Europe + Agric.

CENTRE FOR
EUROPEAN AGRICULTURAL STUDIES

THE DEVELOPMENT OF AGRICULTURE IN GERMANY AND THE UK:

2. UK AGRICULTURAL POLICY 1870-1970

JOHN H. KIRK

WYE COLLEGE
(University of London)
ASHFORD, KENT
1979

CENTRE FOR EUROPEAN AGRICULTURAL STUDIES

In September 1973, Wye College established a Centre for European Agricultural Studies. Its purpose is to offer:

To agriculture and industry

Research and investigation programmes
Opportunities for bringing together European farmers, business executives, politicians, administrators, scientists and academics to engage in post-experience courses, study groups, seminars and conferences

To developing countries

Recognition of the special problems of countries whose agricultural economies are linked with Europe

To other countries

A monitoring base where developments in European agriculture can be interpreted and transmitted back to official agencies

To other European universities and research organisations

Opportunities to develop the exchange of personnel and information, and to collaborate in the development of linked research projects and teaching programmes

To all participants in its work

The advantages of a strong university establishment, providing an impartial forum for the exchange of information and ideas

Ian G. Reid
Director

ISBN 0 905378 16 4
ISSN 0306 1345

CENTRE FOR EUROPEAN AGRICULTURAL STUDIES

THE DEVELOPMENT OF AGRICULTURE IN GERMANY AND THE UK

2. UK AGRICULTURAL POLICY 1870-1970

John H. Kirk

Emeritus Professor, University of London

WYE COLLEGE, ASHFORD, KENT, ENGLAND.

Miscellaneous Study No. 3

Price: £4.00

UK AGRICULTURAL POLICY 1870-1970

TABLE OF CONTENTS

ACKNOWLEDGEMENTS

This monograph is one of a series of companion reports stemming from a study of the contribution made to the economies of West Germany and the United Kingdom by their respective agricultures.

This work has been made possible by the generous financial support of the Anglo-German Foundation for which the Centre for European Agricultural Studies is most grateful. This has been a significant factor in the initial stages of the Centre's development.

Much of the work has been done in collaboration with the Institut für Agrarpolitik, Marktforschung und Wirtschaftssoziologie der Universität Bonn. Special thanks are due to Professor Dr. W. Henrichsmeyer, Professor Dr. E.E. Lipinsky, and Dr. H. Schrader. The volume "Comparative Time Series 1870-1975" owes much to the work and help of Professor Dr. Adolf Weber of the Institut für Agrarpolitik der Universität Kiel.

Thanks must also go to Professor Denis Britton and Dr. Berkeley Hill of the Agricultural Economics Department, Wye College, for their major contribution to that part of the study dealing with the analysis of the relationship between size and efficiency in the farm businesses of the two countries.

Grateful thanks are extended to Sir Con O"Neill, Christopher Ritson and Professor Dr. S. Tangermann for their patient reading and penetrating criticism of draft manuscripts.

FOREWORD

Agriculture plays a fundamental role in the social, economic and political development of nation states, and is, therefore, seen by the Anglo-German Foundation as a field of research appropriate to its general terms of reference: to study the problems of western industrial society. This has additional relevance today because Western Society is concerned with the role of agriculture in not only the nation-state but also in the supranational organisation of the European Economic Community. Furthermore the contrasting traditional political attitudes towards the agricultural sector which are currently manifest in West Germany and the United Kingdom give added point to the story contained in these companion reports.

The reports are aimed at increasing our knowledge of the historical background behind the attitudes and positions taken by their respective citizens, farmers, politicians, businessmen and government officials in the development of the Common Agricultural Policy of the EEC. By that deeper knowledge it is hoped to foster a more tolerant understanding.

Agriculture is a supplier of resources as well as a competitor for them, and as such is a fundamental element in the increasing urbanisation and industrialisation of Western Society. In studying agriculture as a competitor for resources, one is led directly into the problems of marginal productivities, net added value and of the mobility of resources between economic sectors. Questions of relative efficiency arise.

Efficiency, however, may be defined in relation to technical, economic or social goals. It can be defined as a measure of the relationship between inputs and outputs in an economic or technical sense. It can also be defined as the degree to which stated aims have been achieved. The aims can be stated by the individual entrepreneur. They may also be set down in the statements of policy agreed to by the legislature and government of a country. It is this latter definition of efficiency which led to the decision that it was necessary to study the development of agricultural policy and hence of government

intervention before one could pronounce upon the current comparative efficiency of the two agricultural sectors.

The task of describing the development of agriculture and its adherent policies was entrusted to two authors. The German story is told by Robert Cecil, the British by John Kirk. The difference in their professional experience has inevitably led to differences in approach, content and presentation. Robert Cecil served in the Foreign Office from 1936 until 1967 including a period at the British Embassy in Bonn. In 1968 he was appointed Reader in Contemporary German History and finally became Chairman of the Graduate School of Contemporary European Studies, University of Reading. Here is a picture of Germany as seen by an "outsider", trained to analyse the political, social and economic significance of events and ideas.

John Kirk joined the Ministry of Agriculture and Fisheries (as it was then named) in 1932, just when there was a fundamental change in attitude with a consequent outburst of government intervention in British agriculture. He remained with that Ministry for some thirty years, becoming head of the Economics and Statistics Division, and was then appointed the first Professor of Marketing at Wye College. Thus his story is that of an "insider" who was closely associated with the discussions and decisions throughout the period when government intervention became a dominant feature in the development of British agriculture. His contribution is therefore a unique record and of immense interest to economic and political historians.

In any historical review, a starting date is required. With regard to the development of agriculture and agricultural policy in West Germany and the United Kingdom, circa 1870 is a convenient point. Both countries were faced with a common external phenomenon - the advent of cheap grain from North America and livestock products from the Southern Hemisphere. In the event, each nation took a different decision as to how it should deal with this common externality.

The United Kingdom chose the path of Free Trade and a cheap food policy, which would strengthen its competitiveness in manufactures as well as its ties with its overseas Empire which was a major supplier of

primary products and foodstuffs. The legacy of this mode of thought can be seen in the system of Imperial Preference of the 1930s and even in the special arrangements made for New Zealand dairy products and Commonwealth sugar in the negotiations for UK accession to the European Economic Community.

Germany pursued a policy of Protectionism in both agricultural and its manufactured goods. As Cecil points out "the Tariff Acts of 1879-80 brought both heavy industry and the great estates into line behind Bismarck. The effect was to affirm the political power of the Junkers, as well as to preserve a substantial agricultural sector within the economy".

One hundred years later, the fundamental attitudes of those divergent policies remain. They are strongly represented in the postures and statements made in the Council of Agricultural Ministers of the European Communities. Josef Ertl and John Silkin, the present Ministers of Agriculture in the Federal Republic of Germany and of the United Kingdom respectively, are both prisoners of their countries' histories as well as being spokesmen of current political power.

If Free Trade is taken to represent a policy where the forces of a market economy are allowed to dominate, then, in the words of John Kirk, "the most important general cases in which the market may be over-ridden, and often has been, seem to be these:-

a) to achieve greater self-sufficiency, primarily as an insurance against war-time blockade;

b) to bolster up a weak economy by substituting home food production for imports;

c) as a matter of equity or social justice, to achieve higher incomes for farmers or farm workers;

d) to remedy the inadequacies and inefficiencies of various social or economic institutions, inadequacies that have developed within a market economy and persisted as a result of either inertia or privilege;

e) to correct the tendency of market decisions to be unduly short-term."

The common thread of these two very different presentations of developments in German and British agriculture is, in fact, the story of why and by what means the market forces have been over-ridden and how these forces have shown themselves in the structure of agriculture and its adherent institutions.

In the period 1870 to 1933 successive German governments intervened in ways which directly affected the development of agriculture. Subsequently Germany set about developing an economic autarky in preparation for war. Its whole economy became managed by the State to a degree unknown in peacetime by any other Western nation. German agriculture and its institutions came in for detailed regulation and regimentation, such as to suggest, from Robert Cecil's description, German rather than French or Dutch parentage for the shape and form of the managed market regimes of the Common Agricultural Policy.

Kirk makes the point that over the same period, the UK's agricultural policies did not accept self-sufficiency as a virtue in itself or that the home farmer is entitled to absolute priority in the home market. Such attitudes are thought to be derived from the longstanding relative political power of agricultural interests in continental Europe. It could be suggested, however, that closer relationships with continental Europeans may, however, have begun to influence British attitudes towards the priority of British agriculture in its home market. One has only to cite potatoes and milk.

Where the endowment of natural resources is relatively similar between two countries, differences in the social, economic or political objectives set for the agricultural sectors of the two countries are bound to give rise to differences in their structures and in their use of resources. If, for example, one of them is striving to achieve a higher degree of self-sufficiency in temperate foodstuffs than the other, this will almost inevitably lead to higher relative prices being offered to its farmers to bring forth these increased supplies and to compensate for the higher marginal costs which such action will incur. Such is now the situation in the case of West Germany and the United Kingdom.

In 1870 the land areas, populations, and resource endowments were significantly different as between the German Empire and the United Kingdom. But for the past thirty years, there has been a remarkable similarity in these basic factors, including the level of technology available to agriculture and other parts of the two economies. Total population is 61M in West Germany, 56M in the UK, and total land area devoted to agriculture and forestry differs by only some 6000 hectares. Bearing in mind these basic similarities, comparisons of resource use and resource productivities in agriculture in the two countries are all the more interesting and instructive.

The third companion report brings together 38 "pairs" of statistical time series relating to the development of the agricultural sectors of West Germany and the United Kingdom during the period 1870-1975. Forty such series for Germany had already been constructed by Professor Adolf Weber of Kiel University[1]. It was therefore decided to attempt the compilation of comparable series for the United Kingdom and to extend both series to 1975. The reader may enhance his understanding of the first two reports by reference to the relevant time series. The study sets down the ways in which comparability has been achieved (or not as the case may be).

The problems associated with the statistical analysis of multiple time series, particularly when these are aggregates, are formidable, and fall outside the scope of this study. However, the narrative attempts to explain, with the use of certain additional data, the relevance of this information to a comparison of agricultural development in Germany and the United Kingdom. In addition, it is hoped that this data will be a valuable source for further research.

The starting point of our commentary was the entry of a common economic factor - cheap grain from North America. It ends with the introduction of a common political factor - the Treaty of Rome and the establishment of the European Economic Community with its Common Agricultural Policy. The overall problem for the future is how the divergent agricultural policies of West Germany and the United Kingdom can be fitted into the CAP. The UK reliance upon imported food coupled with a deterioration in industrial competitiveness, despite its cheap

---

1 Weber, A., Productivity Growth in German Agriculture: 1850-1970. University of Minnesota, Department of Agriculture and Applied Economics, 1973.

food policy, have led to a constantly recurring balance of payments deficit, relieved only temporarily by North Sea oil.

West Germany, on the other hand, has brought with it, as have the majority of other Member States, the unresolved agricultural problems of structure, high cost production and income disparity. However, to quote Cecil, "in general high cost agriculture and high cost food are not regarded in West Germany as intolerable, so long as industrial production flourishes, high wages can be maintained and an expanding labour market offers absorptive capacity for those wishing to leave the land. Any major setback to the economy, however, could soon precipitate a reappraisal of agricultural policy".

The persistence of the general economic recession in western industrial society could well be the harbinger of such a reappraisal of the CAP and of the national agricultural policies of individual Member States.

PART 1

CHAPTER I

INTRODUCTION

The period over which UK agricultural policies are reviewed is 1870-1970, though most attention will be given to the later years. Conventionally the expression "agricultural policies" relates to those falling more or less into the economics sphere, as distinct from the scientific and technological. Naturally there are many borderline cases, and it is not always easy to distinguish an act of agricultural policy from a Government promoted change in infra-structure or institutional arrangements which happened to have a substantial effect on agriculture. We have included these borderline cases of which the effects were different from what would have been produced by the play of the market or the normal pace of technological development.

The treatment is mainly chronological. A plan based on order of importance of the various topics, or even the grouping together of these into categories of similar topics, would in some ways have been preferable. It would not however have been practicable since we have to cover a span of 100 years, and what was important changed from decade to decade; also, constant dodging backwards and forwards from one decade to another would soon have become tiresome. The choice of a chronological plan must mean that much of this study has to be couched in narrative form, but some criticisms and appraisals will be worked into the narrative, while a concluding chapter, devoted to a few of the most important topics, will consist of appraisal only.

The reader will have some acquaintance with the agricultural geography and history of the UK*. The effects of climate, topography and soil type are not always immutable, but the cost-effectiveness of

---

* Until 1920 the UK included Southern Ireland. Since then it has embraced England and Wales, Scotland and Northern Ireland. Each of these three countries has in effect its own Ministry of Agriculture for administrative purposes. For policy purposes the lead is normally taken by the Minister of Agriculture, Fisheries and Food representing both England and Wales and the UK but he normally acts in agreement with the Secretary of State for Scotland (responsible for agricultural administration in that country) and with the Home Secretary representing Northern Ireland.

policies which run counter to them is invariably low. The principal geographical feature of the UK is its northerly latitude and situation in the path of Atlantic depressions; hence the general aspect of the British rural scene is that of a pastoral landscape, green for almost the whole year. Since the immediate aftermath of the Napoleonic wars farming has been based on livestock rather than crops, particularly in the wetter and hillier regions of the north and west, and unlike the rest of Europe, the sheep is an important animal. The flatter and drier parts of Great Britain, which have a higher proportion of arable farming, bear some resemblance to much of France and West Germany (apart from their wine-growing districts), but there is no resemblance to Italy or southern France. For historical reasons the structure of UK agriculture is based on larger farms than are found elsewhere in Europe, and also the persistence of a landlord-tenant type of tenure, together with a semi-feudal relationship between landlord and tenant, which lasted until 1939. Although the extent to which a country is self-sufficient in food may be difficult to measure, it is conventionally reckoned that the UK is 60 per cent self-sufficient at present, and on the same basis the ratio would be about 35-40 per cent at the beginning of this century. These low figures, lower than anywhere else in Europe, were in part the outcome of past agricultural policies and also affected the evolution of new policies because the other 40 or 60 per cent, supplied from abroad, could never be ignored.

Although self-sufficiency has much increased, the agricultural population has declined relatively, from about 20 per cent in 1870 to 7 per cent in 1931 and 4 per cent at present. Figures for agriculture's contribution to GDP are not available for most of the period 1870-1970 but the percentages would be not greatly dissimilar.

CHAPTER II

1870 - 1914

In the early 1870s British agriculture was undergoing a slow transition from a largely arable farming system to a mainly livestock one. The proportions between the two during earlier years (say 1850) cannot now be known with any confidence, and the arable component was exaggerated in popular and political discourse at that time, but even so, it is likely that crops still accounted for 55-60 per cent of the value of production. Liquid milk, eggs and pigmeat had nothing like the importance that they have since assumed in the diet or in the farming systems. For most of the population milk was so expensive that its use did not much extend beyond the feeding of children for a year or so after weaning and beer was the more common drink.

In 1873 occurred a severe fall in cereal prices, the result of a general world-wide trade depression superimposed on a declining trend of prices brought about by the opening up of the American mid-west and the shipment of grain across the Atlantic. The recovery in cereal prices that might have otherwise been expected as the depression wore off did not occur* and indeed the decline continued so that British agriculture (as also in Germany, France, etc.) had to adjust itself to a new situation. France and Germany seem to have decided even as early as 1880 on a protectionist course, designed to insulate their farmers from cheap North American grain. But in the UK and Denmark (also to some extent Norway, Sweden, Belgium, Netherlands) the adjustment took mainly the form of a contraction of cereal acreages and an expansion of herds and flocks of milk cattle, pigs and hens. These classes of

---

* In fact cereal prices continued to fall until 1896 and then more or less levelled off until 1913-14. Between 1873 and 1896 wheat prices fell by nearly one-half, barley one-third and oats one-quarter. By contrast, the prices of beef, pork bacon, milk and butter were not appreciably lower in 1913 than 1873. Potatoes seem to have been an anomalous case. For reasons that are obscure the price of this commodity fell by more than one-half between 1873 and 1896 - though this may, no doubt, have been an unfortunate choice of years.

livestock were increasingly fed, especially during the winter, on imported grain, and thus what might have been a disaster for British agriculture was at least in part turned into an opportunity.

Although the pace of the switchover from arable to livestock was at its fastest in the 1890s and 1910s it was a long continuing process. With several changes in pace and a major interruption during World War I, it lasted until the late 1930s, by which time the proportion of total output contributed by livestock farming had reached 70 per cent. Although both the arable and livestock sectors have increased absolutely, the proportion between them that had been established by 1938 has not subsquently changed much except during and immediately after World War II.

Taking the whole period 1870-1937, the area of cereals fell by 47 per cent (from 3.8m Ha to 2m) of root crops, 46 per cent (from 1.5m to 0.8m) and of temporary (rotation) grasses by 19 per cent (from 1.8m to 1.5m).

To what extent can all this be described as a decision or set of decisions capable of being described as policy? Either as decisions or attitudes they were basically negative - in effect, decisions to abstain from action. Nevertheless, it must be recognised that whatever was decided, or not decided, was so done in the teeth of the farming interest in the lower House of Parliament, and of the even stronger landlord interest in the House of Lords, and also in the face of the many examples to the contrary from Continental Europe.

The prevailing attitude of successive British Governments can be further illustrated by a remark attributed to the President of the Board of Agriculture, about 1908: "The business of the Board is to preside over the demise of British agriculture, and to make sure that it gets a decent funeral". In fact he was wrong, because British agriculture was by no means dying. The decline in crop output, mainly cereals, was at least balanced by an expansion of livestock output based on the conversion of imported feedingstuffs, and by increases in the output of fruits and vegetables; and by 1914 it is likely, though the poor state of agricultural statistics at the time makes it difficult to prove, that the total output of British agriculture was at least as great as during the 1850s and 1860s, the so-called 'Golden Age' of British agriculture.

This favourable result may at first sight seem to explain why Governments could afford to be so passive. But this was not so. The maintenance or expansion of agricultural output seems to have gone unrecognised, or would not have been thought particularly important. There was little or no news value in increases in milk, pigs, eggs or cabbages, but much more in decreases in wheat. Particular attention was given to the distress of farmers, especially in the east and south of England, who were being undermined by cheap grain imports - having at worst to give up farming and at best, faced with a painful reshaping of their farming systems, and unable to pay the rents on which their landlords and feudal masters depended. Yet in the end a further and more powerful factor prevailed. This was the interest of the industrial urban population in cheap food, and its evident intention - made manifest at more than one General Election - of furthering that interest by its voting power. The contrast with Continental Europe can be further illustrated by the contrast in the key words used in elections or expressions of Government policy: on the Continent it was "wheat", in the UK "the loaf".

Except for a brief reversion during the 1920s, the laissez faire attitudes illustrated in the previous paragraphs came to an end during World War I. Henceforth virtually all agricultural policy decisions became positive and affirmative ones. They may not have changed very greatly in substance, but attitudes became different, and the pre-World War I aristocratic attitudes of "it doesn't very much matter", or "there is nothing we can do", became outmoded. Governments increasingly needed to pretend to a willingness and ability to act, and even the most conservative and unmoving of policies had somehow to be given an air of action and progress. If one asks what happened to the electoral interest in cheap food after 1914, by which time it was clearly losing some of its force, the answer seems to be that as manual workers increasingly became unionised, their attention became transferred from cheap food to collective bargaining for higher wages. Trade Unions have often enough made play with food prices when developing wage claims but basically a deep concern with food prices is something that goes with weak or non-existent unionisation.

A General Reflection

This account of pre-1914 policies has been almost non-quantitative and non-statistical. In part this absence of statistical point and precision is a reflection of the negative attitudes which prevailed at the time: there was nothing much in the policies suitable to be expressed as targets of net output, net income, self-sufficiency or the like. But more than that, it was not part of the intellectual equipment of the age to think statistically, and even an active and forward policy would have had to be expressed in exhortations rather than targets. In turn this was partly due to the poorly developed system of agricultural statistics, in the UK as in almost all countries. Since 1866 the UK has conducted annual censuses of crops and livestock, and later on data on crop yields and prices began to be collected; but this simple material was not capable of being elaborated into measures of intended or expected output for the agricultural industry as a whole. If one looks at the separate commodities, probably wheat, barley, oats and potatoes were the only ones for which production targets could have begun to make sense, since in these cases, and only these, the statistics would have just sufficed for the formulation of the targets and the measurement of results.

There remain a few further pieces of agricultural policy initiated before World War I which need brief attention.

Smallholdings. This subject is now almost completely dead and it is hard to credit the earnest and sustained attention it received, even as late as the 1920s. A smallholding is simply a small farm, small enough in terms of area and capital requirements to be within the scope of a not well-educated manual worker and his family. The object behind these smallholding policies was to create a ladder up which farm workers could rise to farming on their own account. At times a subsidiary motive appeared, which was to create opportunities for industrial workers to find places on the land. Successive Governments empowered, encouraged and subsidised local authorities to buy, subdivide and equip land for these purposes. These policies were successful in so far as most of the smallholdings still survive - and apparently most of them are

economically viable - but except in two or three counties their effect on the agricultural landscape has been slight. Looking back, it is difficult to resist a suspicion that so much fuss was made of small-holdings policy because it created an impression of purposive activity.

Co-operation. The 1880s and 1890s saw the effective birth of agricultural cooperation in the UK. Although it owed much to the inspiration and advocacy of a small group of agrarian reformers, mostly with Irish connections, this can be considered as an act of Government policy as well. The Industrial and Provident Societies' Act, 1893, was passed to permit the incorporation of producers' cooperatives on terms which made it easier to establish a cooperative than an ordinary limited liability company, and it also allowed some small tax advantages to the former. Further comment on the progress of agricultural cooperation in the UK will be made later.

Ireland. Up until 1920, Southern Ireland (now the Republic of Ireland) was, as Northern Ireland still is, part of the UK. Both parts of Ireland had long suffered from two distinctive evils - over-population and absentee landlordism, and both were worse in the south than in the north. These conditions were well beyond complete cure by agricultural policies alone, but a number of agricultural measures were undertaken, which gave partial relief. The only remaining one which has more than purely historical interest is the virtual ending of the landlord-tenant relationship, achieved by the Government buying out the landowners towards the end of the 19th century, and recovering part of the cost from the former tenants, now owner-occupiers, over a 60-year period. Northern Ireland now has the type of ownership which one would generally take to be appropriate to small-scale livestock farming - the prevailing mode in that province. The motivation for these changes was socio-political but the agricultural side-effects seem to have been distinctly beneficial.

Landlord and Tenant. Several mentions have been made of the dominant position on the agricultural scene of the rural landowner, but it is necessary to record that legislation was passed in 1875, 1883, 1906 and 1920 to strengthen the rights of tenants vis-à-vis landlords. There is

no need to go into these in detail since they have been incorporated in later legislation and in any case were only small improvements by to-day's perspectives, but nevertheless, they reflected and symbolised some of the long continuing decline of the landlord interest and power.

CHAPTER III

WORLD WAR I

Much could be written about policies between 1914 and 1918 but little of this would now be relevant. One can briefly notice that the possibilities of severe food shortage seem not to have been taken seriously during the first two years of the war and that it was not until 1916 that really stern measures were undertaken to increase home-grown food supplies. These mainly took the form of ploughing up pasture land and the planting of this to cereals and potatoes, together with some reduction in livestock numbers. The main effects of these measures were seen in 1917 and 1918 and they also did much to sustain food supplies during the continued shipping shortage of 1919.

Corn Production Acts. There is, however, a further aspect of war-time policies, which carries us forward to 1919 and 1920, though they were germinated in 1917. Presumably as a result of the severe shipping losses of 1916 and 1917, the Government decided in 1919 that the expanded area of cereals should remain permanent. This was done by an adaptation in 1920 of the Corn Production Act, 1917, so as to offer high prices for cereals, supported by Government grants, plus a system for adjusting prices from time to time in accordance with changes in costs. In other words, a generous contract, inflation-proofed, and containing an inbuilt incentive to lavish methods. In 1921, however, the immediate post-war inflation was succeeded by a sharp deflation, which also carried down cereal prices, so that the Government's commitment to cereal growers soon came to appear intolerable, as well as redundant in the light of revived world supplies. The Corn Production Acts were therefore repealed in 1921, nothing being put in their place. This action was seen by farmers, not only cereal growers, as a betrayal: it left a legacy of bitterness that lasted for a generation; and even as late as the 1950s the repeal of the Corn Production Act could be offered as a justification for refusing to undertake new investment.

CHAPTER IV

THE 1920s

The agricultural history of the 1920s needs to be prefaced by a reference to the Commonwealth. The enhanced status of Canada, Australia, etc. aroused in the minds of British politicians a fear that these would gradually drift away from the Mother Country, and it became an object of policy to bind together the Dominions, as they were then known, by a system of reciprocal trade preferences. The bearing of this on UK agricultural policy is that the only preferences of interest to the Dominions, as agricultural exporters, were preferences on agricultural produce. Theoretically this would not have prevented the UK from introducing high tariffs, as whatever margins of Commonwealth preference had been negotiated could have been maintained; but in practice the UK's obligations to the Commonwealth ruled out all but minor and indirect protection for UK agriculture. This concern for Commonwealth preference and Commonwealth ties reached a pitch of intensity, for 15 or 20 years, which is difficult to comprehend today, and in a muted form it even made itself felt (in respect of butter, sugar, etc.) as late as the 1975 referendum on UK membership of the EEC.

The sharp trade recession of 1921-23 undoubtedly caused difficulty and distress among farmers, especially in comparison with the boom years 1916-20, but the statistics available do not allow us to measure these effects. The Government had repealed the Corn Production Act (which preceded the Commonwealth preference era), and the onset of that era prevented any substantial action on the protection front. So what possibilities remained?

