, will require constant consideration by any group controlling the aims of animal improvement. My own reaction, in fact, under section 4, would be to assemble economic and experimental data competent to aid decision on the question of whether the country wants to develop a) special breeds, or b) milk and beef breeds, or c) breeds of both kinds.

On your last question, I believe Wallace might be the man you would want. Not, of course, as a heavyweight opinion, but as a chap willing to do some work. I imagine you can get weighty names over the counter in the usual market.

Yours sincerely,