Sugar-beet. During 1924 an ingenious expedient was discovered. This was the introduction to the UK (or rather, Great Britain in this case) of the growing of sugar-beet. The obvious objections of Jamaica, etc. could be met to some extent by arguing that the object of the sugar-beet policy was not so much to benefit British agriculture or create a sugar-beet industry for its own sake, as to relieve unemployment. Structural and other unemployment was already heavy by 1924 and sugar-beet growing, especially as practised in the 1920s, was labour-intensive. The method

which gradually evolved and found expression in the British Sugar (Subsidy) Act, 1925, was subsidisation coupled with a system of incentives to farmers to achieve higher yields and to beet-processing factories to increase the proportions of sugar extracted, and generally improve their cost-effectiveness.

During the first fifteen years of the sugar-beet policy, the success it achieved was modest, and it would not have been astonishing to see it cancelled some time during the 1930s. After World War II, however, continuing technical progress both on the farm and in the factory amounted almost to a break-through, and by the 1960s British sugar-beet growing had become competitive with cane-sugar growing in the general run of cane-sugar territories. The contribution of home-grown sugar to total usage had reached about one-third. As might be expected, the technical improvements alluded to were mostly labour-saving, and hence ran counter to the original objective of creating employment.

Farm Workers' Wages. The sugar-beet policy had been introduced by a Labour Government, and the same Government introduced a system for regulating farm workers' wages (Agricultural Wages (Regulation) Act, 1924). Indeed the sugar and wage policies were politically represented as counterparts - mutually balanced benefits for farmers and farm workers. The new system of prescribed wages called for them to be determined at intervals both nationally and on a county basis, and for the enforcement of these determinations to be carried out by an Inspectorate.

Opinions can differ on the extent to which the prescribed wage rates exceeded the going (market) rates that would have prevailed anyway. Probably one should give different answers for different periods. So far as concerns the 1920s and 1930s it is the writer's view that, despite the somewhat inflated language of the Agricultural Wages Act, its effects did not go much beyond the uncovering by the Wages Inspectorate of some pockets of gross underpayment and exploitation, and the exertion of some pressure on employers to adopt labour-saving measures a few years earlier than they would have done anyway. The golden age of wage regulation was to come later, with continuing effects up to the present.

Credit. The 1920s saw the UK's first ventures into the agricultural credit field. The devices introduced by the Agricultural Credits Act, 1923, based

on the idea of credit cooperatives, were an immediate and total failure. A better fate attended the Agricultural Mortgage Corporations (England and Wales, and Scotland) set up under Acts of 1928 and 1929. These Corporations lend on the security of agricultural land for its purchase or improvement, and are required to do so on the most favourable terms possible. These terms have never been favourable enough to enable the Corporations to capture more than a small share of the business, most of which remains in the hands of the ordinary banks and of private lenders introduced to the agricultural borrowers by solicitors. Nevertheless the Mortgage Corporations have maintained themselves and slowly expanded their spheres of operation.

Here is a big contrast with most European countries, which have set up a variety of agricultural credit institutions and have used guaranteed or subsidised credit as important instruments of policy. Indeed, if one extends the comparison to the USA and the developed countries of the Commonwealth, the UK must appear unique among developed countries.

There are several reasons for this. The proximate one is that decisions have been in the hands of the Treasury, which in turn has been much influenced by the Bank of England and other banks, which have always detested special credit arrangements for any sector of the economy. Beyond that lies the fact that in a small country agriculture and other sectors are bound to be much inter-mixed, with many farmers and landowners (probably more than half of both) having other occupations or being concerned in other enterprises: hence it would be difficult to ensure that credit given for agricultural purposes, probably on concessionary terms, would be used for those purposes. Even so, the negative attitude of successive Governments to agricultural credit would probably not have been sustained except that the UK has long had an exceptionally well-extended network of branch banking, carrying credit even as far as large villages. There has therefore always been a fairly ready availability of credit, either direct from bank to farmer, or taking the route bank-merchant-farmer, together with the arrangements for long-term credit already described, which seemed to make special Government-inspired credit redundant. A small exception was admitted in 1964, but even as late as then there was no significant change in Government attitudes.

It does not of course follow that UK Governments have neglected the objects for which State-sponsored or subsidised loans are granted in other countries. UK Governments, starting in the 1930s and increasingly during the 1940s to 1960s, have developed the alternative of directly subsidising the desired objective - e.g. a direct subsidy to encourage and assist the construction of a grain store, rather than a loan on favourable terms for that purpose. But this system of improvement grants virtually excludes the purchase of land and it is probably a fair comment that new entrants to farming, or those wishing to expand, have had to depend on their own efforts to a greater extent than in many other countries.

Advisory Services. The 1920s saw some strengthening of the advisory (extension) services that had grown up ad hoc on a local basis in previous decades. The principal change was the addition of science-based advisory services administered by the Universities at the expense of the Central Government.

Local Rates. Agriculture was a leading beneficiary of the major reform of local government finance undertaken in 1929. This resulted, among other things, in the total exemption from local rates of farm land and buildings (though not the farmhouse) and this has continued up to the present. (Farmers do of course pay for special services such as the use of water for irrigation).

Rural Electrification and Rural Roads. Rather on the borderline for notice here is the decision in 1926 to create a national grid for electricity. This greatly improved the chances of an isolated farm receiving a supply, so that saturation point for farm electricity was reached earlier in the UK than most other developed countries. The 1920s also saw the virtual completion of the hardening of minor rural roads and inter-farm roads, a state of affairs not attained even in the USA for another two or three decades. These developments, together with the extension of public water mains into farming areas, combined to make possible a large expansion of dairying. They were the hidden conditions for the dairy policies of successive Governments to be meaningful.

Vocational education. The country's educational infrastructure is a matter that will only be touched on lightly, despite the obvious dependence of an efficient agricultural system on a well-educated population to operate it. But mention must be made of the completion during the 1920s of a nationwide system of farm institutes for the vocational education of boys and girls of farming background.

The 1920s can be summed up, rather crudely perhaps, by saying that most of the policies affecting agriculture were indirect, with only two important exceptions - agricultural wages and sugar-beet. Except perhaps for the year 1920, the whole decade was one of chronic agricultural depression, but up to 1926, not severe depression. From 1926 there was a change for the worse, to some extent precipitated by the UK's return to the Gold Standard in that year at an unwise parity, but more fundamentally brought about by a slide in cereal prices. This started fairly slowly but gained momentum during the closing years of the decade, and became an avalanche in 1929.

In turn the main cause of this was the rapid spread during the 1920s in the USA and Canada of the ordinary farm tractor. What had been comparative rarity became within about five years all but ubiquitous. The tractor greatly cheapened all field operations from ploughing to harvesting, increased crop yields and released millions of hectares formerly used for feeding horses. In these respects the USA led Europe by 1½ to 3 decades and the onrush of cheap North American grain created new and severe problems all over the world, not least in the USA and Canada themselves.

CHAPTER V

THE 1930s

In the UK the early 1930s were a climacteric, though that was true of all countries with an agricultural industry of any importance at all, under the impact of the most severe economic depression ever known. The big and simultaneous decreases in the prices of a very wide range of agricultural products - indeed virtually all of them - would 45 years later be difficult to believe, except that they happened. UK agriculture, it is true, was less affected than the agriculture of almost any country partly because it bought rather more cereals than it sold* and partly because of the natural protection of liquid milk, potatoes and most kinds of vegetables. Even so the situation confronting UK farmers was serious enough, as can be seen from this table of price indices (net of subsidies).

Table 1: Price Indices for Commodity Groups

(Base - 1927-29 = 100)

Group	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937
Livestock and Livestock Products	101	103	96½	81	75	74½	77½ (78)	74½ (77)	77½ (79½)	86½ (88)
Cereals and Farm Crops	106½	84½	73½	88	89 (92½)	70½ (78)	71½ (78½)	76 (82)	90 (93½)	97½ (98½)
Fruit, Vegetables and Glasshouse Produce	104	98½	86½	92	97	89	81	104	86	93

Note: Figures in brackets include the Cattle Subsidy, Government payments for Milk and payments under the Wheat Act.

Source: Agricultural Statistics 1938, Ministry of Agriculture and Fisheries.

---

* Unfortunately there are no exact statistics on this prior to World War II, and we have to resort to conjectures. The main cereal sale crop was wheat and in 1931 the tonnage produced did not much exceed 1½ million tonnes. Total cereal sales (including sales of barley and oats, though these crops were mainly grown for feeding on farm of origin) may perhaps have equalled 2½ million tonnes. In 1938 total imports of animal feedingstuffs including part of the total cereal import, reached 8½-9 million tonnes, of which perhaps 5-6 millions may have consisted of cereals. In 1931 feedingstuffs usage was smaller than in 1938, say 5 million tonnes, and of this 3 millions would be cereals. Between 1931 and 1938 both the consumption and home-supply of cereal feed increased substantially and probably the former (consumption) increased the more.

This table also shows that during the early years of the depression, the collapse of crop prices was sharper and quicker than of livestock product prices, but at the same time recovery began a little earlier. It became apparent, clearly enough that the non possumus attitudes of previous Governments, and especially the feeble Government of 1929-31, could no longer be sustained. The next Government took action on a number of fronts.

Before these are described one by one, it will be useful to give some account of what courses appeared to be open. Ten years later the subsidisation of British agriculture - adding subsidies to prices - on quite a massive scale, was well under way. But in 1932 this would have seemed an abomination. The Treasury, the Board of Trade and even the Ministry of Agriculture were in the grip of an ideology of financial rectitude which the teachings of Keynes had not yet begun to loosen, and deficit financing for any purpose (unless involuntary) amounted to moral turpitude. Fairness to the Government of the day, however, compels one to add that even had deficit financing appeared permissible, there were other sectors of the economy and of public life even more in need of help than was agriculture, and that in 1932 there existed no administrative means for distributing subsidies among 450,000 farmers producing an average of 10 commodities each.

A further constraint in the early 1930s was the continuing quest for a system of Commonwealth preferences. Indeed, this endeavour gained in strength from the depression since it added the further motive of relieving agricultural distress in Canada, Australia and New Zealand. So any means adopted for assisting UK farmers had at any rate to be neutral in respect of Dominion farmers.

The main solutions adopted were the statutory cartellisation of farmers within the framework of agricultural marketing schemes, the introduction of a special regime for wheat, and the introduction of a modest system for the quantitative regulation of certain food imports.

The Wheat Act, 1932. This broke new ground (at least new since 1846) in that it provided for a kind of subsidisation of wheat, so as to relieve distress among wheat growers and help crop farmers in general in so far as they could shift to wheat from other crops. The money for the subsidies was raised, not from ordinary Exchequer revenues, but from the taxation of wheat imports. Wheat was selected for this type of action because (i) of its symbolic status; (ii) because it was mostly grown as a sale crop, whereas the greater part of the production of other cereals (barley, oats and mixed corn) remained on the farm, and hence would be more difficult and less appropriate to subsidise; (iii) because it would do only little injury to Canada and Australia, since any increase occurring in the UK wheat acreage would be insignificant in relation to their own; and (iv) because there was an ample volume of wheat imports, the taxation of which was needed to generate funds to pay the subsidies.

This levy-subsidy system was an innovation in the UK, and perhaps in the world. It was geared to a certain target figure for price (the "standard price") in such a manner that levies and subsidies increased in proportion as actual prices were below the standard, and became extinguished if the standard was reached. This self-equilibrating mechanism was much admired. There was also a "standard quantity" provision. To the extent that growers collectively exceeded this quantity (and it soon happened that they did) subsidies and levies were scaled down pro rata. This feature was intended to appeal to Canada and Australia, but it did not appreciably weaken the effect of the Act. Between 1931 and 1938 the acreage of wheat in fact increased by nearly 60 per cent.

Quantitative Regulation, and the Market Supply Committee. Another new departure was to put limits on the amounts of certain foodstuffs that could be imported. In the main these limits were decided and administered by a body known as the Market Supply Committee (set up under the Agricultural Marketing Act, 1933) which was supposed to combine judicial and executive functions*. The first stage always consisted of negotiations with the supplying country. The main foods concerned were livestock products, pigmeat and certain dairy products, and were so selected that the

---

* Formally, the Committee had advisory functions only. In practice the Minister of Agriculture almost invariably accepted the advice.

restrictions on imports impinged as little as possible on Commonwealth countries. Thus the impact fell chiefly on Northern Europe and the principal case was Danish bacon, the import of which was cut from 391,000 tonnes in 1932 to 172,000 in 1936. (It had, however, increased from 254,000 tonnes in the three years to 1932 because of increased consumption in the UK, generated by lower prices). Apart from this case, it is doubtful whether import regulation as operated by the Market Supply Committee had much effect. The commodities affected were too few and the cuts (apart from bacon) too small. Probably this line of action, which continued until overtaken by World War II, should be viewed as a sop to protectionist feeling among livestock farmers when they were in acknowledged difficulties.

Agricultural Marketing Schemes

By far the most important, or at least the most distinctive, piece of agricultural policy making in the 1930s consisted of the creation of Agricultural Marketing Boards by virtue of the Agricultural Marketing Acts, 1931 and 1933. Not only was this line of action important in itself, but it almost monopolised attention in agricultural circles for several years and even claimed the attention of millions of the population whose interest in other agricultural matters was nil. It even produced the unheard-of consequence that a Minister of Agriculture was able to enhance his political reputation while in that office.

Although the policy of the Agricultural Marketing Acts is generally summed up in the expression "Marketing Boards", the correct term is "Marketing Schemes" - the Boards being instruments for carrying out the Schemes. These have variously been described as statutory cartels, compulsory cooperatives, etc. but it is better to avoid the refinements of terminology and consider instead the objective of the Schemes and the economic and commercial framework within which they had to operate.

The Schemes launched between 1932 and 1934, with varying degrees of success and permanency, covered:-

Milk (4 Schemes - 1 in England and Wales, and 3 in Scotland).

Potatoes

Hops

Pigs

Bacon

(Another six Schemes were added after World War II - wool and eggs in the UK, milk, pigs and herbage seeds in Northern Ireland, and tomatoes and cucumbers in England and Wales).

The common feature, deriving from the enabling Act (principally that of 1931) was an intention to "regulate the market" and do so by means of the decisions of Boards consisting mainly of farmers elected by farmers. The key expression was "regulate the market", and this was a lawyer's term which could mean either or both of two things: (i) to endow farmers with countervailing power against traders and consumers, and (ii) to reform the structure and functioning of the distributive system. These objects were supposed to be capable of being achieved if a Scheme empowered a Board (i) to trade in the regulated product, (ii) to control movement and transactions in it by means other than trading, and (iii) to limit production. All Schemes embodied (ii) and some included (i) or (iii) as well.

Let us consider the two objects noted above. It was part of the mythology of the period that farmers - some 400,000 scattered and isolated individuals - were in a poor or non-existent bargaining position vis-à-vis a small number of powerful and unscrupulous middlemen, and that the terms of trade had altered, conspicuously and unfairly, as between farmers and consumers. It was also part of current beliefs that the distributive system for all agricultural products was chaotic and that the social costs of its manifest inefficiency were borne mainly by primary producers.

Some of these complaints had substance. In the case of milk, for instance, it was clear that the greater part of the supply of liquid milk was reaching 17 million households through not more than three distributive firms. That these three had an understanding among themselves was never proven, but separately or together they were able to drive down the price of liquid milk (sheltered from imports) to not far above that of manufacturing milk (the products from which were subject to world prices).

The argument that farmers needed more bargaining power vis-à-vis consumers was not too loudly proclaimed in Parliament or elsewhere in public, but was quite well-received in private. It was indeed the case that in the UK the Great Depression took much more the form of heavy unemployment and foreign exchange difficulties than a fall in the standard of living. Indeed the limited statistics of the time suggest that urban manual workers and salaried workers who held their jobs

during the depression even gained a little in terms of real wages. The real income of nearly all farmers had, however, fallen, and in most cases substantially, which created a painful contrast.

The notion that the distributive system was hopelessly inefficient had been given credibility by the report of the Linlithgow Committee on the Distribution and Prices of Agricultural Produce, Cmd.2008, 1924. This had managed to build up an indictment of processors, wholesalers and retailers by playing down the commercial and social values of their services and concentrating on the cost of these. Obviously there will have been inefficiencies and inadequacies in the 1930s - many of the subsequent changes testify to that - but it might well have been asked in the early 1930s whether elected farmers' boards were qualified to do any better. There is however no evidence of that question being asked until the 1950s, by which time the Civil Service had gained much experience of the food distributive trades by operating important aspects of them during the war, and had learnt respect for the expertise of the middleman. In the event none of the Marketing Boards made the reform of the marketing system one of its main endeavours; some made virtually no attempt; and only the Milk Marketing Board (England and Wales) can claim any noticeable success.

Another feature which the Marketing Schemes had in common (and this applies also to the post-war Schemes) was that they related to products in which the UK was fairly near self-sufficiency. (Pigs and bacon were exceptions, but both these Schemes were on the point of collapse by 1939, when the advent of a war economy permitted their disappearance without loss of face). The constraint that a Marketing Scheme requires a framework of near self-sufficiency derives from two simple facts. First, if a substantial part of the total supply is imported, any gains secured by regulating the market have to be shared with the farmers of other countries and this would go against the grain of UK farmers who had submitted to self-discipline and restraint. Second, the marketing of those commodities which are largely imported is on the whole more elaborate and complicated than the marketing of the self-sufficient ones. Compare, for instance, liquid milk, for which there is in effect a captive market of 17 million households expecting to buy a virtually identical product in the same quantities every day of the year, and on

the other hand beef, entering the UK market from a wide variety of sources, available in a profusion of grades and cuts, and subject to rapid and unpredictable fluctuations of supply and demand.

These then were the circumstances which, on the one hand, resulted in unprecedented publicity and acclaim for such marketing schemes as became established, but on the other hand limited their number and range - excluding, for instance, beef, lamb, pork, cereals and horticultural products. The methods of operation under the individual Schemes hardly merit a detailed description in this study, but an exception must be made for milk. This calls for further notice at this point, partly because the difference between pre-war and post-war is not very great, but mainly because it was generally agreed in 1933 that the success of the marketing scheme strategy as a whole would be tested by its success or failure in the case of milk. At that time the total supply of milk was comparatively small by present standards; some 80 per cent of it was sold for liquid consumption and the rest was made into cheese, butter and other manufactured products, mainly in the summer months.

Milk Marketing Scheme (England and Wales)

This provided for the Board to assume the ownership and control of all milk leaving the farms. Although the Board was obliged to accept all milk offered to it and could not - nor did it want to - limit supplies, its control was nevertheless sufficient to produce several major effects:-

a) From the outset the Board organised a two-tier price system - formalising and accentuating what had always been the case. The price of liquid milk was pushed up, so as to take advantage of a very low elasticity of demand, while low prices were accepted for manufacturing milk, the elasticity for which was high, since milk products made from it were in competition with imported milk products. Even if a higher price for liquid milk restricted consumption (by × million gallons) it would still pay the Board to put that × into the manufacturing market at a lower price. This two-tier system has continued up to the present and seems to be the only known example of a two-tier system unaccompanied by a limitation of supply.

b) The Board had powers to negotiate contracts with the distributors of liquid milk, covering all their purchases for a year ahead, and it initially set out to squeeze the distributors' margins. But the distributors had some powers of resistance - in the last resort they could go on strike, and threatened to do so - and within a year or two the negotiations had degenerated into collusion between the Board and distributors to extract more from consumers. By this time, however, the economic condition of the country was improving, and liquid milk consumption was probably maintained, despite higher prices.

c) The Board also had powers, and used them, to direct milk as between alternative manufacturing uses. There were about a dozen uses for manufacturing milk with a price gradient among them. The Board therefore directed supplies preferentially toward the higher priced uses, overriding any contrary interests of the manufacturers.

d) Irrespective of the use of milk for liquid or manufacturing purposes, all farmers received the same price from the Board, a pool price. Pooling was also extended in the direction of geographical

equality, and although some price differentiation between "regions" was preserved, this was far less than would have been brought about by free markets.

e) All dairy farmers received regularly and punctually a monthly milk cheque. Previously they had had quite often to claim payment from several buyers and might have had to do some waiting. The certainty of frequent and punctual payment, the amount of which the farmer could easily verify, did much to establish the Board's popularity, even overshadowing much more important matters. The Board also began the development of what has become a wide range of scientific and technical services for its constituents.

Within a year or two of the start of the Milk Marketing Scheme the production of milk had risen, and continued doing so for many years. As we have noticed, higher farm prices for both liquid and manufacturing milk were obtained by the Board, but this is not the whole explanation. Much also depended upon the price pooling system which gave definite advantages to those districts, or regions, in the west of the country which had the greatest potential for expansion. Much of the extra milk produced in those districts, remote from the main centres of consumption, has had to be used for manufacturing, and collectively the industry may have lost money from some of this extra production, but the individual farmers received the pool price and found it attractive.

The growth of milk production and the shift in geographical location - towards the remoter western areas, including Wales - must be counted as an important part of UK agricultural history. Even before 1933 dairying had been the biggest single farm enterprise in the UK (in terms of sale value) and from 1933 it developed into the dominant one, as it still is today. Similarly the switch of production from east to west turned out to be a continuing process and has done much to maintain prosperous farming communities in districts that would have had a struggle if they had continued in beef and lamb production or in "mixed farming" on farms too small for those systems. This geographical switch has imposed some social cost on the country - chiefly extra transport for longer distances - but this has been mitigated by the action of the Board in building several new milk product factories in the western

areas (distance being less of a handicap for butter and cheese than for raw milk).

From the above it will be realised that the activities of the Milk Marketing Board were enterprising, even aggressive, and far-reaching. They may be fairly considered as extension of State policy since they flowed directly out of the Agricultural Marketing Acts, and were developed in consultation with the Ministry of Agriculture.

All of this temporarily came to an end in 1939 when the Boards - not only for milk but all of them - were suspended and their remaining staffs became employees or agents of the Ministry of Food for the duration of the war and some years after that.

One or two other measures of the 1930s call for mention. Although farm prices in general had started to recover by 1934 or 1935 the pace of recovery was unequal among commodities and livestock products lagged behind.

Milk Products, Cattle and Barley and Oats Subsidies

Hence in 1934 (Milk Act, 1934) the Government found it necessary to introduce a small temporary subsidy on home-produced butter and cheese, which gave further assistance to the dairy industry over and above the activities of the Marketing Boards. In the same year a subsidy was introduced for fat cattle - or, rather, the upper grades of them - at so much per head paid direct to the farmers, and this continued until 1939. Acreage payments for barley and oats came into being in 1938 under the authority of the Agriculture Act, but perhaps these last should be seen as a preparation for a war economy rather than as an anti-depression measure.

Summing up, the farm products which had the benefit of marketing schemes, subsidies or quantitative regulation, or some combination of these, were:-

milk	wheat	hops
fat cattle	barley	potatoes
bacon pigs	oats	sugar-beet

Those not benefiting were eggs (apart from a 10 per cent tariff) poultry, wool and horticultural products. Pork pigs were a border-line case: theoretically, they were covered by the Pigs Marketing Scheme but that Scheme was ineffective.

The present writer was well placed to assess the effects of all these policies on the financial position of farmers by the mid- and late 1930s, since to do so was his first professional assignment in the Ministry of Agriculture. Reliable statistics on the finances of agriculture were not yet available and the method used was the systematic and repeated interrogation of the Ministry's field staffs. Fortunately their responses were clear and consistent. The northern and western parts of the country, mostly consisting of livestock farms and including those that had recently switched to or increased their dairying, were tolerably prosperous. Farmers' attitudes were relaxed and the physical condition of the farms and farm buildings was being maintained. In the east and south, except for the small fenland district of intensive arable farming which stood out like an oasis,

farmers were in a poorish state. Physically the farms were not being maintained by either landlord or farmer, and landowners had had to concede substantial reductions of rent, but even so, tenants were discontented and resentful. New improvements to the farms were of course virtually at a standstill.

As the 1930s wore on the imminence of another European war became apparent. As we have already seen in the case of barley and oats, agricultural policy gradually became orientated to that prospect, though this had to be a kind of "under-cover" operation since the Government of the day was still putting its faith in appeasement. Hence the explanations given for some of the agricultural developments of 1936-39 were in terms of combating the remaining causes of poverty and of restoring the physical condition of the soil. The further measures actually undertaken (Agriculture Act, 1937, and Agricultural Development Act, 1939) consisted of three forms of subsidy:-

(a) on the ploughing up of pastures, a treatment considered at that time to have a rejuvenating effect;

(b) on the application of lime to farmland, chiefly the pastures, to counter the accumulated effects of atmospheric pollution, and

(c) on the use of basic slag on pastures. (Basic slag, a by-product of iron production, is rich in phosphate).

Useful as these measures were, particularly in what they did to improve war-time yields, they were not the major development of 1936-39. This was beyond doubt the setting up of a Shadow Ministry of Food, ready to become a substantive Ministry immediately on the declaration of war. The achievements of that Ministry in the fields of procurement from abroad and the distribution and rationing of food are outside the scope of this study; but as we shall see, for nearly fifteen years the Ministry of Food played a leading part, along with the Ministry of Agriculture, in the development of agricultural policy during the war and for eight or ten years afterwards.

Land Conservation

The UK is one of the most densely populated industrial countries in the world, and increasingly attention has been given to preventing the indiscriminate transfer of agricultural land to other uses. In round figures the total agricultural area is 12 million ha., and for many decades the annual loss of land to non-agricultural uses has averaged some 25,000 ha. This has been largely due to the demands of building and construction (residential, industrial and roadways), airfields, recreation grounds, afforestation and military training grounds. In some of these uses type or quality of land are of little importance but much of the case for conservation has rested on the fact that building, construction and airfields tend to call for level and well-drained land near centres of population, and land of this description obviously amounts to only a very small proportion of the 12 million ha. total.

The reason for introducing this continuing problem in a chapter devoted to the 1930s is that the matter first gained sustained attention at that time, and agricultural land loss became the subject of a major public enquiry carried out under the chairmanship of a senior Judge (Scott Committee Report) (Report of Committee on Land Utilisation in Rural Areas, CMD.6378). Somewhat surprisingly the Scott Report came down heavily in defence of the existing agricultural land stock against rival claimants. Naturally Scott could not and did not seek to forbid any transfer to other uses, but agriculture was to be considered as a first priority, other would-be users would have to bear the onus of proving their cases, and the tests of market values of the land in alternative uses were no longer to be conclusive.

This was too strong for the Government of the day and of course was mocked by almost all economists. Nevertheless a fairly strong policy of land conservation, based on the Scott report, was in fact adopted shortly after the end of World War II and will be described later.

Pressure Groups and the Farmers' Unions

It has been possible to write this account of agricultural policies during the 1920s and 1930s with a minimum of reference to political pressure groups, although the vicissitudes of the times might have suggested that these would be extremely active and powerful, as they were from 1943 onwards. As in a democratic society policies in many fields are an outcome of conflicting pressures it will be useful to trace briefly the evolution of the pressure system in British agriculture.

Up to 1908, when the National Farmers' Union (England and Wales) was established, organisation among farmers (as occupiers of their land) was negligible; farmers were represented politically by their landlords who, in defending their interests (as far as they could) incidentally defended their tenants' also. This state of affairs agreed well with the prevailing concept of a farm, which was that it was a piece of land rented from a landowner. The alternative concept, that a farm was a business enterprise in its own right, did not gain much currency until the 1950s.

In 1910 the challenge to the power of the House of Lords, embodied in the Parliament Act, had much weakened the power of the agricultural landlords, whose forum the House of Lords was, and the continuing decline in their power during the 1920s and 1930s meant that they lost most of their ability to shape events in favour either of themselves or the farmers. In these circumstances there was an evident need for a separate trade association for farmers as occupiers, and the National Farmers' Unions (England and Wales, Scotland and Ulster) took on this function. However, it took a long time for these Unions to build themselves up - to achieve representation of the majority of farmers (together with the revenues and reputation which this majority status would afford) and be able to pay for technical staff capable of marshalling a case and backing it with facts and figures which the Government was forced to attend to.

Even as late as 1939 the Unions had by no means achieved a position of influence. So far as the writer's recollection goes, all

but one of the policies of the 1930s were notified to the Unions as firm decisions of the Government, open to alteration only in detail, and none originated with the Unions. The only exception of any consequence was that the Agricultural Marketing Schemes required some Union participation, and the Unions were able to obtain as a quid pro quo that the Government should take powers to restrict competing imports. It will be seen, however, that a radical transformation occurred in the early war years.

CHAPTER VI

WORLD WAR II (1)

Rather obviously, all the policies adopted during 1939-1945 were directed to the prime purpose of feeding the population despite marine blockade and all the other vicissitudes of war. Nevertheless, two groups can be distinguished: those policies which could be seen to be still operating twenty or more years later (although not always in exactly the same way), and - our present concern - those which were revoked or expired soon after 1945. (A convenient date for the effective ending of war-time conditions would be 1952, though food rationing did not completely end until 1955). The distinction between the two groups of policies cannot of course be an exact one, for the reason that all policies adopted during 1939-45 were monitored to see if they might have subsequent peace-time applications, and few turned out to have none at all.

The basic war-time objectives, to which the combined policies of the Ministries of Agriculture and Food were directed, can, with the advantages of hindsight, be quite briefly summarised:-

(a) near maintenance of the calorific value of the national diet, and the nearly equal distribution of this by allocation and rationing;

(b) a major switch from animal to vegetable foods;

(c) the fuller exploitation of native agricultural resources (bringing unused and under-used land into play, raising crop yields, and substituting more for less productive crops; and

(d) the replacement of some 9 million tonnes of imported animal feed by a much smaller quantity needed for the much reduced numbers of pigs, poultry and cattle. Dairy cattle were given top priority and liquid milk supplies were fully maintained.

The key to (b), (c) and (d) was the ploughing up of some 2½ million ha. of permanent pasture and its replacement by direct food crops or by fodder crops*. In 1939 roughly two-thirds of the cultivated area was in permanent grass and one-third was ploughland or fruit trees. By 1945 these proportions had been reversed.

These objectives only became formulated in stages after many hesitations and false starts. None of those responsible had had previous experience during World War I, though it soon became apparent that a ploughing-up campaign was to be virtually the sole common feature of both war periods. By 1940 it was clear that, compared with 1914-18, a much greater effort under harder conditions was going to be necessary. The early years of the war also witnessed some unseemly conflicts over objectives between the two Ministries, the Ministry of Food being responsible for feeding the people from home production and imports, and the Ministry of Agriculture being responsible for translating Ministry of Food demands for home produced food into practice. The Ministry of Food wanted, for very good reasons, to see the output of milk at least maintained, of potatoes and vegetables much increased, and of meat and eggs much reduced, but seemed to expect that these changes could be made almost overnight. The Ministry of Agriculture for its part counselled patience and moderation and echoed the Farmers' Unions in pleading for the retention of meat production (beef, lamb and pigmeat) on an appreciable scale. But entertaining as these inter-Ministry disputes may have been, they must not be allowed to obscure real achievements. Whether or not the two Ministries agreed on the prices of (say) potatoes, the potatoes were actually grown; the acreage of cereals was expanded; milk supplies were maintained and the people were fed. In any case the rival arguments were pretty well settled and reconciled when the USA entered the war and its Lend-Lease programme began to embrace foodstuffs. If the US was to ship food it made sense, which no-one could dispute, to ship only concentrated foods needing little shipping space - and these were mainly proteins like

---

* The fodder crops were certain cereals, green fodder and fodder roots. The calorific values per ha. were not necessarily greater than of the permanent grass they replaced, but grass has these disadvantages: (i) low output during the winter, (ii) awkward to move from farm to farm or district to district, (iii) not easily storable, and (iv) not eatable by humans in case of need.

canned meat, canned fish, cheese*, egg powder and powdered milk - while UK agriculture devoted itself to bulky foods like liquid milk, cereals, potatoes and vegetables.

This effort had to be supported by a variety of services and organisations:-

(a) The creation on a county basis of an administrative and technical network - the County War Agricultural Executive Committees, primarily for the purpose of overseeing the ploughing up of pastures, but also to operate (c) and (e) below:

(b) the rapid spread of the use of tractors. Arrangements had been made before the war for the mass production of a cheap and sturdy tractor, and this received a high priority. The production of various other types of farm machinery was also increased;

(c) the mobilisation of a large substitute labour force, mainly female (Women's Land Army), to replace regular farm workers who had been called up, and to provide for an expansion of the labour force in total;

(d) the supply of contract services, usually machinery-based, from a common pool to farmers in need, or whose scale of farming could not justify the purchase of a machine; and

(e) the rationing of animal feedingstuffs, using formulae to achieve a balance, farm by farm, between the farmer's needs and resources and the nation's priority among end-products (e.g. the top priority for milk).

The results of all this can be stated in different ways according to the units of measurement one chooses. Using the conventional measure of value of output at fixed prices, the increase achieved over six years was 30 per cent. More to the point, perhaps, the increase in calorific content was 70 or 95 per cent (rival estimates). This was achieved despite the loss of much of the regular and experienced labour force and

---

* This item mostly originated in Canada.

of 300,000 ha. of land to the Armed Services, to say nothing of every farmer's daily experience of major and minor shortages, frustrations and delays. It is worth noting also that while ploughing up was supposed to be compulsory, friendly persuasion nearly always sufficed.

Lastly - one matter of no great quantitative importance, but involving points of principle: in 1939 powers were taken to dispossess farmers who were idle, incompetent or grossly undercapitalised, so that their land could be worked by other farmers or by county officials. This happened in 10,000 cases though most of these were small pieces of land in no sense farms.

Although we shall be anticipating some of the subject matter of Chapter VIII, it will be as well to continue this story up to 1958. In 1945 it was assumed by nearly everyone that these powers should continue indefinitely, though subject to the qualifications that dispossession would normally be preceded by a period of supervision. Furthermore, the first comprehensive piece of post-war legislation (Agriculture Act, 1947) placed on farmers and landowners the duties to observe the "rules of good husbandry" and the "rules of good estate management" respectively. There was no opposition in any quarter to this system of sanctions, justified as it seemed to be by the sharp imperatives of food shortages. In particular, the Farmers' Union cheerfully accepted sanctions as a proper quid pro quo for assured markets at remunerative prices.

As food shortages eased these sanctions began to come under attack, chiefly from lawyers and libertarians, echoed by the popular Press. There were some instances of heavy-handed administration by County Committees which fed the criticisms. But the decisive factor was a cause célèbre in 1954, known as the Crichel Down case. Although this concerned not sanctions as such but the disposal of land acquired by the Ministry in 1940 or 1941 by dispossession proceedings which were not contested at the time, there was evidence of maladministration by the Ministry in deciding what to do with it, and the resulting odium was sufficient to envelop the sanctions policy as well. In the face of growing criticisms and uncertainties of support from the courts of law,

Departments felt obliged to phase it out, from 1953 onwards, and it was finally brought to an end in 1958. In effect Parliament had indicated that in peacetime it was indefensible to take a farmer's land away from him or seriously limit his right to farm it as he pleased. The quid pro quo argument was not accepted and neither was the view that inefficient farmers should not be allowed to hold and mismanage land, thereby depriving some other potential farmer of access to it. Or in other words the allocation of farming land was, in this context, to depend on the market alone.

CHAPTER VII

WORLD WAR II (2)

Determination of Production Targets and Prices

It would be tempting to put into the category of wartime innovations that have persisted since 1945 and become systematised, the practice of formulating production objectives in the form of targets. This must, however, be resisted since the wartime targets, if they may be so called, were responses to outside pressures, e.g. enemy action, and a target which does not embody a real choice hardly deserves the name*. Instead, we must give pride of place among wartime expedients which long continued, to an institution or mechanism for determining farmers' prices which has since become known as the Annual Price Review (or February Price Review).

During the first two years of the war price determining arrangements were chaotic. During this period the Ministry of Food was emerging as a monopoly State Trader in nearly all primary foodstuffs. It bought what it could abroad (or what it could get allocations of shipping space for) at the lowest possible prices; made itself sole buyer of most home-grown produce, and resold all this food - imports and home-grown - at artifically low prices determined by the Government which deliberately used taxation to restrain the cost of living. In its attitude to the pricing of home-grown food the Ministry of Food's inclination was to pay well (and sometimes more generously than the Ministry of Agriculture thought necessary) for priority foods (e.g. milk) and to offer little more than token prices for foods which it wishes to discourage.

This last was resisted by the Farmers' Unions, with Ministry of Agriculture support, on the ground that not all farmers had the skills or

---

* Moreover, the word "target" was little used during the war except in strictly military contexts. On the home front the word "priority" was more common. This was a misfortune which for two or three years after 1939 was responsible for much waste and mis-direction of effort since "priority" could become confused with "absolute priority", and the non-priority and low priority uses, and enterprises suffered unduly. The word "target", however, should imply and would usually include a considered ordering of all the components of whatever was being made the subject of a target.

resources to turn over to priority commodities, and that the Ministry of Food's scheme of pricing would face some of them with ruin. However, the Ministry of Food was not the only authority, and the Unions soon discovered that they could play off one Ministry against the other - a state of affairs which resulted in incessant price changes which resembled a game of leapfrog. The Ministry of Food's ideal scheme, be it right or wrong, and the Ministry of Agriculture's alternative of relating price increases to known cost increases, were both submerged in a welter of commodity price adjustments made by different Ministers and officials at different times, with a minimum of communication among them.

This state of affairs eventually became known to the Inner War Cabinet, and this body also discovered that there were substantial differences of approach between the Ministries of Food and Agriculture. The Cabinet decided in 1942 that the latter should be the Ministry responsible for farm prices, and the former be represented only by observers. The Ministry of Agriculture for its part decided that the best way of establishing orderly processes was to require that all proposals for price changes should be channelled through the same "Division" in the Ministry, and that, save in the most exceptional circumstances, such proposals could be considered only once a year, and all together. This meant that from 1943 onwards all price adjustments for individual commodities were considered in relation to each other and in relation to the total or overall effect they could be expected to produce. Accordingly, leapfrogging came to an end.

During 1939-1943 the statistics available to the Ministry greatly increased in range and improved in accuracy. This resulted in part from extra statistical questionnaires addressed to farmers, but mostly from the extension of State trading, licensing controls, etc. by the Ministry of Food, Ministry of Fuel and Power, etc. which activities generated a good deal of statistical information about agriculture as a by-product. A major gain here was the arrival from the Ministry of Food of regular figures of numbers of animals slaughtered and weights of meat; previously the Ministry of Agriculture knew the numbers of livestock on farms, but little about their movement off farms and the amounts of meat they yielded on slaughter. By 1942 it was becoming possible to estimate with fair precision all the more important items of farmers' receipt and outgoings (for fuel, fertiliser, etc.) and early in 1943 this data was being

assembled into an aggregate profit and loss account for UK agriculture, taken as one large farm.

The first results of this exercise were a minor sensation. It appeared that the aggregate net income of farming had increased over four years by a factor of four. This was not as big an increase in absolute terms as might at first sight appear, since income in 1937/8 (the base year) had been very low. Nevertheless it explained why farmers had been able to pay off a large part of their pre-war indebtedness while simultaneously buying machinery on a very much larger scale than ever before. As might be expected, these evidences of farming prosperity, mostly paid for by the taxpayer under the State trading system, intensified the interest of the Treasury in the farm price review, and altered some of the relationships between the Government and the Farmers' Unions.

At this stage mention needs to be made of a President of the National Farmers' Union who was elected to that position in 1944 - Mr. James Turner (later Sir James Turner and then Lord Netherthorpe). Within a matter of months Mr. Turner pretty well took charge of the Scottish and Ulster Unions as well as his own, ousted from the Annual Price Review the Chairmen of the statutory marketing boards, proved himself fully a match for senior officials in debating skills and command of detail, and was impressing Ministers with his political abilities and ruthlessness. It is true of course that circumstances were ripe for the emergence of an influential Union, headed by a dominant personality, in contrast with the 1920s and 1930s, when the Union was inert. The Union had a large part to play in the local administration of the agricultural war effort since it was farmers, mostly nominated by the Union, who played a major role on the County Committees, while on the national scene, no apter forum could be found for a Farmers' Union President than the Annual Price Review. The position built up by the Union and its President has lasted long: Mr. Turner himself retained office for fifteen years, and although his successors have been less forceful, the positions of strength created in 1942-45 have on the whole endured. As we shall see, the Union used this strength, which made it for a decade probably the most potent and effective pressure group in the country, to influence, modify and in some cases even initiate a wide range of post-war policies.

On the price review front the first objective of the Union was to secure full recoupment of continually rising unit costs, and during the war years it was in general successful. This achievement allowed for some increase in net incomes (real net incomes) for two reasons - first, no allowance was made at that time for the ability of farmers to absorb part of the higher costs by greater productivity, and second, Mr. Turner's skills in manipulating the "small print" of each Price Review settlement. If this seems only a modest degree of success, it must be remembered that net incomes had shot up dramatically between 1939 and 1943, and the logic of this situation would have pointed to some decrease rather than a further advance. The Unions (including here the National Farmers' Union for Scotland) also had many successes in shaping the schedule of individual commodity price adjustments to their liking, so as to give a degree of protection to the substantial minority of farmers who were unable to switch the balance of their farming in the direction of priority products to any great extent. As the Ministry of Agriculture's thinking was along similar lines, there were many respects in which the relationship between Government Department and pressure group was one of partnership, though that is not particularly uncommon.

Wage Determination

In Chapter IV we noted the creation of the Agricultural Wages Boards and the start of a new policy of establishing minimum wages in agriculture by force of law. The Boards led a rather quiet life from 1924 to 1940, but in 1940 they found their terms of reference radically transformed. It is generally supposed that the change was made under the influence of Ernest Bevin, the powerful Trade Union leader who became Minister of Labour in the Coalition Government formed by Churchill in 1940. Rumour has it that Bevin made his acceptance of office conditional on major wage increases for several of the lower paid categories of workers, including farm workers. Be that as it may, an increase, which was a very large one by the standards of the day, was rubber-stamped by the Agricultural Wages Board and brought into effect, while the farmers (as employers) were at once awarded recoupment in full through higher prices.

This experience brought it home to the Wages Boards that the farmers were no longer in a relevant sense the employers, because the Government would always pay. Hence the agricultural industry has experienced farm workers' wage claims almost every year since 1940, occasionally twice a year, and although the claims have rarely been met in full, the awards made have, more often than not, exceeded the current rates of inflation. Naturally this state of affairs, however automatic it appeared on the surface, aroused serious questioning among Ministers. The considerable cost of backing the Agricultural Wages Boards' awards had to be weighed against the Government's general social policies and objectives, and the goodwill earned by the farm workers by their splendid service during the war. The outcome - never made explicit for fear of undermining the autonomy of the Wages Boards - was that succeeding Governments gradually accepted it as normal and proper that the pre-war gap in wage levels between agriculture and other comparable occupations must be closed and stay closed. Actually, less was achieved than that. Before the war, farm-workers received about half of what was common in other like occupations: since the war, the corresponding ratio has been about 70-80 per cent* - a change sufficient to amount to a small quiet social revolution. It had substantially been effected by 1948, since when there has been virtually no further gain.

---

* These figures are necessarily impressionistic. Comparability of occupations is hard to establish, and living costs on and near farms are usually low.

Taxation

Before the war the Inland Revenue Department had paid little attention to the collection of income tax from farmers, although they were supposed to be liable to it in the same way as the rest of the population. For most farmers the amounts due were too small to justify the cost of detailed assessments, and the Inland Revenue contented themselves with conventional assessments under which the taxable income was deemed to be equal to the rental value of the farm.

By 1943, however, the Revenue had become aware of the changed economic position of farmers, and persuaded the Chancellor of the Exchequer to include in his Budget proposals a change in farmers' assessments, so that they would henceforth be based on the ascertained profits of the farms. The amount of extra revenue produced by this change is not our concern. It is, however, relevant to this study that profits cannot be ascertained unless the farmer records most of his receipts and outgoings, so that either he or his accountant may prepare a profit and loss account at the end of the year. The penalty for failing to do so was that the Inland Revenue made an arbitrary assessment and were prepared to increase this each year until a proper statement was produced.

But if records and accounts are kept for tax purposes, they can also be used for other purposes, notably the better management of the farm. Before 1943 the overwhelming majority of farmers had only a hazy idea of whether the farm was paying or not, and virtually no farmer was in a position to decide whether any particular department or enterprise was making a proper contribution to the whole. The main part of the farm management story belongs to a later chapter, since it was not until well after the end of the war that the farmers who were using records and accounts purposefully had become a majority. Here it is sufficient to note that a profound and widespread change in farm practice was launched by a Revenue Department in a quite different context and for an altogether unrelated purpose.

Advisory Services

In 1939 advisory services of a general (i.e. non-specialist) character were provided by the County Councils as a branch of their educational responsibilities, while the specialised services (e.g. agricultural chemistry, mycology, etc.) were supplied by certain Universities and Colleges, at Government expense. On the outbreak of war most of the general service staff were transferred to the new County War Agricultural Executive Committees, while the specialists were brought under the orders of the Ministry of Agriculture, while remaining in University employment. All advisers were now directly or indirectly under the Ministry's control, and in 1945 it was decided to complete the unification and make this permanent. Accordingly an Act of Parliament was introduced and passed to create a National Agricultural Advisory Service (NASS) which embodied all the advisers except the agricultural economists (who remained separate). Later, in 1971, the NAAS was amalgamated with other advisory services, such as the Agricultural Land Service and the Veterinary Investigation Service, in a still larger organisation called the Agricultural Development and Advisory Service (ADAS). These changes probably did something, but not a great deal, to enhance the qualifications and motivation of the staffs. But the main gains seem to have been that a large unified organisation can spare resources for innovation and experiment, and redeploy staff between areas and functions so as to meet particular needs.

This chapter ends with a glance at some matters that cannot in themselves be called policies but which acted as imperatives in the evolution of policies. These were certain effects of the war which had by no means exhausted themselves when hostilities ended late in 1945. We need not dwell upon, because they are so obvious, such conditions as severely interrupted food production and near famine over much of Europe; or the particular economic difficulties of the UK, consisting, to name only three items, of the loss of two-thirds of her export trade, the selling off of most of her overseas assets, and the exhaustion of her foreign exchange reserves. Less obvious, then as well as now, was the interruption and distortion of the pattern of world trade in foodstuffs, brought about not only by physical damage in Europe and the Far East but also by the economic changes made by many countries during the war, when they found it

difficult either to buy from or sell to the belligerents, and thus had to move quickly in the direction of self-sufficiency. The UK, as one of the two or three countries of the world most dependent on food imports, was particularly handicapped by these developments, which had resulted in a good many of her traditional suppliers more or less withdrawing from the market as they became less interested in agricultural exports than in the establishment of light industry. During the decade following 1945 the leading case was Argentina, which for generations had been the main supplier of beef, but now had very little to offer. Ultimately some of the traditional trade links were partially restored, but this took time, and the UK passed through a period when, even if she had had the money to spend on additional food imports, they were not there to be bought. Beef we have already mentioned: butter, cheese, sugar, lamb and bacon can be added. The post-war period opened therefore with grim prospects - rations at the lowest level so far reached and serious reasons for expecting no significant improvement for a good many years ahead.

CHAPTER VIII

1945 - 1955

We have just seen that this decade, immediately following the end of a hard-fought war, when a victor country at least, might have expected some reward for its sacrifices and exertions, began in fact with bleak expectations. Over the next few years this state of affairs further deteriorated, owing to disasters that had not been foreseen. History is of course full of disasters and setbacks, and there is no need to enlarge on those particularly affecting the UK in the early post-war years, except for two of them which had a perceptible impact on agricultural policy, as it was reshaped in 1947. These two events which further aggravated an already difficult situation were, in 1946, the abrupt termination of Lend-Lease before anything else could be put in its place, and in 1947 the occurrence of floods which wholly or partly destroyed crops on several hundred thousand hectares of the best agricultural land in east England.

Floods apart, there was still a slight upward trend in agricultural output, which can perhaps be attributed to the return from the Forces of the most vigorous part of the regular labour force. But the general outcome of all the circumstances at home and abroad was a further reduction of rations, below the level reached at the end of the war, and touching a new low in the second half of 1947.

Production Policy

The Government were of course much concerned, since austerity at the level now reached was affecting morale and impeding industrial recovery. Some palliatives had now become possible, however, since the successful negotiation of a loan from the United States (partially replacing Lend-Lease) provided a certain amount of leeway. One choice had to be ruled out - there was no possibility of further expansion within British agriculture of those commodities which had been expanded during the war (cereals, potatoes and vegetables): for the time being a ceiling had been reached. So the practical alternatives were to buy more food abroad or buy feedingstuffs from abroad and use them to feed cows, pigs and hens at home. The first of these alternatives appeared unattractive since world prices were very high and, as we have seen, sources of supply had become

few and uncertain. On the other hand, British farmers, given better supplies of feed, were eager to increase or revive their production of milk, pigmeat and eggs, and could be expected to expand these conversion enterprises without diminishing production from their own soil. This latter course also had the advantage of conserving foreign exchange, more particularly dollars, since the feedingstuffs would have a lower value than the livestock products to be produced from them.

In 1947 therefore the Government decided to make an allocation from its slender stock of foreign exchange, and the Ministry of Food began looking round for maize, barley and protein feeds, with sufficient success to permit increases in animal feedingstuffs rations. At the same time the Ministry of Agriculture conducted an exercise in the style of a Price Review, to formulate new production targets and make corresponding adjustments to farmers' prices. The main target was to increase the net output for agriculture as a whole by 20 per cent (on top of the increase between 1939 and 1947 of some 30 per cent) while at the same time component targets were set for the main products. The setting of targets in this fashion was an innovation - not merely the expression of them in the form of net output, but the targets as such, since as we have seen, the wartime objectives could not really be so described.

At the same time upward revisions were made to almost all the prices of individual commodities, and for good measure a sum of £40 millions - a very large figure by the standards of that time - was added under the name of a "capital injection".

The attainment of the targets was set for four years ahead in 1952. By that time, however, there was little interest in whether they had been attained or not and, indeed, at the Annual Review of 1952 a new set of still higher targets was set, calling for attainment of 60 per cent above pre-war by 1956 (compared with about 50 per cent in 1952). The new overall target (160 per cent of pre-war) was approximately reached but the eventual commodity make-up was not quite what had been wanted or expected. The conversion enterprises had over-expanded and the others had lagged a little. Perhaps the over-expansion of milk was a piece of good fortune. In Chapter VI we indicated that supplies of milk had been maintained during the war, but the pre-war level had been a low one, since for a

large part of the population milk had been a luxury. To a greater extent than had been foreseen the levelling of incomes, the result of wage, tax and welfare policies during and after the war, led to an increase in demand for milk, before any other commodity. The expansion of milk output from 1947 onwards at first kept pace with this rise in demand, and then went on to outpace it.

We have seen in the previous two paragraphs comprehensive production targets, in terms of net output, were set in 1947 and 1952, during a period when increases in production had a high priority and the publicising of targets was expected to contribute to their realisation. By 1956 (when the 1952 targets had run out) the need for higher production had become less pressing and targetting was accordingly phased out. It survived for a few years for some individual commodities but taking the industry as a whole in 1956 the Government was content to say that "the objective of production policy remains the most that can be produced economically and efficiently in accordance with market requirements, steadily increasing technical efficiency and diminishing unit cost".

Guaranteed Prices and Assured Markets

It had been decided by the Labour Government in 1945 that the Annual Price Review system, which had been an evident success for two or three years, should be continued. But legislation was required for this, to take the place of the Defence Regulations under which Ministers had done more or less as they pleased during wartime, and it was not until the first half of 1947 that this could be drafted and presented. There were many agricultural matters needing legislation and the Act eventually passed (Agriculture Act, 1947) was a composite one, embracing a wide variety of subject matter, but the most important matter is in Part I. This begins with Section I as follows:-

> "The following provisions of this Part of this Act shall have effect for the purpose of promoting and maintaining by the provision of guaranteed prices and assured markets for the produce mentioned in the First Schedule to thie Act, a stable and efficient agricultural industry capable of producing such part of the nation's food and other agricultural produce as in the national interest it is desirable to produce in the United Kingdom, and of producing it at minimum prices consistently with proper remuneration and living conditions for farmers and workers in agriculture and an adequate return on capital invested in the industry."

Some of the words and expressions in this quotation can have no exact meaning, and were subsequently used in opposite senses by the Ministry of Agriculture and the Farmers' Unions, and the section as a whole has been described as mere propaganda. But the general purport is clear enough. The Agriculture Act was to continue the war-time price-fixing arrangements, and still more was being offered farmers. During the war they had had a market for all they could produce, and subject to the qualification contained in the words "such part" they were being given an assurance of markets for the indefinite future. Similarly while the war-time arrangements had indirectly controlled the level of farmers' incomes by controlling prices, now a level of income falling within the expression "proper remuneration" was being guaranteed as well. Taking Section I as a whole the UK agricultural industry was being made into a sort of ward of the State, much like a nationalised industry, though in this case no nationalisation was contemplated.

The generosity of these arrangements can be explained in several ways. First there was agriculture's good record in meeting the nation's need during the war, and the nation's continued and for the time being accentuated dependence on home-grown food supplies after the war. Secondly, while the Labour Party was traditionally indifferent to farming, this was far from true of the Minister of Agriculture, Mr. Tom Williams, who was by far the most sympathetic Minister the farmers had known. Mr. Williams ma- not have had much support from his colleague the Minister of Food, and indeed the officials of the Ministry of Food were particularly resistant to farmers' claims at successive Annual Reviews, but the Minister of Agriculture had the complete backing of his influential Permanent Secretary, and no doubt of Mr. James Turner behind the scenes. The Act, including Part I, was therefore passed with little disagreement and much acclaim.

Some of the components of Section I will need a little examination. The words "such part" were in the first instance taken to embrace about 75 per cent of the entire agricultural output. The principal omissions were horticultural produce, poultry meat, substandard produce of any kind, and those parts of total output which were not offered for sale because they were consumed on farms. As time went on "such part" became more restrictively defined. Grade standards - defining sub-standard produce which farmers were now expected to sell off for what it would fetch - were bit by bit tightened up as food shortages began to ease. By the mid-1950s a further concept called "standard quantity" began to emerge, also acting as a limitation on "such part". The general purpose of a standard quantity was to dilute the guaranteed price as the standard quantity was exceeded, but the actual arrangements to this end differed as between milk, bacon pigs and eggs, the three commodities affected in this way.

A further comment is needed on the concept of assured markets for "such part". Tacitly this implied the existence of the Ministry of Food or some similar State trading organisation which was both willing and able to buy whatever produce (falling within "such part") as was offered to it. It is surprising in retrospect that this implied commitment to a socialistic type of organisation was not perceived by

the then Conservative opposition. Shortly after the Ministry of Food was merged with the Ministry of Agriculture in 1955, which was a disguised way of dissolving the former, it was found that Part I of the 1947 Act required quite radical alteration, since its purposes now had to be related to different institutions.

The meaning to be attached to "proper remuneration" became of course the centre-piece for Annual Review negotiations for many years ahead. The term never received precise definition, and never could do. Proper remuneration was to emerge from processes now given formal statutory recognition in Section 2 of the Act. Section 2(i) provided for Annual Reviews in the form which had by now become familiar, save perhaps that the matters reviewed were now stated to be the economic conditions and prospects of the industry rather than prices as such. At the outset this distinction between economic conditions and prices was unimportant since it was obvious that the review of the one was no more than a preliminary to the determination of the latter; some years later, however, it became convenient to make a fairly explicit distinction. Section 2(ii) provided for Special Reviews to be held at times between Annual Reviews if there were some sudden and substantial change in farming costs which made it unreasonable to expect farmers to wait. During a period of fairly steady and quite rapid inflation it was inevitable that Special Reviews should be quite frequent. In 1956, however, it was felt by the Government that the frequency of Special Reviews had got out of hand, and so the qualifying conditions were stiffened up and Special Reviews virtually ceased. (The Government had of course to concede something else as a quid pro quo).

We might now attempt an interim appraisal of Part I of the Agriculture Act, 1947. Would not the offer to farmers of permanent guarantees of markets and incomes on such a handsome scale weaken their motivation? Were farmers not in danger of becoming pensioners or parasites? Would not output begin to suffer even while rationing continued? These questions were asked in 1947 and answered by the observation, or argument, that if farmers could be relieved of concern for markets and prices, they would have more time and attention available for improving the quantity, quality and efficiency of production, and professional pride would lead them to want to improve their production performance as soon as other distractions were removed.

These contentions were not without merit. It was indeed a feature of the 1920s and early 1930s that many farmers were farming less well than they knew how to, because they lacked the funds to equip themselves properly, or could find no certainty whether their efforts would result in profits or losses. (This is true of all capitalistic enterprises, of course, but particularly true of farming in a harsh economic environment). It was also true of many farmers that they spent too much time away from their farms, attending cattle markets mostly, in the often vain hope that personal attendance at places of sale would lead to better prices.

It cannot be reasonably put forward that argumentation of this sort was conclusive in the decision to go ahead with the Agriculture Act. Rather, the arguments were rationalisations, developed a posteriori. Looking at the matter again after thirty years, the writer's view is that for a few years after 1947 the shelter argument - that it would pay to shelter farmers from the ups and downs of the economy while they got on with the job - did work to some extent. Subsequently, however, it became apparent to all that the processes of insulation had gone too far, and in 1957 new legislation was introduced, by which market forces were partly restored.

Landlord and Tenant

During the war and its immediate aftermath farm rents had remained more or less frozen despite general inflation to the extent of about 30 per cent. They were not quite frozen, since in 1939 a fair proportion of the rented land was subject to rent "abatements" - i.e. voluntary ex gratia reductions of rent granted to hard-pressed tenants - and during the war all abatements had been withdrawn. Nevertheless, bare justice required that africultural landowners should be given the means of raising their rents quite substantially since tenants were enjoying increases in incomes averaging some 200 per cent. Also, the further expansion of agricultural output would be in jeopardy unless owners were able to play their part. It had long been part of the landlord and tenant system that the former's investment in farming much exceeded the latter's, and it was necessary for this investment

function to be resumed. At the same time the traditional dislike of Labour Governments for agricultural landowners had persisted and this showed itself in the imposition on them of a variety of new restraints and obligations in return for higher rents. The main legislation during the period under consideration was the Agricultural Holdings Act, 1948, but it will be convenient to consider also Section 2 of the Agriculture Act, 1958, as well as certain relevant sections of the Agriculture Act, 1947 (some of which were repealed in 1958).

So far as concerns rents in stricto sensu (ignoring for the moment the other components of a contract of tenancy) the plan adopted by the 1948 Act was to make them depend on a system of arbitration. Before the war there had been no constraints of this sort: a landlord would propose a certain rent; if a tenant in occupation objected strongly and looked likely to leave, the rent might be reduced, and similarly if the owner had a vacant farm he would go for the highest rent that would not scare off suitable tenants. But the criteria for granting rent increases, enjoined on the arbitrators in 1948 were so restricted that comparatively little change in rents occurred for ten years. The 1958 Act speeded up rent increases by requiring arbitrators to pay specific attention to open market values. Although arbitration procedures continue, most landlords and tenants now settle the rents between themselves (knowing what arbitrators would be likely to award) and settlements are usually based on the open market.

The general level of rents that has emerged under even the 1958 system has been almost certainly lower than would have evolved under the ore-war one, though this may have been fair enough up to the early 1950s since landowners were often unable to find the labour and materials to maintain the farms up to fully tenantable standards, nor make good arrears of equipment still remaining from 1939.

The pre-war and post-war protection given sitting tenants, together with the practices of arbitration, seem to have combined to give them a position of marked privilege compared with new tenants. Since 1948 there has been a differential of capital values of the order of 50-100 per cent between farms sold with "vacant possession" and

farms occupied by sitting tenants: this implies that new tenants have been willing to pay much more rent than sitting tenants, though the ratio between the two would be less than in the case of capital values. Sitting tenants would of course have no motive to agree to any higher rents that may be proposed by landlords, and whether or not arbitrators have applied open market principles in all cases, then treatment of sitting tenants seems to have been lenient even to the extent of creating distortions. Until the passage of some further legislation outside our period (1976) there was a sense in which all tenants would eventually become new ones, as old tenancies expired; hence open market values would, in the end prevail over the whole field but subject to a continuing time lag*.

It may help to explain this bias against agricultural landowners if we relate their fortunes to those of landowners generally (including urban landowners). For two decades before the war the rents of most of the country's tenanted house property had been controlled in order to prevent landlords from taking advantage of the long-standing shortage of "working class" houses to let. After the war those controls were made more severe and extended to house property that had previously been exempt. Agricultural landowners have fared at least as well as the owners of urban rent-controlled houses, and probably rather better. A subsidiary argument for holding down agricultural rents was that any opportunity for raising them would have derived from the greater prosperity of tenants to which the landowners had contributed little or nothing. This was true as far as it went but exaggerated.

---

* A further and potentially important feature of post-war agricultural holdings legislation was a series of changes in arrangements for compensating tenants for the residual value of improvements they had made at their own expense. This is, however, a complicated and technical subject and while the clear intention of the legislation was to improve the position of tenants vis-à-vis landlords, the actual effect has been doubtful since many landlords have found loopholes in the law.

In considering the practical effects of all the above, we need to realise the important role which tenancy has played in British agriculture over the centuries. In the 1930s the proportion of land farmed by owners ("owner-occupied") was probably as low as one-third, though certainty was not possible*. During the 1930s there seems to have been a slight increase, possibly assisted by the setting up of the Agricultural Mortgage Corporation, but the big movement towards owner-occupancy occurred during the war and the years immediately after. One important factor was the increased prosperity of tenant farmers which gave them the incentive and means to pay out a proportion of the purchase price and borrow the rest. The reasons why owners for their part have been prepared to sell are not so clear; it would seem that they have often been willing to sell to a sitting tenant (even at a price reflecting that tenant's security) but usually have been prepared to re-let when a farm became vacant. However, the UK proportion of owner-occupied land had risen to about 60 per cent by the late 1960s.

The practical consequences of this trend have been mixed. The landlord-tenant system, in its day, had many advantages. The burden of capitalising a farm and its operations was shared between two parties, with the landlord providing the farmhouse, farm buildings, ditches, under-drains, hedges, gates, etc. and the tenant the livestock and machinery as well as work-in-progress. The landlord acted as a kind of cushion in times of economic depression because he was usually willing to reduce or postpone the rent until times improved. He included in the contract of tenancy a number of precise stipulations intended to ensure minimum standards of husbandry. Finally, the entry of adventurers and speculators into the agricultural industry was discouraged because the landlord would be at pains to keep them out. On the other side of the medal, however, landlords were reluctant to make improvements unless these would be seen as improvements by a succession of tenants, and certain to be paid for through the rent: tenants could be discouraged from improving the farms because

---

* The Ministry of Agriculture had made one or two statistical enquiries on this matter, but had been discouraged by a low and unsatisfactory response from farmers (as to how much of the land they farmed they also owned). Many were resentful of the question: others were involved in complicated systems of ownership or tenancy and could not be sure of the answer.

of uncertainty over compensation for residual values; the husbandry provisions of the tenancy agreement, however well-meant, could all too easily act as a brake on innovation, or even impede a modest change in a farming system; and finally, under the landlord and tenant system it was difficult to alter the size or shape of a farm because nothing could be done unless two parties wanted the same thing at the same time.

On balance the decline in the landlord and tenant system has been a boon to British agriculture. The transfer to owner-occupancy has certainly permitted, and probably encouraged, a wide range of improvements in busbandry, management and structure. But these benefits have been smaller than might have been expected because tenant farming has also acquired a stronger bias towards commercialisation and innovation because of the effects of post-war legislation in removing or softening the negative features of the landlord-tenant system, and nowadays this system and owner-occupancy are probably on more or less level terms in respect of efficiency. However, there has been a further decline in the status and influence of the traditional agricultural landowner. Probably not many of these have totally severed their ties with agriculture, but only a minority can have maintained the full extent of their estates, and their ability to impress their views and standards on wide tracts of countryside has almost reached vanishing point.

Sugar

It may seem strange that attention was given so early in the post-war period (Tinance Act, 1948) to a seemingly specialised and peripheral matter, and that Parliamentary time was found for it. The explanations were that sugar supplies had become a cause of anxiety and that there was severe economic distress in some sugar-growing colonies abroad.

There was a world shortage in the late 1940s, caused by the run-down plantations and mills during the war, when trade connections were disrupted. The British household sugar ration was small and there seemed little prospect of increasing it, especially as the UK could not

afford to buy in competition with the United States. At the same time several of the sugar colonies were in a depressed state: unlike some other dependent territories in the Commonwealth they had not had the benefit of substantial military expenditures. One purpose of the new policy was to offer sugar-producing countries within the Commonwealth guaranteed prices and an assured market, on terms generous enough to encourage them to restore production while binding them by contract to supply the UK. Another purpose was to assist the economies of these countries, and to do so through the medium of the sugar price, because at that time the notion of "aid", as it subsequently became known, would not have been understood among largely illiterate labourers and smallholders.

At one time or another twelve of fifteen countries were involved in the Commonwealth Sugar Agreement, as it is called, the nucleous group consisting of the Caribbean cane producers, Guyana, Belize, Fiji, Mauritius and India. Under this agreement a price was negotiated from time to time, which was normally higher than the free market or "world" price. This price was payable for specified quantities up to certain maxima negotiated at the same time, and the supplying countries were expected to deliver those quantities, unless their crops had failed.

The system of implementation had to be altered in 1956 (Sugar Act, 1956) to take account of the ending of the Ministry of Food, which had been the contracting party on behalf of the UK Government. Under the post-1956 system a Sugar Board was set up to buy raw sugar in the exporting country at the negotiated price, and then immediately re-sell it at the world price to private traders, mainly two or three firms who do most of the shipment to the UK and refine the sugar here. The Board recovered its losses by making a levy, called a surcharge, on imports of any sugar into the UK. In some years when it made a profit (because the world price exceeded the negotiated price) it made "distribution payments" to UK users. These arrangements took their apparently cumbersome form so as to make them consistent with private trading and the functioning of the London futures market. That is to say, the favourable prices paid to Commonwealth producers were wholly divorced from market prices in the UK and did not appreciably affect

the operation of the market. There is no need to discuss here the subsidiary functions of the Board in relation to home-grown beet sugar*.

World sugar production recovered more quickly than had been expected and in most years since the early 1950s there have been world surpluses, so that the world price has been lower than the preferential prices of the Commonwealth, United States and Soviet-Cuban systems. One of the original purposes of the Commonwealth Agreement has therefore all but disappeared. One cannot but wonder at the survival of its second purpose, the financial support of the sugar islands. The concept and practice of Government-to-Government aid has become familiar enough, but here is an example of aid to certain countries being financed not by the taxpayers of the donor country but by its consumers of sugar, and by these consumers without their knowledge. It is also curious that Labour Governments have not been more persistent in their desires to nationalise the leading firms in the sugar trade, both for the sake of more socialism and so as to simplify the mechanics of the Commonwealth sugar system.

---

* It has been necessary to write most of the above in the past tense. The Commonwealth Sugar Agreement has, in essentials, survived the accession of the UK to the EEC, but many of the forms and mechanisms have changed.

Revival of Marketing Boards

It will be recalled that shortly after the outbreak of World War II the agricultural marketing boards had been put into suspense. Their legal existence continued but they became agencies of the Ministry of Food, without significant powers or funds of their own. Between 1948 and 1950 it became necessary to decide whether to revive the Boards, for which the farming community were agitating, though it was realised that the Boards could at most enjoy limited powers so long as the Ministry of Food and its State-trading function continued. The chief Boards in question were four milk marketing Boards (three of them in Scotland) and the Potato Marketing Board. No one wished to revive the Pigs and Bacon Marketing Boards; there is no need to consider here the Hops Marketing Board; and prior to the establishment of a Northern Ireland Milk Marketing Board, similar functions were carried out by the Ministry of Agriculture for that Province.

The constraints in the way of full resumption of their powers by the Milk Boards and the Potato Board sprang in the first instance from the dominating position of the Ministry of Food in the distribution of these commodities. In the case of potatoes the Ministry, it is true, did not normally act as a trader (though it did buy up surpluses) but it nevertheless exercised jurisdiction over where and when virtually all potatoes should enter into trade channels. In the case of milk the Ministry of Food was a monopoly trader at first wholesale for virtually all the milk produced, and thus decided where, when and how every litre of it should be allocated among alternative uses and alternative destinations. For both milk and potatoes there was the further constraint that the regime of Government-determined farm prices which the Ministries of Agriculture and Food evolved during the war, and which was now being continued indefinitely under the Agriculture Act, 1947, had more or less pre-empted the main function of any Marketing Board, that of enhancing the prices received by its farmer-members.

Nevertheless, some leeway existed. The Potato Marketing Board had never done much in the way of active marketing, and so the revival of

some of the Board's pre-war functions did not, so to speak, cost the Ministry of Food very much in the way of loss of control. Probably the main effects were that the licensing of traders as recognised potato merchants passed from the Ministry to the Board, and that the latter now acquired a greater right to be consulted on the strategy of potato marketing - accommodating a widely fluctuating supply from year to year to a more or less stable demand. So far as concerns prices, the price for potatoes prescribed by the Government could never be more than an average for different varieties, grades, areas and times of the year, so that in theory there was room for the Board to improve on that average by alert marketing, but in practice the Board was content to leave "beating the average" to the efforts of individual growers.

In the case of milk there was little opportunity for either the Boards or the dairy farmers to improve on the announced prices, partly because milk is a remarkably standardised and homogenous commodity, and partly because its first movement off farms was to a monopoly buyer. But unlike the case of potatoes, the Milk Boards were able to find a wide variety of other useful things to do, so soon as they were allowed. Before the war the Boards (or some of them) had organised the physical collection of milk from the farms, owned and operated factories for producing milk products, and had undertaken a number of technical services for the benefit of farmers. These activities were now resumed and soon began to expand. In addition, although the Ministry of Food found it necessary to retain the deciding voice in the allocation of milk supply (so as to guarantee priority for household consumption) the Boards became more influential in deciding detailed allocation policy and tactics, within the Ministry of Food's general framework.

At no stage did the Milk Boards or the milk distributive firms recover any control over prices. Right up to the end of the period covered by this study (1970) one Ministry or the other determined the maximum prices at which different descriptions of milk could be retailed. Control of the retail price in turn gave derived control of the wholesale price, while the farm price was in any event determined by the

Price Review System*. The opportunities open to the Boards to serve their members therefore depended on the development of greater skills in the detail of marketing and the cutting of costs by technical and managerial advances, both on dairy farms and during the subsequent movement of the milk.

Looking back, it is a matter for some wonder that there was general acceptance that the marketing boards must be revived to the greatest extent possible at that time (the late 1940s), and then go on to recover all their previous powers. Here we are considering not just the milk and potato boards, but marketing boards as a concept. The Ministry of Food put up a rearguard fight against revival, but no one else seemed bothered by what might well have been taken to be serious obstacles. First there was a basic irreconcilability between the system of guaranteed prices of the Agriculture Act, 1947, and the existence of boards whose best service they could give their members was to boost prices. The fact that the Ministry of Food was still there and still trading aggravated the irreconcilability because it left the Boards with no important entry points into the distributive system, and the most they could achieve, given the constraints facing them, was some quite minor topping up of average prices. Putting the same point more generally, one could argue that as the Government had decided to make itself responsible for farmers' "proper remuneration" and had set up a system of price fixing for that purpose, Marketing Boards had now become redundant, since their main function had been taken over by the Government.

A further objection to the revival of the Boards which had been raised in the late 1940s was that in the desperately straitened circumstances in which the country found itself, it was rash for the Central Government to surrender any controls. Food and agricultural policies had to be seen and operated as a whole, and should not be parcelled out among a number of commodity organisations controlled by farmers, whose concern with the national economy was not to be depended upon.

---

* Though this belongs to mechanics rather than policy, it might be added that the fixing of retail and farm prices by different authorities with different objectives was reconciled by raising or lowering the amount of Government subsidy injected into the milk industry.

None of these doubts troubled the senior officials of the Ministry of Agriculture, who knew what they wanted and enjoyed the confidence of their Minister. What they wanted was the revival of the Boards which they themselves, fifteen years earlier, had been largely responsible for creating and whose successful launching was still a matter of personal pride. Nor had they much regard for the Ministry of Food, which could be looked on as a semi-socialistic organisation unlikely to survive the next change of Government. They looked forward to the re-establishment within a few years of a pre-war type of economy, to which an agricultural marketing board system would make as much contribution in the future as it had done in the past. Indeed, even as early as 1948 they put in hand the drafting of a new Agricultural Marketing Act (1949) to bring up-to-date the original Act of 1933. This anticipated by a year or two the actual revival of any pre-war board, but its spirit is shown by the provision of new statutory procedures for the possible setting-up of agricultural marketing boards for commodities hitherto not considered.

In the event many of the irreconcilabilities and obstacles melted away during the course of the years 1951-57. The argument against the dispersing of control lost much of its force as the country's economy revived. And what we have called the basic irreconcilability became partly resolved as the boards progressively found ways of topping up or adding to an already guaranteed price. A further stage of resolution was achieved in 1957 when (as we shall see in more detail in the next Chapter) the winding up of the Ministry of Food led to a substantial change in methods of farm price determination. Where the Ministry of Food had on the whole operated fixed prices (prices which were both minima and maxima) the 1957 Act substituted prices which were minima only, in the sense that it remained open to individual farmers, or Boards acting on their behalf, to improve on them by better marketing.

Mention must be made here of the Wool Marketing Board, though it was a new and not a revived Board. Its history was a little unusual. In 1950 the Farmers' Unions proposed that wool be added to the list of commodities offered guaranteed prices and assured markets. There was no objection in principle to this but the Treasury insisted that the wool marketing system, operated mainly by private enterprise, needed to be reformed by means of a Marketing Board. The Farmers' Unions were

a little surprised since they had regarded the promotion of new Boards as their affair; but they were happy to acquiesce and the Minister of Agriculture went through the motions of enquiring into and approving a wool marketing scheme, and commending it to Parliament.

Although wool is produced on very many UK farms it is not a dominant product on more than a few: for this and other reasons the Wool Board has attracted little attention. It has, however, been one of the most successful Boards. By making the wool merchants virtually its servants through a licensing system it has raised efficiency and ended many malpractices; wool growers too have been put under some discipline, and there has been a drastic reduction in the number of grades and sub-grades into which British wool is divided. The average realisation price for the product has been raised through this better marketing, and the marketing costs have been appreciably reduced.

CHAPTER IX

1955 - 1970

The year 1955 is that in which the Ministry of Food was merged into the Ministry of Agriculture and Fisheries, the combined Department being known as Ministry of Agriculture, Fisheries and Food. The functions of the Ministry of Food had been dwindling for some years as food supplies increased, so the centralised systems of procurement and the rationing of consumers became limited each year to a smaller range of commodities. In 1955 the Ministry of Food was able to bring about its own demise by de-rationing meat, the last commodity group to reach this status. For a year or two after the merger the former Ministry of Food personnel could be distinguished from former Ministry of Agriculture personnel by differences of background and outlook, but soon these distinctions faded and the old Ministry of Agriculture ethos tended to predominate. Nevertheless the Ministry of Food brought with it into the combined Ministry some interests, responsibilities and forms of expertise of which the old Ministry of Agriculture knew nothing. These included consumer protection (against the adulteration of foodstuffs, etc.), a concern for the nutritional standards of the poorer sections of the population, and a knowledge of and concern with tropical food products and the producers of these.

This discussion of functions leaves out something of importance, however. The Ministry of Food was more than a collection of people and jobs. It had also come to stand for a system, born of war-time necessity, of collective regulation and action by a Department of State, instead of relying on the play of the markets. In 1955 one might either have welcomed or regretted the reversion to private enterprise according to one's political taste; but in either case it could not be overlooked that the Ministry of Food had operated successfully for sixteen years under atrociously difficult conditions, and that much of the population, including farmers, had either forgotten or never known how free markets worked. Even those who most welcomed their new freedom could not avoid some feelings of doubt and apprehension, a state of affairs particularly

common among the heads of large food firms, whom Conservative politicians then accused of "hugging their chains".

Before we reach the subject of price fixing after State trading had come to an end, it is necessary to say something about the costs of the system which the Ministry of Food had administered. During the war the Government deliberately adopted a policy of subsidising food prices in order to keep down the cost of living and damp down inflationary pressures (or hide them, as some would say). After the war this policy was continued, and the cost of the subsidies mounted, in response to the higher world prices which the Ministry of Food had to pay, and higher prices for UK farmers. By about 1952 the losses of the Ministry of Food had reached levels of the order of £500 million a year (equivalent to about four times that sum today). After 1952 decontrol began, commodity by commodity, but that did not end the subsidies; it merely altered the accountancy. How much of these large sums can be considered as a subsidy to UK farmers is a debatable matter. Certainly part could be considered - needed to be considered - as a subsidy to consumers. Yet beyond doubt the guaranteed prices had come by stages to incorporate substantial elements of farm support and as world prices eased during the 1950s it became possible to demonstrate that had the major part of the output of British agriculture been replaced by imports at the same prices, a substantial saving to the taxpayer would have resulted. Arguments of this sort can of course easily be pushed to absurd extremes (for instance, it is unlikely that much more could have been imported at the same prices); all the same, the amount of farm support (subsidies in one form or another, topped up by a small amount of tariff protection, import quotas, etc.) by the mid-1950s, equalled at least half and probably three-quarters of the aggregate net income of farmers.

Considered as the equivalent of an all-round ad valorem tariff, that equivalent would have been 20-25 per cent, though no such figure could have been more than the best guess of the Ministry of Agriculture's economists. It has to be remembered, however, that in whatever way the cost of the farm support price system be measured, it was inflated by the prevalence of the pricing of imports at less than prices in countries of origin. By the late 1950s and 1960s at least one-third of the food imports reaching the UK were, in this sense, "dumped".

These subsidy costs explain why the arrangements for determining farmers' prices (and all but determining their incomes as well), which were needed to take the place of the Ministry of Food fixed price system, were a matter of importance, equally to the farmers, the Ministry of Agriculture, Fisheries and Food, and the Treasury. Nevertheless, by common consent the basic provisions of the 1947 Agriculture Act had to remain intact, and no one of any political persuasion wanted to end or seriously modify them. The problem was to devise new procedures to give effect to them. The mechanisms of the 1947 Act itself were not the answer, since they had been written around the assumed continued existence of State trading. True, the 1947 Act mechanism continued to be used between 1952 and 1955 for a lengthening list of decontrolled commodities, but only by resort to legal subterfuge. By 1956 it had become obvious that a new Act would be needed in order to relate a policy of guaranteed prices and assured markets (Section 1 of the 1947 Act) to an environment of mainly private enterprise.

The Agriculture Act, 1957, and Related Matters

We have already mentioned that the new system, introduced in 1957, was based on the concept of minimum prices on which the farmer could improve, but the correct expression is "deficiency payment" system. Under this the Government declared guaranteed prices for all the main commodities (each March for periods of twelve months which would begin shortly), but the guarantees were collective ones, offered to all producers of each commodity taken as one person. Individual farmers made their own bargains in the market place; the prices they received were averaged and compared with the guaranteed prices, and if (as usual) there was a deficiency, the Government made up the difference. It followed from this that if Mr. A sold a ton of wheat for £25 when the average market price was £22 and the guaranteed price was £28, what he finally received from all sources was £25 + (£28-£22) = £31. Clearly someone else would be receiving less than the guaranteed £28, but the average would be £28 unless the market price happened to exceed the guaranteed prices, in which case producers (individually and collectively) could retain the surplus. (These surplus positions arose occasionally for

wool and potatoes). Where a marketing board was in existence the deficiency payments were made by the Government to the Board on behalf of its members and merged with other payments from Board to members. Where there was no board or other commodity authority, the Government sent out individual cheques.

The above gives no more than a simplified account of the mechanics, but it is hardly necessary to consider here the variant arrangements applying to potatoes, sugar-beet and wool, except to say that they nevertheless conformed to the spirit of the deficiency payment system. That system was, and was meant to be, entirely compatible with free enterprise at all stages of the marketing of any product. It is true that there was not much free enterprise in the cases of milk, potatoes, wool or sugar-beet, but after 1955 or 1957 completely free regimes applied to wheat, barley, oats, cattle, sheep and pigs, and for a while to eggs as well.

One or two variations on the main theme of deficiency payments need to be considered. Mention has already been made of the use of standard quantities for milk, pigs and eggs, such that if these standard quantities were exceeded, the guaranteed prices would be scaled down accordingly. (This is not an exact account of the mechanism used for pigs and eggs, but for the sake of simplicity it will serve). Further, the arrangements under the 1957 Act led to a progressive tightening up of grade and quality standards. Operating under conditions of food shortage the Ministry of Food had felt obliged to accept and pay a price for virtually anything that was eatable. As shortages turned into surpluses, the definitions of the minimum standards of produce eligible for guarantee became progressively tightened, particularly so as to exclude breeding animals and over-fat pigs and sheep. A further extension of this policy was to offer lower rates of guarantee to produce that was acceptable but not really wanted. Departments had considered the yet further step of using the guarantee system to reward farmers who achieved really superior quality standards, but decided that, in principle, the reward should come from the market.

Finally, there is the matter of minimum prices and limitations on the Government's powers to reduce the level of farm support. Quite soon after the war the Government had introduced a system of announcing minimum

prices for 2-4 years ahead (i.e. in the future) which, when the time came, actual prices could exceed but not fall below*. This system did not in practice give farmers the security they wanted because the Government, to protect itself, insisted that future minimum prices must be distinctly lower than current actual prices, and then by the time the future years arrived, the previously announced minimum prices had been eroded by inflation. It was therefore decided in 1957 that a better system of offering farmers assurances for the future must be devised. The device chosen in the 1957 Act was to provide that the maximum permissible reduction in the guarantee for an individual commodity would be 4 per cent at any one price review, and the maximum permissible reduction in all guarantees taken together would be 2½ per cent. The latter of these percentages was to be applied after taking account of cost changes since the last preceding review. For instance if 2½ per cent of the total value of the guarantees amounted to £50 million, and aggregate costs had risen by £35 million, the maximum permissible reduction would be £15 million.

Whether this scheme gave farmers much encouragement to plan ahead is debatable. It did however have an effect on the conduct of some Price Reviews. The Government side found that its opening offer could not be less favourable to farmers than the minimum permitted by the Act, and this, of course, weakened its bargaining position during the remainder of the Review. Also there were several occasions on which the 4 per cent rule for individual commodities prevented price reductions greater than this, which would otherwise have been made on their merits. Eggs were two or three times a case in point. The Government obtained some quid pro quo for all this by stiffening up the terms on which the Farmers' Unions were entitled to demand Special Reviews: this was part of the same package deal as the 2½ per cent rule, and accordingly Special Reviews virtually came to an end in 1956.

---

* Here is a slightly simplified example. In Year 0 a firm price of £50 is announced for Year 1, and also minimum prices for Years 3 and 4 respectively of £40 and £35 . When we reach Year 3 the firm price to operate during it must be £40 or more, and in Year 4 £35 or more. In Year 2 minimum prices are set for years 5 and 6, and in Year 4 for Years 7 and 8.

Some account needs to be given of the way in which Price Reviews were conducted - what the procedures were, what matters were taken into account, and which of them were most often conclusive. It was, of course, the succession of Reviews year by year which decided the general level of farm support, which in turn grew to near equal the total net income of the industry, so that how the Reviews were conducted must be a matter of general interest: yet all this is extremely difficult to explain, and no satisfactory explanation has ever been given. The difficulties are that most of the matters dealt with were highly technical and that the Review procedures changed and evolved a good deal over the several decades from the first beginnings in 1943. The present account must therefore to some extent sacrifice accuracy to intelligibility.

As the name "Review" connotes, the proceedings were never confined to negotiations over prices, and the 1947 Act spoke of reviews of the economic conditions and prospects of the industry. Thus by stages there gradually evolved a procedure for the statistical study of trends of output, input, prices, incomes, subsidies, imports, market demand, commodity grade descriptions, numbers employed, the structure of the industry, and just about everything else that fell under the heading "economic". The first eight of these tended to come up for consideration every year, others at intervals. For the first five or six years after 1943 this statistical study phase of the Review lasted only a day at most and was considered no more than an hors d'oeuvre before merging into price negotiations. Later, the statistical studies (in the true sense "review") became much more elaborate, and price negotiations were then hived off to take place outside as well as after the review. This was in large part because the number of participants, mainly farmers' union representatives, grew so large (50 or more) that the conduct of negotiations became impossible. It therefore became the practice to assume after a few days (though not to announce) that the Review had been completed and for price negotiations then to be started in the room of the Permanent Secretary with no more than six or eight present. This change in practice was fully justified by the Act which spoke of prices being determined by Ministers, not negotiated with the unions. In

practice negotiation could not be avoided but whereas at one time a schedule of proposed prices was presented to Ministers as having been formally agreed with the unions (subject to some last-minute brinkmanship by Sir James Turner), in later years the new prices as published were liable to come as a bit of a surprise both to the Farmers' Union and official participants, apart from those in a small magic circle*.

Of all the many kinds of statistics considered at Reviews four or five calculations stand out as the most important:-

a) trends in net output in the UK, taken as one large farm (in index number form);

b) trends in farmers' net incomes (or profits) for the one large farm, worked out to the nearest £½ million**;

c) cost changes since the last Review, e.g. £30 millions more for wages, £10 millions more for fertilisers, etc.;

d) trends in subsidy payments made to farmers, including a forecast for the current fiscal year.

---

* The Review proper had, however, so much clarified the issues and eliminated so many possible alternatives that price negotiation within the small circle could be rapid.

** The calculation known as the Departmental Net Income calculations was the one mainly used. It was so called because most of the items of income and outgoing comprised in it became known to the Ministry of Agriculture and other Government Departments through the carrying out of their other functions. Consideration was also given to the results of two or three thousand farm accounts, collected and checked by University agricultural economists, and then grossed up or "raised" so as to represent all farms in the country, and also to farm accounts presented by the Farmers' Unions. But priority was given to the Departmental Net Income calculations because it was the most up-to-date. For instance, completed in (say) January 1962, it would relate to the period June 1961-May 1962. The farm account material on the other hand was liable to be in arrear by six-twelve months and its chief usefulness was to act as a check on the Departmental Net Income Calculation.
An example is given of the Departmental Net Income Calculation for the specimen year 1964-65 (see Table 2).

Table 2: Net income of UK farmers, 1964-65

Receipts	£ millions	Expenses	£ millions
Milk and milk products	401	Labour	307
Cattle	266	Rent and interest	140½
Sheep	86½	Machinery (running costs and depreciation)	233
Pigs	198	Feedingstuffs	445½
Eggs and poultry	248½	Fertilisers	122
Cereals	211	Others	216
Other farm crops	127½		
Horticultural produce	184		
Other sales	52		
	1,774½		1,464
Production grants, sundry receipts, other credits	112½		
Increase in value of farm stocks and work in hand	52½	Net income	475½
	1,939½		1,939½

The simplest kind of review (so simple that it hardly ever occurred) would be based on the theme that in order to maintain net incomes (item (b) above), prices in the aggregate must be increased by the total of cost increases (item (c) above). But on the other hand the statistics for output, either in general (item (a) or commodity by commodity) might suggest that prices were already too high or too low: the level of farm subsidies (item (d)) would usually suggest that they were too high; it would argued from the Government side that the total cost changes (item (c)) must be abated to take account of the normal ability of farmers to absorb some of them (but how much of them?) by higher efficiency; and it would be argued from the farmers' union side that, apart from anything else, net income must be increased to take account of inflation or maintain relativity with the rest of the population. All the above would, as indicated, be components of a rather simple review. A more normal one would give just as much attention

to most of the individual commodities as to the farming industry in general. At some stage it would become necessary to reconcile the conclusions reached for the individual commodities with those reached for the whole industry, lest the price increases proposed for the parts should exceed what Ministers could be expected to approve for the whole. This scaling down process could take a long time and produce much disappointment and bitterness.

Not much useful further comment can be offered on the price negotiations aspects of the Review. In most countries Governments and farmers have been negotiating on farm prices either in formal negotiations or by the exercise of pressures. In all countries, including the UK, the outcome has depended to at least some extent on temporary or accidental factors, such as the general state of the economy at the time, the imminence of general elections, world commodity prices, recent domestic harvests, and even the personalities and temperaments of the chief negotiators. All the above defy generalisation, and separately or together would be capable of influencing farm prices by just as much as could be done by the formal structure of its farm support system - deficiency payments, tariff support, State trading, or what you will.

In particular, the writer feels that the general level of farm support in the UK, as distinct from the outcome of a single Review, has not notably depended on the particular forms, procedures and statistics described above. In the last resort farm prices in the UK have not been decided by the proposals of the Minister of Agriculture, with or without the agreement of the farmer's unions, but by the Cabinet, which has to weigh up all the claims on the nation's resources*. Whether at any time the farmers would be judged to have a stronger claim than the doctors, teachers or road engineers would depend in the end on the image of farming received or projected by Parliament, Press and public. A further important submerged background factor has in practice been that of "regional policy". If over the years prices had been determined only

---

* A word of reservation is needed here. It can be assumed that Cabinet Ministers would tend to find farm prices a rather specialised and boring subject; this would give additional weight to the voices of those Ministers most directly concerned, the Minister of Agriculture and the Chancellor of the Exchequer.

for England, they would undoubtedly have been lower than for the amalgam of England, Scotland, Wales and Northern Ireland, the latter three regions being on the whole less well favoured by nature. Regionally differentiated prices would have had few friends and many enemies, and the pressure of regional interests in Scotland, Wales and Northern Ireland (in that order of effectiveness) imparted an upward bias to the prices of several commodities, chiefly the livestock ones.

A more positive (and commendatory) comment can be made on other aspects of the UK Review system (i.e. apart from its effects on the level of farm support). First, its basically statistical nature. All negotiations on prices must to some extent be quantitative, and are likely to be quicker and to gain more general acceptance if both parties are relying on statistics which, if not identical, are fairly equally relevant and authoritative. In the UK it gradually became possible for the statistics used by the Government and the farmers to be not merely comparable in esteem, but at almost all points identical, their accuracy having been agreed by technical experts on both sides before the opening of the Review. Thus at the Review itself the discussion and argument revolved around the inferences to be drawn from the figures, not whether they were or were not correct. Discussions on statistical accuracy in a largish assembly would have been utterly fruitless.

Another valuable aspect of the statistical basis of the Review is the usefulness of statistics in defining the limits within which negotiation is possible, if they are to be concluded within a reasonable span of time. It is customary for all parties to a negotiation to approach it with exaggerated expectations, but these would usually be deflated by one or two days of studying the figures, particularly those emphasised by the opponents. At several Reviews during the 1950s and 1960s the parties started some £40 or £50 millions apart but soon perceived that the effective range could be no greater than £10 to £15 millions.

Another unique, or at least unusual, feature of the UK Review system was its comprehensiveness. If it had been confined to matters which, if found to be in need of amendment or adjustment, were appropriately to be amended or adjusted by varying the prices of one or more commodities, this would have left out a good many matters calling

for remedies of a different kind. In the UK it was found that commodity price adjustments are too blunt an instrument for virtually exclusive use. At successive Reviews almost as much attention has been paid to commodity specifications (i.e. type, grade and season of marketing, which may, on occasion, be little less important than the basic price), and to the qualifying conditions for a variety of subsidies dependent on farming performance (e.g. use of fertilisers). More generally, however, it has been a feature of the UK Review system that through its extreme comprehensiveness it has acted as a trawl, discovering incipient problems before they had time to become really troublesome, and automatically presenting them for consideration and possible remedy.

Small Farmer Policy

This is an aspect of price guarantee policy which became detached from the rest because it became the subject of separate legislation.

In the UK, as in most other countries, there is some correlation between size of farm and efficiency (up to a certain point of size) so that smallness aggravated by lower efficiency can result in incomes not much above, or even below, the generally accepted poverty standards. There has therefore always been some case for Government action to give the smaller farms special help (as was done in a small way between the wars under the name of "smallholdings policy"), but until 1958 there was never much enthusiasm for the idea. In the UK small farmers are eligible for most forms of social security benefit, including income supplementation, and there seemed to be insufficient grounds for doing anything more.

Matters changed, however, when, at successive Annual Reviews the Farmers' Unions increasingly used the low incomes of small farmers as an argument for higher prices for all farmers. In principle this was much the same as using low incomes in Northern Ireland as an argument for higher prices over the whole of the UK, but the small farmer argument, when put forward by the large and obviously prosperous farmers who led the Farmers' Unions, was transparent and blatant enough to be irritating.

Accordingly the Government of the day in 1958 decided to introduce a scheme of special assistance for small farmers, within the general provenance of the Annual Review. Its modus operandi was to offer subsidies to defined classes of small farmer in return for their devising programmes of improved farm operations, which had to be approved and then supervised by the Ministry's technical staff (NAFS). Its purpose was partly to do something to help small farmers and partly to inflict tactical embarrassment on the Farmers' Unions at successive Reviews (as they could not but perceive).

This tactical purpose was achieved and after 1958 small farmers were seldom mentioned. It is less easy to decide whether the small farmer scheme succeeded in what should have been its main aim, since it was imperfectly monitored. A high proportion of the 30,000 farm plans drawn up to qualify for grant involved the production of more milk which, by 1958 was beginning to be too abundant, but on the other hand it was cheap milk (the product of lower cost farming methods)*.

---

* The Small Farmer Scheme also deserves to be remembered for a technical innovation. To define the classes of eligible small farmers in terms of acres or hectares would have been customary and convenient but would have been unfair. A farmer on many Ha. of very rough and infertile hill ground would have been excluded while the owner of 1 Ha. of glasshouse, with a big turnover, would have benefited. It was decided therefore to define small farmers in terms of standard man-days - a measure of size of farm business which by simple statistical manipulation could be derived from the area of crops or numbers of livestock that the farmer was actually tending. For example, one acre of wheat is conventionally supposed to need X man-days of work during a year, one milking cow Y man-days, and so on for all crops and stock. If on a particular farm the total of all these does not reach 275 in a year the farmer is deemed to be not a full-time farmer. If it exceeds 450 he is deemed to be a medium or large farmer. The co-efficients (X, Y, Z etc.) are derived from average performance as assessed in farm management accountancy studies and of course need to be revised periodically.

Production and Improvement Grants, etc.

We have used expressions such as "support system", "level of support", "value of guarantees" and "guaranteed prices" without attempting much distinction between them, but the second and third now require to be defined. "Level of support", i.e. agricultural support, must refer to the total of support given by the State to everyone directly or indirectly connected with the agricultural industry, including landowners, farm workers and even firms supplying farmers with requisites (most of which prospered with farming prosperity). "Value of guarantees" is a more precise expression, embodied in a Statute, and referring to the total of receipt guaranteed to farmers as occupiers and operators of the land whether these receipts accrued by way of prices, deficiency payments or other direct payments by the State (production grants). These last became a matter of some quantitative importance between 1955 and 1970. Beginning in a small way in the 1930s they increased in number and scope until at their peak in the 1960s they accounted for nearly half the total value of the guarantees (together with something further {and outside the guarantees} for landowners, horticulturists and agricultural marketing organisations). In 1969-70 for instance, "relevant" production grants, forming part of the value of the guarantees, amounted to about £110 millions out of £242 millions, while production grants outside the guarantee system amounted to a further £38 millions.

The growth in production grants was motivated chiefly by the wish to promote greater productivity in farming, the method being to subsidise approved practices (e.g. liming and manuring the land), though in some cases this overlapped with the further motive of developing some branch or method of farming which farmers were thought to be neglecting (e.g. calf rearing).

Although these were the chief motives, in the absence of which the production grants system would hardly have become started, some unexpected but advantageous side-effects became apparent. If production grants were large in total, then, for any given value of the guarantees, the guaranteed prices for commodities could be lower. This in turn put less strain on the deficiency payment system, since the closer together the guaranteed prices and free market prices, the less the risk of distortions in the marketing system, the less the risk of fradulent practices, and the easier the support system was to justify in Parliament.

A second advantageous side-effect was to blunt the criticisms which agricultural exporting countries made of British protectionism. These countries were well aware of the British use of production grants to enhance farmers' incomes, but they were more difficult to attack than would have been the equivalent sums added to commodity prices. Similarly, the production grants escaped serious scrutiny during the multi-lateral trade treaty negotiations such as the "Kennedy Round" and were not covered by the formal provisions of the General Agreement on Trade and Tariffs (GATT). GATT made some attempt to evaluate non-tariff methods of protection in various countries, but this was ineffectual and not pursued.

Finally - though whether or not this was an advantageous consequence of production grant policy is debatable - some of the production grants could take the place of an active agricultural credit policy. Where many countries, including European countries, directly or indirectly subsidised special or ordinary banks to lend money to farmers on concessionary terms for approved purposes, the corresponding practice in the UK was to make a grant, often 33 per cent, and then leave the farmer to make his own arrangements for financing the remainder, which might well include borrowing at ordinary market rates of interest, with no special favour in respect of the type of security demanded or terms of repayment.

The more important UK production grants - importance being measured by duration, cost or apparent benefit - were:-

- liming of farmland; application of nitrogen or phosphate
- calf rearing
- support for hill sheep and hill cattle farmers
- tubercolosis eradication
- ditching and draining of wet land
- small farmer scheme (already mentioned)
- promotion of cooperation and cooperative activities

Minor production grants included:-

- beef cows
- winter keep
- silos
- water supplies
- farm business records
- marginal production scheme (for farmers on rough land rather than lower down the hill)
- support for innovatory marketing projects
- promotion of farm amalgamations, etc.
- ploughing up worn out grassland and re-seeding.

It would be pointless to discuss each of these in detail: sufficient to say that there were three main categories:-

support for improvements in method

support for enterprises that were flagging, and

support for some categories of farmers who could not appropriately be helped through the system of guaranteed prices.

In practice the costliest of the production grants were (in 1969-70) fertilisers and lime, calf rearing and hill cows.

We have reserved for separate mention the Farm Improvement and Horticultural Improvement Schemes whose introduction broke new ground. The FIS was concerned chiefly with modernising or adding to the fixed capital of the farm - farm buildings, farm dwellings, water supplies, farm roads, under-drainage, etc. The HIS, available only in respect of horticultural operations, extended the FIS principle to specialised horticultural equipment, and it particularly emphasised fixed capital required for marketing (e.g. grading and packing sheds for apples).

These two schemes made over the years quite a big impact on the agricultural industry. Neither the landowner nor the horticulturist could be benefited directly, if at all, through the price guarantee system, and these two gaps were not only serious in themselves, but had been showing signs of impeding progress in other sectors. For instance, money made available for encouraging the rearing of more calves in order to improve beef supplies, could fail to be used, or be wasted, because the landowner had failed to provide suitable buildings for this enterprise, and could not afford to do so. It is also worth brief mention that the FIS and the HIS were, in a particularly direct way, UK counterparts for assisted credit in other countries.

This is perhaps the right point to comment, in general terms, on the rate at which agricultural production and productivity were increasing. During the period 1955-1970 the increase in farm production, of all commodities together and net of the resources used up, averaged about 2-2½ per cent per annum.

Table 3: Index Numbers of Agricultural Net Output in the UK

(1954-55 - 1956-57 = 100)

Pre-war (late 1930s)	66	1957-58	105
1945-46	85	1959-60	112
1947-48	84*	1961-62	116
1949-50	95	1963-64	127
1951-52	98	1965-66	137
1953-54	103	1967-68	147
1955-56	98	1969-70	144

* Temporarily depressed by frosts and floods in 1947.

Because of the falling use of labour, output per man increased even faster, about 6 per cent per annum, far above the comparable rate for the British economy generally. To refer to these rates of growth in a

sector headed "Production and Improvement Grants" may seem to imply that these deserved the whole credit. That would of course be an exaggeration since a generous level of commodity prices and the normal gains of scientific and technological progress also contributed. But a considerable share of the credit must go to the grant system, which facilitated much that would otherwise have been neglected. Moreover, on the basis that it is one of the functions of a price system to deliver signals to producers, it is arguable that the signals given by the production grants were more clear-cut than those given by guaranteed prices.

New Commodity Organisations and Marketing Facilities

The only new marketing scheme of any importance introduced in the 1955-1970 period was the British Egg Marketing Scheme, 1956, which had a rather brief and chequered history. Its origins can be found in the war-time experience of the Ministry of Food which, in order to procure eggs for urban consumption, set up a chain of several hundred egg collecting and packing stations. These remained after the war and were a pre-requisite for an Eggs Marketing Board, since if a Board could not get its hands on the commodity, there was little else it could do.

Actually the Board never succeeded in getting its hands on more than three-quarters of the eggs, and during most of its history the proportion was nearer 60 per cent. At the outset of the Scheme exemptions had to be given to numerous small flocks (fewer than 50 hens) and to direct sales to consumers. Later, evasions crept in and much increased. Matters were made worse by the mythical but widespread belief among consumers that eggs not stamped with the Board's trademark (a lion) were superior to Board eggs and worth a premium: the existence of the premia, cheerfully paid, despite the usual need for the consumer to travel to the farm and collect the eggs himself, brought the scheme into some disrepute.

But what fatally weakened it was the profound structural change in the egg producing industry which set in during the late 1950s and 1960s. Various technological and entrepreneurial developments brought about the

emergence of a good many mammoth egg-producing units - one owning several million laying hens and others several hundred thousand each. These very large producers had no use for a Board - they were big enough to "go it alone", and regarded the Board as too tender to the interests of traditional small and medium producers, as indeed it had to be. If the large producers had demanded a revocation poll (to determine whether the scheme should be ended) they might well have succeeded since voting was weighted by hen numbers. In fact the Minister set up a Commission of Enquiry in 1968 (Cmnd.3669) which reported that the egg marketing scheme had become redundant; and in 1970 the Minister then introduced legislation to end it.

The same Act set up a Ministerially appointed British Eggs Authority as a successor body, but its functions are too slight to call for further mention.

Home Grown Cereals Authority

This Authority and the Meat and Livestock Commission (to be described shortly) have similar origins. The Farmers' Unions had for some time been agitating for the creation of marketing boards for cereals and meat. The Government could not agree. The products were too diverse and heterogeneous and too volatile in supply and demand; they were also very largely imported commodities, subject to world supplies and prices. Centrally organised trading, carried out by farmers' boards elected by farmers, therefore seemed highly inappropriate, especially since under the deficiency payment system, any losses due to inexperience or incompetence in marketing would automatically fall on the Exchequer. Naturally all the private enterprise trading firms in the cereals and meat spheres were also strongly opposed. In the event the Government decided on a compromise - the creation of "authorities", composed of members nominated by the Government to represent farmers and traders, plus some independent members, to carry out some marketing and other functions, falling short of trading in the ordinary sense.

The Home Grown Cereals Authority has operated the deficiency payment system for cereals on behalf of the Government, promoted the storage of

grain on farms (in place of a disorderly rush to market immediately after harvest), operated a seasonal price scale (to the same effect), organised a market intelligence system, helped set up some cereal co-operatives, and sponsored research into cereals marketing. None of these have been spectacular achievements but they have been accomplished with quiet efficiency.

The Meat and Livestock Commission also has a mixed membership nominated by the Minister. It took over and continued the work of the former Pig Industry Development Authority, which had been concerned chiefly with carcase testing and selective breeding programmes. For cattle and sheep, as well as for pigs, the Commission operated the Government's deficiency payment system. It concerned itself with carcase classification, and can take credit for the much greater frequency with which customers in butchers' shops can find the prices displayed before purchase (and often other descriptive labelling as well). Finally, the Commission has promoted a good deal of scientific and economic research, and has undertaken the provision of some market intelligence.

These are all useful achievements, but the Commission must be judged to have had a disappointing history considering the scale of its responsibilities and resources (much greater than in the case of cereals). In particular, much less has come of carcase classification and grading than was originally promised. No doubt the main responsibility for this relative lack of success must be attributed to the Commission's composition - almost a form of shot-gun marriage between farmers and traders - resulting in lack of consensus and a paucity of constructive ideas. On the other hand, it is only fair to the Commission to point out that the Committee of Enquiry into Fatstock and Carcase Meat Marketing and Distribution (Verdon Smith Committee, 1962 (Cmnd.2282)) which had recommended the Commission's creation, had also found that there was little scope for centralised action to improve the UK's meat marketing, and that there was little foundation for the complaints commonly levelled against meat wholesalers and retailers, that they were incompetent and exploited both farmer and housewife.

The Apple and Pear Development Council (1967) had its origins in an attempt by the National Farmers' Union to promote a marketing board, the functions of which would not extend much beyond the publicising of the commodities. The Ministry of Agriculture's lawyers had to disallow this as not amounting to "regulating the market". Recourse was therefore had to a little known Industrial Development Act, 1947, intended for other purposes, which allowed industries to create Councils, which in turn could collect levies compulsorily and use these for a variety of purposes, including sales promotion.

The Council has conducted or sponsored a small amount of research, but has used at least nine-tenths of its revenues on advertising and other promotional work for English apples and pears. Its success has not been easy to measure since year to year fluctuations in horticultural crops make marketing performance exceptionally difficult to monitor, but almost certainly the growers of apples and pears have received sufficient value for their small levies.

1961 (Covent Garden Market Act)

In 1960 the Government created the Covent Garden Market Authority, with a variety of functions, the chief of which was to plan and carry out the creation of a new market to replace the original Covent Garden market (which first came into existence about 1650) and which had become a by-word for congestion and squalor. In November, 1974, after many delays and postponements, the new market was opened on a site some three miles away.

Covent Garden, which is by far the largest of all British horticultural markets and handles more imported than home-grown produce, was something of a special case which called for special legislation. An Act of 1960, however, (the Horticulture Act, 1960 which also introduced the Horticultural Improvement Scheme) provided finance for the relocation and rebuilding of horticultural markets up and down the country, if the market authorities (usually local government authorities, but sometimes consortia of traders) would take the initiative and contribute to the cost. Fourteen new markets (apart from Covent Garden) have been created under these powers. Similar

developments were of course occurring in France, Germany, Italy, etc., but the English markets were on the whole older and had become more obsolete.

Co-operation

It has been claimed that the world's first co-operative was established in England (Rochdale) in the 1840s, but this was a venture in the field of consumer co-operation, and the UK co-operation did not extend to agriculture to a significant extent until this century. Statistics of the volume of trade handled by co-operatives before World War II are almost completely lacking, but we may conjecture that in 1939 they accounted for 15 per cent of farmers' purchases of requisites (feedingstuffs, fertilisers, etc.) and 10 per cent of farmers' sales. Farmers' credit co-operatives were completely absent but there were a fair number concerned with the control of rabbits and other pests.

In contrast with, e.g. the Rhineland, where co-operatives may number several hundred within a single district, co-operatives in the UK were few but mostly rather large. The more successful of them had grown year by year, partly by attracting new members and partly by absorbing other co-operatives. By 1939 probably no more than ten handled more than half the total co-operative business. Almost all the large co-operatives were multi-purpose concerns - they bought as well as sold on behalf of their members and handled a wide range both of requisites and produce. The single purpose co-operatives were concerned mainly with horticultural products, eggs and wool (but not milk).

Agricultural co-operation has been extolled as a way of life superior to capitalistic enterprise, and as a remedy for structural problems in the industry, on the ground that small farmers will be less disadvantaged if they get together and can act as one large farmer. The first of these arguments has never appealed to British farmers, and the second of them has secured a response not from small farmers so much as from medium farmers. The latter have fairly readily recognised that union is strength; the former have clung to their independence at all costs. Hence in 1939 the large multi-purpose co-operative, which dominated the scene, served small, medium and large farmers with equal

readiness, and proportionately may have done most of their business with medium farmers. Small farmer co-operatives tended to be confined to Wales, where most farms are small, and to specialised horticultural districts of small growers (e.g. Evesham, Lea Valley).

After World War II a new type of co-operative appeared on the scene and spread rapidly. This is called the "group". A group consists of a smallish number of farmers living in the same district and well known to each other; they are single purpose operations, and typically they are registered under the Companies Act, not the 1893 Act relating to co-operatives. These groups rejected the principle of entry free to all in favour of personal knowledge and trust, and they rejected multi-purpose trading as being too diffuse and bureaucratic.

The inspiration was commercial in a fairly narrow sense. The buying groups could secure better terms from manufacturers for large orders; the selling groups could more easily grade and standardise their produce (since there was more to select from) and were better placed to make contractual arrangements with wholesalers and processors. Some of this was true also of the traditional co-operatives, but less apparent in practice. The groups were, and are, overwhelmingly composed of medium-sized farmers, who tend to regard small farmers as being more trouble than they are worth, and as lacking in commercial acument (for which peasant cunning is no substitute). The advantages of registering under the Industrial and Provident Societies Act were very small (a small tax advantage) while on the other hand registration under the Companies Act allowed the distribution of profits pro rata to capital contributed.

For ninety years or more Governments had made encouraging gestures towards agricultural co-operatives, but until the 1950s and 1960s nothing much was done to help them. In recent years, however, there has been quite a burst of interest and help, perhaps because agricultural policy in general has been an active phase, and that better marketing has become a popular notion, which can be associated with co-operation on the ground that smallness of scale is a particular handicap in selling.

Although it was still necessary for public consumption to present co-operatives as a means of assisting small farmers, this did not prevent Governments from recognising the groups (overwhelmingly medium-size and middle-class farmers) as co-operatives for the purpose of qualifying for a new range of grants and for exemption from the Restrictive Trade Practices Act, 1956*. The new grants were introduced at various times during the 1950s but were systematised in 1965 when the Government created a Central Council for Agricultural and Horticultural Co-operation with the duties of promoting co-operation in all its forms and administering the grand-aid system. It will be sufficient description of the latter to say that most forms of co-operative activity qualify for aid of some sort, but that most emphasis is placed on assisting new co-operatives with their initial expenses (or the initial expenses of expansion) and on assisting marketing initiatives on the part of co-operatives. With this impetus most areas and aspects of co-operation experienced growth during the 1950s and 1960s and probably the horticultural sector most of all. This was a response to new developments in the horticultural trades, and in particular to the creation of direct links between the chain-stores and the growers: in general it can be said that for the whole of food and agriculture, new marketing systems, featuring buying and selling on contract for longish periods and fairly large quantities, have tended to favour co-operative rather than individual marketing.

The Government also came to the aid of the agricultural co-operatives by granting them exemption from the Restrictive Trade Practices Act, 1956. This is similar in intent to the relevant clauses of the Treaty of Rome, and to anti-monopoly legislation in most EEC Member States, but in the UK is extremely tightly worded, so that virtually any activity of an agricultural co-operative, and even its existence, became vulnerable. That is to say, the co-operative was

---

* However, the groups did mostly have to re-write their constitutions so as to conform to at least the bare minimum essentials of co-operation: (a) reasonable diffusion of ownership of capital and voting power - no concentration in the hands of one or two entrepreneurs, (b) limitation on extent to which profits can be distributed pro rata to loan or equity capital as compared with pro rata to business done with the co-operative, and (c) entry, if not free to all, must not be discriminatory.

liable to have to defend itself in a court of law, showing affirmatively that its existence and methods were to the benefit of the public at large. The exemptions given by the Agriculture and Forestry Associations Acts of 1962 and 1968 removed this obligation*.

---

* A special sub-section of the Restrictive Trade Practices Act had conferred total exemption from the rest of the Act on the agricultural marketing boards. Without it, they would have been in dire peril, since the interests of those entering into restrictive agreements (i.e. farmers) may hardly be considered under the Act, while those of the public (the consumers) are paramount.

Farm Structure

It is generally accepted that the UK has the best structured agricultural industry in Europe and, indeed, it was their consciousness of this advantage which led many farmers to support the UK's entry into the EEC. One aspect of structure is the proportion of farms which are large enough or fertile enough to be viable economic units when worked by farmers of no more than moderate ability and capitalisation. Another is the presence or absence of excessive fragmentation of farms.

Statistical studies of farm size in the form of frequency distributions of farms by hectare classes are liable to be misleading. They pay no attention to quality of land and in most countries the cultivated land of the farm is worked in association with either rough grazings or woodland which are liable to escape enumeration in agricultural censuses thereby underestimating the farmer's total resources. For the UK the best way round this difficulty is to present a frequency distribution in terms of standard man-days. Here are the UK figures for 1965.

Table 4: Farm structure in terms of SMD Class intervals 1965

	Number of holdings	Percentage of holdings	Percentage of total SMD
0 - 275 SMD	201,400	50	8
275 - 599	96,400	24	19
600 - 1199	66,600	16	26
1200 +	41,900	10	47
	406,300	100	100

("Holdings" are units making separate returns at agricultural censuses: a farm may comprise more than one holding, so that the Table inevitably makes the UK farm structure look a little worse than it is. Of the 406,300 holdings in total, 220,000 were reckoned to be "full-time").

Some difficulty arises in interpreting these figures because they do not explicitly distinguish between full-time and part-time holdings within SMD groups. We can, however, be certain that nearly all the holdings in the lowest SMD group are part-time and, indeed, many are no more than grazing land hired for the season. This should mean that they can be eliminated from any study of structures (unless, perhaps, they were claiming some special regime). Of the holdings above 275 SMD a small proportion are part-time but whether this is significant will depend on whether they are run by paid managers substituting for the nominal farmers who may be business or professional men living many miles away. One important feature of the Table seems to be the substantial number of holdings which in SMD terms are really large, say 1,000 SMD plus, amounting apparently to 30 per cent of all holdings above 275 SMD. But even more important, holdings of 1,000 SMD plus account for over 50 per cent of total SMD, which in effect means over 50 per cent of total output. It will be recalled that 275 SMD represents the equivalent of one man's work for a year so that 1,000+ represents the equivalent of a minimum of 3½ men per holding. As regards regional differences, Scotland has a slightly better structural pattern than the average of the UK and Northern Ireland, on the other hand, a great deal more bias towards the smaller farms. Further subdivision, if practicable, would no doubt disclose small farm bias in Wales and south-western England, and large farm bias over much of eastern and central England.

So far as concerns fragmentation - i.e. the fragmentation of single farms into fields separated from each other by intervening land owned or occupied by someone else, this is virtually impossible to measure by statistical or cartographical means, since without enquiries on the spot fragmentation in that sense is difficult to distinguish from the innocuous cases of composite farms, the members of which may be some Km apart, or the single farm whose fields are separated by no more than a hard public road. For what it is worth the writer is under the impression that in the UK fragmentation which significantly impairs farming efficiency is confined to a few districts, and does not exceed in total the area of one county, say 200,000 hectare at most.

The rather favourable farm structure of the UK can in part be ascribed to Government policies, but the more important of these go back to periods and indeed centuries well before 1870. For instance the institution of primogeniture, which over the centuries has so much hindered the sub-division of farms and estates, would have been difficult to maintain without legal backing. Similarly, the major force positively making for enlargement, the enclosure movements of 1760-1840 (the enclosure and virtual appropriation by existing landowners of most of the common land in the vicinity) required parliamentary approval, which was rarely withheld. But over most of the period of the present study, 1870-1970, there was hardly any overt action to influence the size of farms. Throughout this period the number of farms slowly declined, often by a process of amalgamation and hence an increase in average size, but Governments were content to leave these changes to the unassisted initiatives of owners and farmers. Nevertheless Government action in some respects indirectly contributed to a rise in average farm size, the chief instance being the creation of relative farming prosperity which gave many farmers an incentive to acquire more land.

In 1963, however, the Government introduced for the first time some measures intended positively to affect farm size. One of these was an offer of grants to farmers undertaking expansion by acquiring additional land, to be farmed as a unity with existing land, and the grants were related to the initial costs of this action, such as the re-siting of farm buildings or making of new roads. The other measure was a system of grants intended to induce accelerated retirement on the part of elderly farmers, in the hope that the farms thus vacated would be amalgamated with others.

The attention that improvements in farm structure, to be brought about by member-Governments, has secured in EEC Commission circles, makes one feel that much needs to be said about this UK initiative. In fact there is almost nothing to say. The initiative was a very modest one and has achieved even less than its limited aims. Probably the explanation is not that UK farm structure is already so perfect that there has been no scope for improvement: it is more likely that

offers of grants can do little to influence decisions which will much affect not only a man's business but his style of life as well.

Can it be said, as is often alleged, that in recent years UK Governments have taken positive steps, through their taxation policies, that will worsen farm structure? There are plenty of voices from farmers' and landowners' organisations, and political parties, ready to affirm that the combined effects of progressive income tax, short terms capital gains tax, and Capital Transfer Tax (tax on assets disposed of by gift or on death) have already begun to break up estates and farms, because parts of these have to be sold to pay the taxes, and will increasingly and progressively do so in the future. To pronounce definitely on these matters would require the specialised knowledge of a tax expert and the certainty of a party politician. Lacking both, the present writer will merely surmise that none of the taxes mentioned has had major effects as yet on farm structure, but that they may do so in the future since the effects are likely to be cumulative.

Finally, another aspect of farm structure - enterprise structure - less often talked of than structure in terms of farm size but often as important. Since 1945 a combination of economic and technological factors has brought about a dramatic decline in the average number of separate enterprises undertaken by the same farmer. In 1939 "mixed farming" predominated over much of the country and most farmers sold ten or twelve different kinds of commodities during the year. Farming by 1970 had become vastly more specialised. Eggs and milk were the leading cases, with increases in total production coming from a much diminished number of producers, but the same has been true of moth other branches of farming too. And so the current prevailing pattern is one in which medium and large farms occupy most of the land (although they are in the minority nu number), and it has become fairly rare for them to undertake more than four or five enterprises (apart from the production of obvious by-products). Statistical studies of this subject can be found in "The Changing Structure of Agriculture", 1970, but unfortunately the analyses started only with the year 1960.

Land Conservation

We noticed in Chapter V the beginnings of public concern over the nation's dwindling stock of agricultural land. The Scott Report, which had proposed that the protection of this from alienation to other uses should enjoy an almost absolute priority, was only half-heartedly accepted by the Government and no effective action was taken. Matters changed, however, in 1946 and 1947 when food rationing was at its most stringent and the demand for land for a wide variety of uses, pent up during the war, was now released. The change in policy was triggered by the Government's decision to relieve housing shortages by the creation of "new towns" mostly on green field sites, and according to the town planning ideals of the day, these were designed for low population densities and lavish use of land. Agricultural opinion was deeply disturbed and representatives of it invented the slogan "New towns to starve in". The effects of this slogan were immediate and dramatic. The Government, while continuing its new towns policy, took steps to protect agricultural land from other kinds of development, particularly from private developers.

In the main this protection was given by the ordinary operation of the post-war Town and Country Planning Acts, which make almost all proposals for the development or change of use of land subject to a procedure of inspection and approval. Objections are advertised for, and if these are received and persisted in, a public enquiry is likely to result; such enquiries are also possible even in the absence of objections from local residents. In the cases both of enquiries and decisions made by the local authorities it became possible for agricultural interests, even those not immediately affected, to argue that the change in land use should be disallowed on the grounds of using up agricultural land which could not be spared, and where this was alleged, Inspectors from the Ministry of Agriculture could be called in as technical experts.

Naturally, arguments of this sort did not get much of a hearing when they sought the protection of inferior agricultural land (e.g. heathland or rough grazings), but they were often or usually effective in the cases of good and moderate land. Not all the better

agricultural land was preserved, but the onus was shifted on to developers to prove that no other land was available and suitable for their purposes. Also, developers were put on their mettle to find other land, rather than run the risks of an enquiry which might go against them.

Over the years these procedures have become systematised. For instance, agricultural economists and others produced maps which purported to show, almost parish by parish, where agricultural land of first, second and third quality was to be found, and these maps came to have some value as evidence at enquiries. These are, however, only trifling elaborations on the main theme, which is that Governments refused the absolute protection of agricultural land, which would have ossified land use for many decades, but did much to ensure the selective protection of the better grades of farm land.

PART 2

CHAPTER X

CRITIQUE AND APPRAISAL RELATING TO 1870-1945

In the previous Chapters we have at many points made critical or commendatory comments on the policies there described, but in the main these have been comments on the effectiveness of the policies, their merits being taken more or less for granted. Effectiveness is, however, only one aspect of the rightness of a policy. We also have to consider the basic objectives, e.g. social or defence strategy, which the policies were designed to serve; whether alternative policies devoted to the same or similar ends would have been better; and whether the chosen policies might have produced side-effects to such an extent that the cure could have been worse than the disease.

It is tempting for an economist to set up as a norm, against which the success of agricultural policies may be tested, what the operations of a pure market economy could have been expected to produce anyway. This could be appropriate if the policy was no more than an attempt to curb monopoly power. But in general, if we demand of an agricultural policy that its results must simulate the play of the market, we come near to the paradox of saying that the least effective policies must be judged the most meritorious, because they would have disturbed the market least. Also, to set up the market economy as the norm is to over-idealise it. Agricultural policies have usually come into existence in pursuit of objectives which the market has been deemed incapable of realising in full, if at all, and these perceptions of inadequacy have by no means always been the result of shallow, selfish or corrupt thinking.

The most cogent general cases in which the market may be over-ridden seem to be:-

(a) to achieve greater self-sufficiency, primarily as an insurance against wartime blockade;

(b) to bolster up a weak economy by substituting home food production for imports;

(c) as a matter of equity or social justice, to achieve higher incomes for farmers or farm workers;

(d) to remedy the inadequacies or inefficiencies of various social or economic institutions, inadequacies that have developed within a market economy and persisted as a result either of inertia or privilege;

(e) to correct the tendency of market decisions to be unduly short-term.

Minorities, which were in their day persuasive and not without influence, would have added the preservation of the "family farm" way of life as distinct from obviously capitalistic types of agricultural enterprise, and the preservation too of the cultural values and political stability thought to be engendered by rural environments. These sentiments, however, never became dominant and even when put forward by the most true believers in the mystique of the country and the farm, never resembled that complex of dark mysteries suggested by the expression "blood and soil".

In considering how (and whether) these objectives have found expression in agricultural policies, we must distinguish between the main historical periods comprised within the century 1870-1970. These can be taken to be 1870-1914; 1919-1939 and 1946-1970.

1870-1914

For this period the chief matters to examine are the strategic case for greater self-sufficiency and the case for greater equity between the farming community and the general public. One could also consider such other matters as the efficiency of the agricultural marketing system, but this would run the risk of judging the past by modes of thought and action not dreamt of at the time; and it is best to deal only with those aspects of policy which were, or might easily have been, matters of actual choice. Thus, while the methods of marketing agricultural produce were taken for granted in the 1890s and policies for altering them would have seemed foolish and unnecessary, the advocacy of sustaining national self-sufficiency through the cereal acreage would probably have been heard with respect.

As the general character of the period was one of laissez faire, tinged with non possumus, there are no important instances where one could criticise policies actually adopted. Rather, it is the virtual absence of policies which perhaps invites criticism, and one possible line of criticism is that the agricultural policies of the preceding ten or twenty years were in part to blame for the country's difficulties in World War I when blockaded by U-boats threatened severe shortages of food and timber (for trench warfare), and lack of transport for troops from the USA, any of which could have been fatal. Obviously such matters can only be discussed with confidence by someone who has qualifications in military and naval as well as agricultural subjects, but prima facie, it would seem that shipping could have been released for other cargoes if the UK had been accustomed to produce more of its own food, and the threat of severe food shortage would thus have been more remote.

But the matter is less simple than that. Between (say) 1904 and 1914 eventual war between the UK and Germany must always have been a possibility because of the conflict of naval and colonial ambitions, but no one seems ever to have guessed at the scale, duration and timing of the war which actually broke out. Also, while in a general sense any move toward self-sufficiency would help against blockade, it is by no means easy to foresee and provide against specific shortages. For instance in 1917 it was a shortage of potatoes which caused particular discomfort and surely this could not have been foreseen a decade in advance. One's conclusion must be that there are too many uncertainties about a possible future war to justify a country circumstanced like the UK in undertaking self-sufficiency policies for strategic reasons if alternative courses exist, as proved to be the case. World War I showed to a considerable extent, and World War II even more clearly, that the UK has a remarkable capacity for agricultural expansion even after war has begun, provided that action is speedy, far-reaching and resolute. Despite a slow start, the overall expansion achieved between 1914 and 1919 is unlikely to have been less than 20 per cent and may have been more, and in the event malnutrition of the civilian population was avoided by a fair margin*.

---

* Another aspect of the matter is that in 1914 the UK possessed a merchant marine which accorded with its position as the world's biggest food importing country. Self-sufficiency would have meant fewer ships, and any given number of sinkings by U-boats would have had a greater proportionate effect.

We turn now to consideration of equity between producers and consumers. In the late nineteenth century this would have seemed an unreal and meaningless notion but all the same it was only just below the surface of the actual decision to adhere to complete free trade in foodstuffs even when the terms of trade began to change drastically in favour of consumers. The decision that consumers should reap the benefit of this was not unanimous but none the less was conclusive.

But when we consider the rival interests of farmers and consumers we must ask ourselves who were, and are, the farmers? They are not the same as the agricultural industry: this continues century by century while the farmers change each generation. The farmers of 1870 might perhaps have been owed special consideration by the politicians of 1870 but the politicians of (say) 1910 were dealing with a different set of farmers who had grown up during the changes of 1870-1910 and had had time to adapt themselves.

More specifically, cheap imported grain and meat caused ruin to some farmers and chronic distress to many, but the farmers in question were fairly specialised producers of cereals, and to a lesser extent beef, and they were mostly located in eastern England. Most farmers had little or no stake in cereals and beef, and producers of milk, pigs and eggs actually gained from much lower feed prices. Naturally there was a big shift of emphasis over the decades from the former group of commodities to the latter, and also to horticulture. By 1910 or 1914 these shifts from enterprise to enterprise, sometimes involving a complete change in farm system but more often no more than a change of emphasis, had progressed so far that pockets of distress had become confined to a few districts in which soil type restricted the range of enterprises, while at the same time there was fair prosperity (by the standards of the day) in that part of the country (the greater part) concerned chiefly with milk, sheep, pigs, eggs and horticulture.

From one point of view the decision to maintain free trade was a great gamble. It could have gone wrong and ruined the greater part of the agricultural industry. Other countries in Europe refused that risk. But in the UK the outcome was that at the price of accepting that there must be some pockets of agricultural depression, new opportunities were created for far more farmers, and these opportunities were taken. Thus,

both on socio-economic and strategic grounds, the free trade decision proved in the end to be the right one.

All the same, one must enter a reservation on behalf of the employed agricultural worker. Between 1870 and 1914 his real wage could scarcely have amounted to one-third or one-half of its present (1978) level. He often lived in a cottage that was picturesque from the outside; but inside there was no running water or other amenities; a family of six would consider themselves fortunate to possess more than one bed, and through most of the winter they would be cold and hungry. One can only justify this aspect of agricultural laissez faire by pointing to the many other miserably underpaid occupations of the 1870-1914 period, and the almost universal refusal to recognise any possibilities for ameliorative action by the State.

1919-1939

The general character of this period was one of partial return to laissez faire during the 1920s, followed by an outburst of State action during the 1930s. The two decades can be bracketed together, however, as in their different ways both recognised a case for direct action to support the farming community, but also refused any formal commitment to do so.

In the 1920s the most obvious case of support was the introduction in 1924 of minimum wages legislation for farm workers, and although this had only a small effect during its first fifteen years, it broke new ground. Agriculture did not stand entirely alone, since similar arrangements (Wages Councils) were introduced for a number of other low-wage occupations, but within the agricultural industry the precedent created for farm workers could be used for farmers, though not at first with any success except in the case of sugar-beet growers. Two other developments of the 1920s which have stood the test of time were the expansion of rural electrification and the development of agricultural advisory services. Both of these may have had a more valuable permanent effect on agriculture than almost anything else prior to the Agriculture Act, 1947.

The policies of the 1920s encountered criticism at the time because they did not tackle what was seen then as the main problem, the slide of commodity prices from a peak in 1920-1921 to a disastrous trough some twelve years later. More specifically, Governments were strongly criticised for repealing the Corn Production Act and putting nothing in its place which was directly related to cereals, and indeed nothing else related to commodities, except sugar.

The Government of the day could, we suggest, be justly criticised for so abruptly repealing the Corn Production Act, and nowadays a change of this sort would more usually be made in stages. But one cannot go further than this in criticising the lack of policies designed to uphold commodity prices without finding oneself criticising the continuation of free trade. Granted free entry of imports, world prices must prevail within the UK, in the 1920s as for most of the time since 1870 (or 1846), and it was not until the Great Depression that free trade was effectually challenged. Should it have been challenged earlier in the farming interest? We must remember that the 1920s were a decade of semi-depression throughout the UK economy with unemployment ranging between one and two million all the time. Even if most consumers could, at a pinch, have afforded to pay the higher food prices which a regime of protection for agriculture would have brought about, some four million families (say 1½ million unemployed and 2½ million low wage or broken families) could not. Also, any Government proposing to introduce protection for agriculture would have encountered the objection that agriculture was in a less parlous state than cotton, coal and ship-building, none of which could be much helped by protection*.

---

* There is also a statistical consideration which probably escaped notice at the time. A large part of the cereals grown in the UK was retained on farm of origin for animal feeding but if we look at traded cereals it is probable (as we saw in Chapter V) that the amounts collectively bought by UK farmers exceeded the amounts sold. It follows that if the free trade principle had been breached for cereals - the most likely candidate - the effects would have been mainly distributional and the net benefit rather doubtful.

On balance it would seem that the Governments of the 1920s cannot be much criticised either for what they did or failed to do, even though both the general economic situation and the specifically agricultural one were worsening. Nor can it reasonably be claimed that the partial reversal of policies in the 1930s was wrong. The dividing line between the 1920s and 1930s was the Great Depression which hit the UK early in 1930 and remained in its acute phase until 1933. This event, unprecedented in intensity in economic history, altered nearly all magnitudes, values and priorities.

The salient features of the 1930s were the Wheat Act, 1932, the introduction of quantitative restrictions for some food imports under the aegis of the Market Supply Committee, and the creation of Marketing Boards. The first two of these were overtly protectionist measures, although only on a small scale. But limited in scope and fairly slight in effect as they were, they breached a principle and created precedents for the future. The reasons given for this new departure were the parlous state of agriculture and of the economy in general, and the occasion for it was the emergence of a "National" Government dominated by the Conservative Party, whose attachment to free trade had never been very strong. But the real justification was the great change in the terms of trade between food and other commodities which occurred during the Great Depression. While the real wages of industrial and commercial workers appreciably increased, the real incomes of almost all farmers abruptly fell, and many small farmers became no better off than the recipients of public assistance. In these circumstances, to continue to accept foodstuffs from all over the world, often at prices below cost of production (as was particularly common during the depression) would have been to sacrifice expediency and justice to dogma.

The Marketing Boards were very much creatures of their time. Their first aim was to produce the equivalent of tariff protection for commodities mostly produced at home, by putting it in the power of producers to extract more from consumers. The second aim was to reform the marketing system for some commodities.

The first of these objectives was obviously inspired by that feature of the 1930s which we have already considered under "terms of trade".

But the Marketing Boards were distinctive emanations of the 1930s in two other respects. The first was that the large-scale subsidisation of British agriculture at the expense of the taxpayer was not yet on the political horizon, so that any extra money for farmers had to come from consumers. Another 1930'ish feature of the marketing board policy was the acceptability in all political circles of monopoly power if it purported to be used in a deserving cause. By 1956 the pendulum had swung well to the other extreme, and trade agreements falling well short of monopolies were falling foul of the Restrictive Trade Practices Act.

So far as concerns the improvement of marketing systems, in the sense of reducing costs between farmer and consumer, it is the writer's view that of the Boards set up during the 1930s only the Milk Marketing Board for England and Wales can claim to have achieved anything significant.

The marketing board policy of the 1930s can therefore be criticised on two grounds. First, too much power was given to the farmers. It was in practice rarely abused but the creation of statutory monopolies to be operated by bodies of private persons is wrong in principle. The most that should have been conceded was the creation of mixed boards, composed of farmers only up to 50 per cent. The Governments of the 1930s are also to be criticised for treating the improvement of marketing systems by the Boards as little more than a mask which could be taken off so soon as Parliament had approved monopoly powers.

CHAPTER XI

CRITIQUE AND APPRAISAL RELATING TO 1946-1970

Production, Prices and Incomes

This 24-year period saw far more developments in agricultural policy, and more important ones, than the previous 76 years, apart from 10 years of war. It is not possible to discuss more than a selection of these matters and those that stand out as the most important are the Governments' commitments to promote production and uphold prices and incomes, the levels of each that were sought and attained, and the methods used for doing so.

When we speak of Government policy on the level of production some caution is necessary. The years 1946-1970 were a period of rapid scientific and technological advance - new and better farm machinery, seeds, pesticides, herbicides, fungicides, etc. and the effective control of animal diseases. Over the same period farm business management made advances which, while less conspicuous and less glamorous than the technological achievements, were also highly effective. It is tempting for anyone concerned with agricultural policies to make them almost exclusively responsible for the greater part of what actually happened, and the temptation is particularly strong for the period 1946-1970 when Governments encouraged and promoted agricultural expansion in almost every way that occurred to them. But it is almost certainly the case that for technological and allied reasons some expansion in the volume of output would have occurred anyway, and it may even have been the greater part.

We must also decide whether Government decisions related primarily to production on the one hand, or prices and incomes on the other. Did Government decide first what output it wanted and then fix the prices which seemed likely to secure that output? Or did it decide what levels of price (and hence of income) the farmers deserved, and then wait to see what output resulted? As output and prices were both considered at the same Annual Reviews it is not easy to decide by observation which was dependent on the other. The writer feels, however, that most of the truth lies in the proposition that levels of output, not of prices or farmers' incomes, were the dominant consideration even when, as could happen, output

targets were not clearly expressed and might have to be inferred from prices*.

The measurement of output over a longish period is, except for some individual commodities, a statistically unsatisfactory exercise, and if we want to compare with pre-war the most we can say is that 1946-1970 closed with an output level rather more than double that of 1939. Obviously neither the population nor the standard of food consumption per head, nor the combination of these, had increased by anything like this. Most of the extra home output was used for replacing imports of food and feedingstuffs (quite importantly the latter). Because in 1939 the Commonwealth countries collectively had been the UK's main suppliers, they bore the main brunt of the contraction in the UK's import trade. This forced them to find other trade outlets and that in turn had the unintended consequence of facilitating the UK's accession to the EEC.

The doubling of a mature country's agricultural output over much less than a generation is large and dramatic even granted that in the case of the UK the base date level was low (less, for instance, than West Germany, and much less than France) and even granted also that (as we have seen) much of the increase would probably have occurred in any event. But what influenced the various Governments of the period, Conservative, Labour and Coalition, to do their part in bringing about such a transformation?

---

* No doubt a contrary impression could be derived from the facts that the Government's decisions reached after each Review were couched in price schedules and that most of the Review argumentation related to prices. On the other hand, to the extent that the Government's agricultural policies were aimed at conserving foreign exchange by replacing imports, it was the quantity of home output that counted and the price paid for it was hardly relevant. Similarly it was the level of output rather than prices that in practice encountered the most difficult constraints. For instance, it was output levels, not domestic prices, that the UK had to justify to Commonwealth Governments, EFTA, and GATT. Again, levels of output determined the Exchequer cost of the policies as much as did price levels, or even more. For instance, under the deficiency payment regime, if the price was 5 per cent too high, the subsidy was also 5 per cent too high; but if the quantity was 5 per cent too high, the subsidy could be 10 or 15 per cent in excess because the extra output would depress the market.

Somewhat different motives prevailed over different part of the period. At the beginning - say 1946-1951 - the chief factors were first, hunger - the wish to return to pre-war standards of food consumption as soon as possible, second, a feeling of gratitude to the farming community for their wartime efforts and third, a realisation, which set in soon after the immediate euphoria of victory, that the nation's foreign exchange reserves were exhausted and looked like remaining critical for many years. Later it became accepted that shortage of foreign exchange was no temporary problem that would soon disappear as the nation's export trades recovered, and that the country had suffered a decline in relative competitiveness which would make foreign exchange shortages a continuing constraint. It also became realised that those of the nation's post-war socio-economic policies that can be summed up in the expressions "full employment" and "the Welfare State" implied that average food consumption would need to rise significantly, since the previously deprived sections of the community would increase their spending on food before most other things.

The above are motives which would appear to have weighed with Ministers, including the Chancellor of the Exchequer. The Farmers' Unions had of course further motives and further objectives. In the 1920s and 1930s their chief aim had been to secure stability of prices and incomes (though with only very limited success). After the war the quest for stability continued but was in the main replaced by demands for what the Americans were now calling "parity" - with those sections of the non-agricultural population deemed to be comparable.

It would be as well to mention briefly what the UK's policy objectives did not include. In the UK there was and is little of the sentiment, not uncommon in France and West Germany, that self-sufficiency is a virtue in itself and that the home farmer is entitled to absolute priority in the home market. Occasionally claims of this sort figured in the rhetoric of the Farmers' Unions but were not taken seriously. Again, the rather superior farm structure of the UK meant that price policies did not have to be seen, as in the "old" EEC as a sort of substitute for structural reforms - keeping farmers in comfort until their numbers could be reduced. Perhaps the actual results of

the UK's policies were not so much different from those of the "old" EEC, but to an important degree the motives were different. In West Germany, for instance, the reasons usually put forward for high farm prices have appeared to bear little relation to the requirements of the German economy as a whole and in most of the "old" EEC countries there has seemed to be a respect for the peasant way of life, and a desire to preserve it, that have long been extinct in the UK.

In addition to considering objective factors like the balance of payments as forces making for expansionist policies, peoples' attitudes and the pressures they were able to exert need some examination. The writer, when alluding to these aspects, has attached most importance to the favourable image of farming among the general public, mirrored as it was in Press and Parliament, the pressure of the Farmers' Unions and the pro-farmer sentiments of most Ministers and their top civil servants. There is, however, an alternative view, to the effect that agricultural policies were determined by a need to appeal to the farming vote in marginal constituencies (or "seats").

No one, whether or not he subscribes to this view, would for a moment doubt that in a democratic country decision-making for agricultural policy is a political process. This of course is true of all policy-making: policies are intended to appeal to as many people as possible and offend as few as possible, and the Government would hope to be rewarded both by a consciousness of virtue and the more tangible benefit of subsequent electoral success. The "electoral" view, however, goes further than this. It implies that policies are presented to the public in their capacity of voters, not citizens, and that electoral advantage would be sought irrespective of the merits of the proposed policy. Further, in the case of the UK, where the outcome of a General Election may be decided in fewer than 100 constituencies out of 615, the "electoral" view implies a careful calculation of voting patterns in the still smaller number of constituencies with a sizeable proportion of agricultural voters (20 per cent or more).

An interesting discussion of the agricultural vote is given by Drs. Self and Storing writing in 1961. The number of constituencies in which the agricultural vote could conceivably be decisive can be estimated

at anything between 4 and 37 according to the criteria used. Four is probably an under-estimate but even if the number be 10 or 12, it seems hardly relevant. Agriculture is not the only special interest which politicians would like to court. There are also marginal seats with respect to cotton textiles, shipbuilding, fisheries, etc. etc., and any Government which tried to buy the votes of even half these special interests would tie itself into knots. Moreover, it can reasonably be assumed that the Whips and other managers of Parliamentary business are well aware of voting patterns in small majority seats and would take action to deflate any Minister who tried to exaggerate electoral risks in order to pressurise his colleagues. In any case there is no evidence at all that any direct appeal to the agricultural vote would be successful. There were occasions during the 1950s when the Labour Party flirted with it but the lack of success merely confirmed that most farmers vote Conservative even if they consider that their personal interests point to a vote for Labour, and are not inclined to change their ways.

Another aspect of the "electoral" view is the belief that Governments were more or less obliged to give way to the pressures of the Farmers' Unions for fear that the Unions might call on their members to vote anti-Government. There were, it is true, occasions between the wars when the connection between the English Union and the Conservative Party was fairly close and it is on record that when the Unions were bitterly dissatisfied with (say) a Price Review award, the denunciations of the Government which they addressed to their members were decidedly forthright. There were even occasions when the Unions adopted obstructive tactics in the countryside such as threatening to withdraw farmer members from County Committees and make life difficult for Ministry officials. But in general the Unions have fairly consistently eschewed involvement in party politics and have made a great virtue out of being politically neutral. The reasons are not far to seek. The Unions must have realised that farmers would be as little likely to change their voting habits in response to Union persuasion as in response to persuasion from politicians, and as soon as this impotence was exposed the Unions would have suffered in prestige and credibility. But further than that, the late 1940s and 1950s saw a major re-orientation of the Unions' political interests by which they became in important respects

partners with the Government. For instance, they shared in the determination of prices and production objectives; they expected to be consulted on any significant changes in policy or administration; any complaints or representations endorsed by a Union had to be taken very seriously, and in effect they nominated most of the members of County Committees, Marketing Boards and a wide variety of other statutory or semi-statutory bodies. As Self and Storing have observed "the Union(s) therefore accorded priority to (their) connections with Whitehall, regulating (their) relations with Westminster in the light of this paramount aim".

To conclude this discussion, therefore, we regard the motivation for agricultural expansion as having arisen mainly from objective factors pointing to this course or that, without much regard to popularity; in fact agricultural expansion was popular because farming was well-thought of; Governments were at all times full of political awareness and presented their policies with maximum advantage to themselves, but specific electoral calculations were rare enough to be negligible, and if a visible electoral reward had accrued it would have been treated as an unexpected windfall*.

The increase in output involved most commodities - milk, barley, wheat, eggs and broiler chickens most of all, and beef, potatoes, oats relatively little. (Ultimately the production of the last two of these fell below pre-war). It can be argued that from the late 1950s onward the production of milk was excessive and probably the same about eggs and potatoes, while on the other hand extra supplies of beef, wheat and barley could have been absorbed with little difficulty. In general, however, the balance and emphasis of the expanded output has seemed to be sensible.

Farmers' incomes are of course governed by their costs as well as prices, though the Government's control over the former can only be

---

* We cannot resist citing a further remark of Self and Storing (1971 edition, p.232) to the effect that the close partnership of Government and Unions inhibited the production of agricultural policies and programmes from all other possible sources. Believing as we do that the policies actually adopted derived from facts rather than ideas, we cannot regard this observation as important but it is certainly interesting and by no means exaggerated.

slight. Taking prices and costs together and disregarding year to year fluctuations, it would seem that during 1946-1970 farmers' real incomes rose, though only gently, since the big increase over pre-war had occurred already. Outside farming circles the course of farm incomes attracted little attention. Had it become a matter for discussion most people would have accepted as right and proper that farmers had permanently improved their relative economic standing, all the more so because of the widespread post-war acceptance of egalitarian ideals, while at the same time the supposition, put forward by the Farmers' Union as a fact, that agriculture had been shamefully neglected between the wars, touched many a conscience. The public seemed also to accept that Governments had been right to make the maintenance of farming income a formal commitment, expressed in language made as binding as possible, and that this commitment extended to assured markets and hence the level of output. What might be called the enormity of these commitments, contradicting a hundred years of history during which they had been refused, escaped attention. So too did the fact that that section of the community - the farmers - to whom these undertakings were given, had ceased to be under-privileged but on the contrary was now affluent so that farmers were being supported by taxpayers who on average were distinctly less well off than themselves.

There were plenty of economists, however, to question both the production and price policies of successive Governments. Criticism of the former was basically along free trade lines - it was foolish to pay more at home when the same food could be imported for less. To bolster up a chronically weak foreign exchange position by boosting one industry (agriculture) was to mask the real trouble (insufficient competitiveness in manufacturing industry) and apply an inappropriate remedy. Internally a policy of artificially increasing agricultural production and prices must give rise to innumerable distortions and a dangerous amount of dirigisme. Criticisms of the level of farm incomes were on the whole less pointed since excess incomes were (rightly) seen more as a symptom than a cause. The alternative courses in their view were (i) to select some other industry, e.g. shipbuilding or iron and steel, for massive selective aid, (ii) across-board tariff protection, and (iii) devaluation. If choices of these kinds have to be made it does not appear that the criteria are exclusively economic.

If we look at farm prices and incomes mainly as a means to the end of achieving a higher agricultural output, our appraisal of these can be concerned only with their effectiveness. It is not to the point that, as some critics maintained, farmers were put into a position of unwarranted economic and social privilege. Were the prices and incomes too high, too low or just right to secure the express or implied levels of output? In the writer's view, rather too high. It is of course obvious that if the object is to increase output, prices must be generous so as to provide incentives and finance investment. But by the 1960s it was becoming doubtful whether they were still having those effects. The relativities of the prices of individual commodities certainly remained important in shaping farmers' decisions, but towards the end of the period the effect of the general price level was no longer at all clear.

Ways and Means

The more interesting features of the means used for translating policies into effect were the Annual Review, production and improvement grants, and the deficiency payment system. Nothing further needs to be said about the virtue of a comprehensive and periodical review, rigorously statistical in nature, as a means of exposing problems, suggesting remedies and measuring progress. It is to be hoped that the EEC Commission will find it possible to move closer to the UK model as statistical sources improve. The production and improvement grant feature of UK agricultural administration can, we think, be commended as having been more effective, and probably cheaper, in securing particular production objectives, than would have followed from an equivalent addition to commodity prices.

But still more important - and notably in contrast with EEC practice - was the deficiency payment system. This allowed commodity markets to behave freely, with a minimum of distortions; placed the cost of agricultural support on the taxpayer rather than the consumer, so that each individual's contribution to its cost was related to his ability to pay; and resulted in figures for the cost of the policies (or most of them) coming automatically to the attention of the Treasury and of Parliament. One can, of course, exaggerate this contrast with the EEC since those forms of support which manifested themselves in intervention

buying equally became matters of budgetary concern, but much farm support in the EEC up to 1970 took the form of higher prices sustained by levies on imports.

Naturally the deficiency payment system was chosen by reference to the particular circumstances of the UK - a country in which agriculture contributed only about 5 per cent of GNP (at that time) and still relied on imports for 35-40 per cent of its food. Such a system would no doubt have been much too costly on the Continent. It was, however, nearly ideal in the UK and its merits blunted many criticisms of the basic policies for which the deficiency payment system was the instrument.

Conservation

The last remaining subject is the conservation of agricultural land. During the 1920s and 1930s the English countryside (and here one means England rather than Wales, Scotland or Northern Ireland) had been ravaged. Town and country planning was virtually absent; towns were allowed to sprawl into the countryside on the decisions of independent developers; anyone who wanted a particular site for a housing estate, a factory or a gravel pit had only to offer the market price, and visual pollution by reckless siting and design went almost unchecked. The depressed state of agriculture intensified the willingness of landowners to sell, and the industry lost large tracts of land, including much of the choicest, since in general land which is choice for agriculture (level, well-drained, etc.) is valuable in most other uses.

In the long-term the action taken by various Governments during 1946-1970 to conserve good agricultural land and bring some order and coherence into land development may come to seem the best of all. The policies adopted for agriculture and the countryside, are more important than anything else discussed so far. Of course there will always be people to claim that a free market in land is capable of doing all that is necessary, including making the correct allocations of land between agriculture and other uses, and that only the most blatant abuses of private enterprise need to be checked. The alternative view, to which the writer subscribes, is that land is an asset of which the utility has to be estimated over centuries, while the values of the market place are, at their longest, governed by the span of a

man's working life. The Governments of the 1920s and the 1930s may well be criticised for their neglect of these matters, and those of the post-war period correspondingly commended.

Most of the observations made in Part II, covering the whole period 1870-1970, have been favourable ones, contrary to the general style of critiques, which have to be criticisms if they are anything at all. It may be that the tone of this Chapter has been influenced by the writer's temperament and some thirty years experience in the Civil Service. This has suggested that the British political system will as a rule produce the right rather than the wrong policies and avoid pursuing any of them to extremes. In other sectors and aspects of the British economy correct policies have again and again been frustrated by failures of competence or goodwill at the factory level, so that the country has descended in the European league table of economic performance. Happily, agriculture is an exception, to which sound policies and a willingness to make them work have both contributed.

BIBLIOGRAPHY

AGRICULTURAL REGISTER, Oxford, Agricultural Economics Research Institute, 1933-39 and 1956-57.

ANNUAL REVIEW AND FIXING OF FARM PRICES, 1951-54 and (continuing the same series with a change in title) Annual Review and Determination of Guarantees, 1954-70. HMSO, Annual Command Papers.

ERNLE, LORD., History of English Farming, Past and Present. London, Longmans, 1911.

HAMMOND, R.J., History of Second World War - Food. London, HMSO (three vols. 1951, 1956, 1962).

HUNT, K. AND CLARKE, K., State of British Agriculture. Oxford, Agricultural Economics Research Institute, 1966.

JAMES, P.G., Agricultural Policy in Wealthy Countries. Sydney, Angus and Robertson, 1971.

MARTIN, ANNE., Economics and Agriculture. London, Routledge and Kegan Paul, 1958.

MIDDLETON, T.H., Food Production in War. Oxford, Clarendon Press, 1923.

MURRAY, K.A.H., History of Second World War - Agriculture. London, HMSO and Longmans, 1955.

ORWIN, C. AND WHETHAM, E., History of British Agriculture, 1846-1914. London, Longmans, 1964.

PERRY, P.J., British Farming in the Great Depression, 1870-1914. Newton Abbot, Devon, David and Charles.

SELF, P. AND STORING, H.J., The State and the Farmer. London, Allen and Unwin, 1962 and 1971.

VENN, J.A., Foundations of Agricultural Economics. Cambridge University Press, 1933.

WHETHAM, EDITH., The Economic Background to Agricultural Policy. Cambridge University Press, 1960.

WILLIAMS, H.T., (ed.). Principles for Agricultural Policy. Oxford University Press, 1960.

LA POLITIQUE AGRICOLE BRITANNIQUE DE 1870 A 1970

TABLE DES MATIERES

PREFACE

L'agriculture joue un rôle fondamental dans le développement social, économique et politique des nations. Elle est, par suite, considérée par la "Anglo-German Foundation" comme un terrain de recherche lié à son centre d'intérêt: l'étude des problèmes des sociétés industrielles occidentales.

Ceci est d'autant plus important aujourd'hui que les sociétés occidentales sont concernées par les problèmes agricoles non plus seulement dans un cadre national, mais dans celui, supra-national, de la Communauté Economique Européenne.

De plus, les traditionnelles différences d'approches des problèmes politiques des secteurs agricoles en République Fédérale Allemande et en Grande-Bretagne constituent une justification supplémentaire pour la rédaction de ces deux rapports parallèles.

Ceux-ci visent, avant tout,à développer notre connaissance des déterminants historiques des positions prises par les différentes fractions des sociétés britannique et allemande, agriculteurs, hommes politiques, hommes d'affaire, et représentants des gouvernements, dans l'élaboration de la Politique Agricole Commune menée par la C.E.E. Par là même, les auteurs espérent encourager une plus grande compréhension des politiques réciproques.

L'agriculture fournit des ressources autant qu'elle en absorbe et constitue en tant que telle un élément fondamental de l'urbanisation et de l'industrialisation croissantes des sociétés occidentales. L'étude de l'agriculture comme l'un des secteurs économiques concurrents pour ce qui est de l'attribution de ressources, nous mène à celle de la productivité marginale, de la valeur ajoutée nette, et de la mobilité des ressources entre les différentes branches de l'économie. Au cours de cette étude surgit le problème de l'efficience relative.

L'efficience,ou l'efficacité, peut cependant être définies en relation avec des objectifs tant techniques, qu'économiques ou sociaux. Elle peut être definie comme une mesure de la relation inputs/outputs dans un sens économique ou technique. Elle peut être également définie

comme le degré d'achèvement d'objectifs pré-définis. De tels objectifs peuvent être établis par un "entrepreneur" individuel. Ils peuvent également se trouver dans des programmes politiques approuvés par la législature et le gouvernement d'un pays. C'est cette dernière définition de l'efficience qui a amené les auteurs à penser qu'il était nécessaire d'étudier l'evolution de la politique agricole et des formes d'intervention du gouvernement avant de pouvoir se prononcer sur l'efficience comparée des deux agricultures.

La tâche qui consiste à décrire le développement de l'agriculture et des politiques agricoles a été confiée à deux auteurs. L'agriculture allemande est décrite par Robert Cecil, la britannique par John Kirk; leurs différentes expériences professionelles a inévitablement débouché sur des différences dans l'approche, le contenu, et la présentation. Robert Cecil a servi dans le corps diplomatique de 1936 a 1967, notamment à l'ambassade britannique à Bonn. En 1968 il fut nommé Maître de Conférences en histoire allemande contemporaine et devint finalement Président de l'Ecole des Etudes Européennes Contemporaines de l'Universite de Reading. Le tableau qu'il dresse de l'Allemagne est celui d'une personne extérieure à l réalité qu'elle étudie, mais habitué à analyser la signification politique, sociale, et économique des événements et des idées.

John Kirk rejoignit le Ministère de l'Agriculture et des Pêcheries (c'est ainsi qu'il s'appelait alors) en 1932, au moment d'un changement fondamental d'attitude du gouvernement vis à vis de l'agriculture qui se traduisit par un développement considérable de son intervention dans celle-ci. Il resta dans ce Ministère pendant quelque trente ans, et devint chef de la Division des Etudes Economiques et Statistiques et fut alors nommé Professeur de Marketing à Wye College. Par suite, son histoire est celle d'un acteur de la scène agricole, étroitement associé aux discussions et à la prise des décisions au cours d'une période où l'intervention de l'Etat est devenu l'un des traits dominants de l'évolution de l'agriculture britannique.

Dans toutes les recherches historiques, il faut avoir une date de départ. En ce qui concerne l'étude des agricultures et des politiques agricoles britanniques et ouest-allemandes 1870 semble s'imposer. Les pays sont alors confrontés à un même phénomène extérieur, à savoir l'arrivée

de céréales à bon marché du Nord de l'Amérique et de produits du bétail de l'hémisphère Sud. Chaque nation adopta en fait une attitude différente face à ce nouveau facteur.

Le Royaume-Uni choisit alors la voie du Libre Echange et de l'alimentation à bon marché, qui développerait sa compétitivité dans le domaine industriel et ses liens avec son Empire d'outre-mer qui était un très important fournisseur de matières premières et de produits alimentaires. La traduction de ce mode de pensée peut être constatée dans le système des Préférences Impériales des années trente et même dans les arrangements particuliers avec la Nouvelle Zélande dans le secteur laitier, et avec le Commonwealth pour le sucre, lors des négociations en vue de l'accession du Royaume-Uni à la Communauté Economique Européen.

L'Allemagne a poursuivi une politique de Protectionnisme à la fois dans le secteur agricole et dans l'industrie. Comme Cecil le souligne "la Loi sur les Tarifs Douaniers de 1879-1880 a amené l'industrie lourde et les grands domaines à se ranger derrière Bismarck. Leur effet était d'affirmer la pouvoir politique des Junkers et de sauvegarder un secteur agricole substantiel au sein de l'économie."

Cent ans plus tard, les modes d'expression fondamentaux de ces politiques opposées existent toujours. Il n'est que de voir les prises de position et les déclarations des Ministres de l'Agriculture de la Communauté. Josef Ertl et John Silkin, les Ministres de l'Agriculture ouest-allemande et britannique, sont tout autant prisonniers de leur histoire nationale que portes-parole de leur gouvernement.

Si le Libre Echange est un des traits dominants d'une politique où les forces de l'économie de marché sont laissées libres de dominer, alors, pour reprendre les mots de John Kirk, "les cas dans lesquels on ne tient pas compte du marché semblent être en général les suivants:

a) pour réaliser une plus grande auto-suffisance, en premier lieu comme une assurance contre le blocus au cours d'une guerre;

b) pour soutenir une économie faible en substituant les produits alimentaires nationaux aux produits alimentaires importés.

c) sur un plan d'égalité ou de justice sociale, en vue d'assurer aux agriculteurs ou aux ouvriers agricoles, de plus hauts revenus;

d) pour remédier aux défauts de différentes institutions économiques et sociales, défauts qui se sont développés au sein d'une économie de marché, et se sont maintenues comme le résultat de l'inertie ou des privilèges;

e) pour corriger les tendances des décisions du marché trop orientées vers le court terme."

Le trait commun de ces deux présentations des agricultures britanniques et allemandes, est en fait l'histoire qui explique pourquoi et par quels moyens on n'a pas tenu compte des forces du marché et comment ces mêmes forces se sont manifestées au sein des structures et des institutions agricoles.

Dans la période qui va de 1870 à 1933, les différents gouvernements qui se sont succédés en Allemagne sont intervenus sous des formes qui ont directement affecté le développement de l'agriculture. Par suite de celles-ci, l'Allemagne a entrepris de développer une autarcie économique en vue de se préparer pour une guerre. Son entière économie passa sous la direction de l'Etat, à un degré jusqu'alors inconnu en temps de paix en occident. L'agriculture allemande et ses institutions représentatives firent l'objet d'une réglementation détaillée voire d'une enregimentation, qui font apparaître, de par la description de Robert Cecil, une parenté plutôt allemande que française ou néerlandaise, pour ce qui est de la forme et des caractères des marchés dirigés de la Politique Agricole Commune.

Kirk note pour sa part qu'au cours de la même période, les politiques agricoles britanniques n'ont jamais considéré l'auto-suffisance comme une vertu en soi ou encore que l'agriculteur national devait avoir une priorité absolue sur le marché national. De telles attitudes peuvent être considérées comme la conséquence de la permanence de la relative influence des intérêts agricoles sur le continent européen. On pourrait cependant suggérer que le développement des relations avec le continent européen a pu exercer une influence sur les attitudes des Britanniques vis à vis de la priorité à accorder à l'agriculture britannique sur le marché national. Il n'est que de citer l'exemple des pommes de terre et du lait.

Alors que l'équilibre des ressources naturelles est relativement similaire dans les deux pays les différences existant au niveau des objectifs sociaux, économiques ou politiques des agricultures des deux pays tendront à développer des différences dans la structure de celles-ci et leur utilisation des ressources existantes.

Si par exemple l'un d'entre eux s'efforce de réaliser un plus haut degré d'auto-suffisance que l'autre, dans les produits agro-alimentaires "tempérés", cela aboutira presqu'inévitablement à une hausse relative des prix offerts aux agriculteurs pour produire ces quantités supplémentaires et compenser l'importance des coûts marginaux qui découlera d'une telle politique. Tel est le cas actuellement en Allemagne Fédérale et en Grande Bretagne.

En 1870, l'Empire Allemand et le Royaume Uni avaient un territoire, une population et des ressources naturelles très différentes. Mais pour ce qui est des trente dernières années, il y a eu une remarquable similarité au niveau de ces facteurs de base, y compris à celui de la technologie agricole et non agricole. La population totale ouest-allemande est de 61 Millions, la britannique 56 Millions, et la S.A.U. totale des deux pays ne diffère que de 6000 hectares. Si l'on garde en tête cette relative similitude, les comparaisons dans le domaine de l'utilisation des ressources, et de leur productivité dans l'agriculture sont des plus intéressantes et instructives.

Le troisième rapport regroupe 38 "paires" de séries statistiques chronologiques relatives au développement des secteurs agricoles en Allemagne de l'ouest et au Royaume-Uni pour la période 1870-1975. Quarante séries similaires avaient déjà été construites pour l'Allemagne par le Professeur Adolf Weber de l'Université de Kiel. Il fut alors décidé d'élaborer des séries comparables pour le Royaume-Uni et d'étendre les deux catégories de séries jusqu'en 1975. Le lecteur pourra améliorer sa compréhension des deux premiers rapports en se référant aux séries statistiques correspondantes. Cette étude établit les zones pour lesquelles on a réussi à faire la comparaison (ou bien celles où l'on a échoué, suivant les cas).

Les problèmes liés à l'analyse statistique de multiples séries chronologiques, en particulier dans le cas des aggrégats, sont énormes, et dépassent le cadre de cette étude. Cependant, la description historique tente d'expliquer à l'aide de certaines données supplémentaires, la pertinence des informations relatives à la comparaison du développement des agricultures allemandes et britanniques. Nous nous permettons, d'autre part, d'espérer que ces informations constitueront une base solide pour des recherches futures.

Nous avons commencé ce commentaire par une référence à l'apparition d'un facteur économique commun aux deux pays - les céréales à bas prix de l'Amérique du Nord. Il se terminera par la référence à un facteur politique commun - le Traité de Rome et la création de la Communauté Economique Européenne et de la Politique Agricole Commune. Le problème général quant au futur est de savoir comment les politiques agricoles si différentes de l'Allemagne de l'ouest et du Royaume-Uni peuvent être en quelque sorte introduites dans la P.A.C. Le recours aux importations de produits alimentaires en Grande-Bretagne lié à une détérioration de la compétitivité industrielle, en dépit des bas prix alimentaires abouti a une balance des paiements déficitaire temporairement améliorée par le pétrole de la Mer du Nord.

La République Fédérale Allemande, pour sa part, a, comme la majorité des autres Etats membres de la Communauté, continué à trainer le boulet des problèmes de structure, des hauts coûts de production, et des disparités de revenus. Cependant, comme le remarque Cecil "en général, l'agriculture chère et l'alimentation chère ne seront pas considérées en Allemagne de l'ouest comme des fardeaux intolérables tant que la production industrielle sera florissante, que les hauts salaires pourrant être maintenus, et que le marché du travail aura une capacité d'absorption suffisante pour intégrer ceux qui désirent quitter la terre. Cependant des difficultés majeures de l'économie pourraient précipiter une réappréciation de la politique agricole."

La persistance de la récession générale des économies occidentales pourrait bien être un signe avant-coureur d'une réappréciation de la P.A.C. et des politiques agricoles nationales des différents Etats membres.

BRITISCHE LANDWIRTSCHAFTSPOLITIK
1870 - 1970

INHALTSVERZEICHNIS

VORWORT

Die Landwirtschaft spielt in der gesellschaftlichen, wirtschaftlichen und politischen Entwicklung von Nationalstaaten eine zentrale Rolle und wird von der Deutsch-Englischen Stiftung deshalb als Forschungsbereich behandelt, der in den Rahmen ihrer allgemeinen Aufgabenstellung gehört. Diese Aufgaben sind dem Studium der Probleme in der westlichen Industriegesellschaft gewidmet. Ganz besonders ist dies heute von Bedeutung, denn die westliche Gesellschaft hat an der Rolle der Landwirtschaft nicht nur in ihrer Eigenschaft als Nationalstaaten Anteil, sondern nimmt auch innerhalb der überstaatlichen Organisation der Europäischen Wirtschaftsgemeinschaft Einfluß. Darüberhinaus verleiht die traditionell gegensätzliche politische Einstellung zum Agrarsektor, die sich gegenwärtig in der Bundesrepublik und in Großbritannien manifestiert, dem Inhalt der vorliegenden Berichte zusätzliches Gewicht.

Die Berichte haben zum Ziel, unser Wissen um die historischen Hintergründe der Einstellung von Bürgern, Bauern, Politikern, Geschäftsleuten und Staatsbeamten im Laufe der Entstehung einer Gemeinsamen Landwirtschaftspolitik der EG zu vermehren. Mit dieser tieferen Kenntnis hoffen wir, Toleranz und gegenseitiges Verständnis zu fördern.

Ressourcenmäßig ist die Landwirtschaft gleichzeitig Lieferant und Mitbewerber und somit ein Grundelement in der zunehmenden Verstädterung und Industrialisierung der abendländischen Gesellschaft. Das Studium der Landwirtschaft in ihrer Rolle als Mitbewerber bei Ressourcen führt direkt zum Kern der Problemkreise Grenzproduktivität, Nettomehrwert und Mobilität der Ressourcen zwischen verschiedenen Wirtschaftssektoren. Außerdem erheben sich Fragen des relativen Nutzeffekts.

Den Nutzeffekt kann man allerdings im Lichte technischer, wirtschaftlicher oder gesellschaftlicher Ziele umschreiben. Er läßt sich definieren als Maß für die Beziehung zwischen

Input und Output im wirtschaftlichen oder technischen Sinn, oder auch als der Grad, in dem die gesteckten Ziele verwirklicht worden sind. Die Ziele lassen sich entweder vom einzelnen Unternehmer abstecken, oder sie können auch Bestandteil einer Politik sein, auf die sich Legislative und Exekutive eines Landes einigen. Diese letztere Definition des Nutzeffekts führte zur Einsicht, daß ein Studium der Entwicklung der Landwirtschaftspolitik und damit der staatlichen Intervention nötig war, bevor man sich zu einem Vergleich des heutigen Nutzeffekts in den beiden Landwirtschaftssektoren aussprechen konnte.

Die Aufgabe, die Entstehung der Landwirtschaft und der sie begleitenden politischen Methoden zu beschreiben, wurde zwei Autoren anvertraut. Die deutsche Geschichte schildert Robert Cecil, die britische wird von John Kirk dargestellt. Die unterschiedlichen beruflichen Erfahrungen der beiden Autoren führten notgedrungen zu Unterschieden in der individuellen Aufgabenlösung, den Inhalten sowie der Darstellungsform. Robert Cecil gehörte von 1936 bis 1967 dem britischen Außenministerium an und wurde während dieser Zeit vorübergehend an die Britische Botschaft in Bonn beordert. 1968 nahm er eine Lehrtätigkeit als Dozent für deutsche Gegenwartsgeschichte auf, und schließlich wurde er zum Präsidenten der Graduiertenschule für Europäische Gegenwartsstudien an der Universität Reading ernannt. Er vermittelt uns ein Deutschlandbild aus der Sicht eines Außenseiters, der die politische, gesellschaftliche und wirtschaftliche Bedeutung von Ereignissen und Ideen von Berufs wegen studiert.

John Kirk führte seine Karriere 1932 ins britische Landwirtschafts- und Fischereiministerium (so hieß es damals) - zu einer Zeit, als sich ein grundsätzlicher politischer Haltungswandel vollzog, dem eine Welle staatlicher Intervention in die britische Landwirtschaft folgte. John Kirk gehörte dem Ministerium etwa dreißig Jahre lang an und wurde während dieser Zeit zum Leiter der Wirtschafts- und Statistikabteilung befördert und schließlich zum ersten Professor für Marketing am College Wye ernannt. Seine Darstellung ist daher die eines

"Eingeweihten", der während der gesamten Zeit, in der die Staatsintervention eine vorherrschende Rolle in der Entwicklung der britischen Landwirtschaft spielte, mit allen Diskussionen und Entscheidungen engsten Kontakt hatte. Sein Beitrag kann daher als einmaliges historisches Dokument angesehen werden, das für Wirtschafts- und Politikhistoriker unermeßlichen Wert darstellt.

Ein historischer Überblick beginnt stets an einem bestimmten Ausgangspunkt. In der Entwicklung der Landwirtschaft und Landwirtschaftspolitik in Deutschland und England bildet 1870 etwa einen geeigneten Einschnitt. Damals wurden beide Länder erstmals mit einem gemeinsamen externen Phänomen konfrontiert - billigem Getreide aus Nordamerika und Schlachtvieh aus der südlichen Hemisphäre. Schließlich traf jede Nation ihre eigene Entscheidung darüber, wie mit diesem gemeinsamen Einfluß von außen zu verfahren war.

England wählte den Weg des Freihandels und einer billigen Nahrungsmittelpolitik, die seine Wettbewerbsfähigkeit in der Produktion sowie die Bande zu seinem überseeischen Empire, einem wesentlichen Lieferanten von Grundstoffen und Grundnahrungsmitteln, stärken sollte. Das Vermächtnis dieses Denkkonzepts zeigt sich im Präferenzzollsystem der 30er Jahre zwischen England und seinen Dominions und auch heute noch in den Sonderabkommen über neuseeländische Molkereiprodukte und Zuckerimporte aus dem Commonwealth, die während der Beitrittsverhandlungen zwischen Großbritannien und dem Gemeinsamen Markt getroffen wurden.

Deutschland verfolgte eine Politik des Protektionismus sowohl bei landwirtschaftlichen Erzeugnissen wie bei Fertigprodukten. Wie Cecil ausführt,"gelang es Bismarck mit seinen Zollgesetzen zwischen 1879 und 1880, die Schwerindustrie und die Großgrundbesitzer auf seine Seite zu bringen. Das Ziel bestand darin, die politische Macht der Junker zu festigen und den wichtigen landwirtschaftlichen Sektor der Volkswirtschaft am Leben zu erhalten."

Hundert Jahre später sind die so unterschiedlichen politischen Ansätze der beiden Länder im wesentlichen erhalten geblieben. Sie kommen in den Stellungnahmen und Erklärungen vor dem Rat der Landwirtschaftsminister der Europäischen Gemeinschaften deutlich zum Ausdruck. Josef Ertl und John Silkin, die Agrarminister der Bundesrepublik und Großbritanniens, sind nicht nur Gefangene der Geschichte ihrer Länder, sondern auch Wortführer politischer Mächte der Gegenwart.

Wenn der Freihandel als Stellvertreter einer Politik gedeutet werden soll, in der die Kräfte einer Marktwirtschaft dominieren dürfen, dann scheinen, mit den Worten John Kirks, "die wichtigsten Fälle, bei denen der Markt außer acht gelassen werden darf - und so oft wurde -, sich wie folgt zu präsentieren:

a) Erzielung größerer Autarkie, in erster Linie als Absicherung gegen Kriegsblockaden;

b) Unterstützung einer schwachen Wirtschaft durch heimische Nahrungsmittelproduktion an Stelle von Importen;

c) Verfechtung einer Billigkeits- oder sozialen Gerechtigkeitspolitik zur Erzielung eines höheren Einkommensniveaus für Bauern und landwirtschaftliche Arbeitskräfte;

d) Abhilfe gegen die Mängel und Unfähigkeit verschiedener sozialer oder wirtschaftlicher Institutionen, die sich innerhalb einer Marktwirtschaft entwickelt und sich aus Trägheits- oder Privileggründen erhalten haben;

e) Korrektur der Tendenz von Marktentscheidungen, unangemessen kurzfristig zu sein."

Der gemeinsame Faden in diesen beiden sehr unterschiedlichen Darstellungen der deutschen und britischen landwirtschaftlichen Entwicklung ist genau genommen ein Bericht dessen, weshalb und mit welchen Mitteln die Marktkräfte ignoriert wurden und wie diese Kräfte in der Struktur der Landwirtschaft und ihrer Institutionen zum Ausdruck kamen.

In der Zeit zwischen 1870 und 1933 intervenierten sukzessive deutsche Regierungen in einer Weise, die von direkter Auswirkung auf die Entwicklung der Agrarstruktur war. In der Folge schickte sich Deutschland an, als Vorbereitung für den Krieg eine wirtschaftliche Autarkie aufzubauen. Seine gesamte Wirtschaft wurde vom Staat in einem Maße gelenkt, das in Friedenszeiten keine andere westliche Nation je gekannt hatte. Die deutsche Landwirtschaft und ihre Institutionen wurden peinlich genauen Regeln und Vorschriften unterworfen, die unter anderem nach der Beschreibung von Robert Cecil für die Gestaltung der gesteuerten Marktregimes der Gemeinsamen Agrarpolitik statt einer französischen oder holländischen eine deutsche Vaterschaft vorsahen.

Kirk weist darauf hin, daß im gleichen Zeitraum die britische Agrarpolitik Autarkie nicht als Tugend an sich akzeptierte und auch nicht zugab, daß der einheimische Bauer auf dem Binnenmarkt ein Anrecht auf absolute Priorität hat. Eine derartige Einstellung bildet sich nach allgemeiner Ansicht aus der relativ starken politischen Macht der Agrarinteressen, die so lange im kontinentalen Europa vorherrschte. Es läßt sich allerdings vermuten, daß die engeren Beziehungen zum europäischen Festland die britische Haltung zur Priorität der britischen Landwirtschaft auf dem Binnenmarkt allmählich beeinflussen werden. Man denke nur an die Beispiele Kartoffeln und Milch.

Dort, wo die Ausstattung mit natürlichen Kraftreserven in den beiden Ländern ähnlich gelagert ist, führen Unterschiede in den gesellschaftlichen, wirtschaftlichen und politischen Zielen für den Agrarsektor der beiden Länder naturgemäß zu unterschiedlichen Strukturen und unterschiedlicher Nutzung der Ressourcen. Wenn zum Beispiel ein Land nach größerer Selbstversorgung mit Lebensmitteln strebt als das andere, ergeben sich hieraus so gut wie unvermeidlich höhere Preisangebote an seine Bauern, damit die zusätzlichen Vorräte beschafft und die höheren Grenzkosten aufgefangen werden können, die durch solche Maßnahmen entstehen. Dies ist heute in der Bundesrepublik und in Großbritannien der Fall.

1870 unterschieden sich die Landgebiete, Bevölkerungszahlen und Ressourcen im Deutschen Kaiserreich und im Vereinigten Königreich bedeutend. In den letzten dreißig Jahren allerdings vollzog sich hier ein Wandel zu einer bemerkenswerten Parallelität, die sich auch auf das technische Niveau der beiden Volkswirtschaften auf dem Agrar- und anderen Sektoren erstreckt. In der Bundesrepublik lebt eine Gesamtbevölkerung von 61 Millionen, in Großbritannien leben 56 Millionen, und die auf die Land- und Forstwirtschaft entfallende Fläche weist eine Abweichung von nicht mehr als etwa 6000 Hektar auf. In Anbetracht dieser grundsätzlichen Ähnlichkeiten gestalten sich Vergleiche zwischen der Ressourcennutzung und der Ressourcenproduktivität in der Landwirtschaft der beiden Länder umso interessanter und lehrreicher.

Der dritte Bericht enthält 38 "Paare" statistischer Zeitreihen zur Entwicklung der Agrarsektoren in der Bundesrepublik und dem Vereinigten Königreich zwischen 1870 und 1975. Vierzig solcher Reihen waren für Deutschland bereits von Professor Adolf Weber von der Universität Kiel zusammengestellt worden.[1] Man beschloß daher, vergleichbare Reihen für England zu erstellen und den gesamten Zeitraum bis 1975 zu verlängern. Eine Bezugnahme auf die entsprechenden Zeitreihen mag dem Leser das Verständnis der ersten beiden Berichte erleichtern. Die Untersuchung beschreibt die Methoden, mit denen eine (bzw. keine) Vergleichbarkeit erzielt wurde.

Die Probleme im Zusammenhang mit der statistischen Auswertung mehrfacher Zeitreihen, insbesondere wenn diese in summarischer Form erscheinen, sind beträchtlich und sprengen den Rahmen dieser Untersuchung. Jedoch versucht die historische Darstellung, mit Hilfe einiger zusätzlicher Daten Licht auf die Bedeutung dieser Information für einen Vergleich der Agrarentwicklung in Deutschland und England zu werfen. Daneben hoffen wir, daß diese Daten sich für weitergehende Forschungsarbeiten als wertvolle Quelle erweisen werden.

---

1 Weber, A., Produktivitätssteigerung in der Deutschen Landwirtschaft: 1850-1970. Universität Minnesota, Abteilung für Landwirtschaft und Angewandte Volkswirtschaft, 1973.

Den Ausgangspunkt unseres Berichts bildete das Erscheinen eines gemeinsamen wirtschaftlichen Faktors - billiges Getreide aus Nordamerika. Er schließt mit dem Auftreten eines gemeinsamen politischen Faktors - dem Vertrag von Rom und der Gründung der Europäischen Wirtschaftsgemeinschaft mit ihrer Gemeinsamen Agrarpolitik. Das Hauptproblem in der Zukunft wird sein, die verschiedenen agrarpolitischen Interessen der Bundesrepublik und Großbritanniens unter den Hut einer Gemeinsamen Agrarpolitik zu bringen. Die Abhängigkeit Großbritanniens von Nahrungsmittelimporten in Verbindung mit einer Einbuße der industriellen Wettbewerbsfähigkeit - trotz seiner billig orientierten Nahrungsmittelpolitik - haben zu einem laufenden Zahlungsbilanzdefizit geführt, das von den Erdölvorräten in der Nordsee nur vorübergehend gemildert wird.

Die Bundesrepublik andererseits brachte wie die meisten anderen Mitgliedsstaaten die ungelösten Probleme ihrer Agrarstruktur, kostenintensiven Produktion und Einkommensdisparität mit sich. Nach Cecil allerdings "gelten eine kostenintensive Landwirtschaft und Lebensmittelpolitik in der Bundesrepublik nicht als untragbar, so lange die industrielle Produktion blüht, hohe Löhne beibehalten werden und ein expansiver Arbeitsmarkt den Auswanderwilligen genügend Aufnahmefähigkeit bietet. Ein größerer wirtschaftlicher Rückschlag könnte allerdings bald einer Neueinschätzung der Agrarpolitik Vorschub leisten."

Die allgemein anhaltende wirtschaftliche Rezession in der westlichen Industriegesellschaft könnte sich sehr wohl als Vorbote einer solchen Neueinschätzung sowohl der Gemeinsamen Agrarpolitik wie der innerstaatlichen Agrarpolitik einzelner Mitgliedsstaaten ankündigen.

Other publications obtainable from the Centre for European Agricultural Studies.
Prices not including postage.

All publications are also available from:
The European Bookshop Ltd.,
Rue de la Loi 244,
1040 Brussels. Tel: (02) 735 17 37

REPORTS

1. 'The Common Agricultural Policy: A Synthesis of Opinion'. Rosemary Fennell. Price £1.25.
2. 'Livestock Marketing Systems in E.E.C. Countries: Belgium/Luxembourg. Anne McLean Bullen and David H. Pickard. Price £1.50.
3. 'Livestock Marketing Systems in E.E.C. Countries: Italy'. Anne McLean Bullen and David H. Pickard. Price £1.50.
4. 'Livestock Marketing Systems in E.E.C. Countries: Denmark'. Anne McLean Bullen and David H. Pickard. Price £2.00.
6. 'Livestock Marketing Systems in E.E.C. Countries: France'. Anne McLean Bullen and David H. Pickard. Price £4.00.
8. 'Survey of the Potato Industry in the E.E.C.'. Price £3.00.
9. 'The Dutch Ware Potato Marketing System'. N. A. Young. Price £5.00.
10. 'The French maincrop potato marketing system'. N. A. Young. Price £5.00.

MISCELLANEOUS STUDIES

1. 'Soil Classification, Land Valuation and Taxation—The German Experience'. C. J. Weiers and Ian G. Reid. Price £1.00.
2. 'The Development of Agriculture in Germany and the U.K:
   1. German Agriculture 1870-1970.' R. Cecil. Price £4.00.
3. 'The Development of Agriculture in Germany and the U.K:
   2. UK Agricultural Policy 1870-1970.' J. H. Kirk. Price £4.00.

OCCASIONAL PAPERS

1. 'The World Commodity Scene and the Common Agricultural Policy'. Simon Harris. Price £1.50.
2. 'Green Money and the Common Agricultural Policy'. R. W. Irving and H. A. Fearn. Price £1.75.
3. 'E.E.C. Trade Relations with the U.S.A. in Agricultural Products'. Simon Harris. Price £2.00.
4. 'E.E.C. Oilseed Products Sector and the Common Agricultural Policy'. K. Parris and C. Ritson. Price £3.50.
6. 'Livestock Slaughtering in Britain: A changing industry'. Simon Harris and David H. Pickard. Price £3.00.
7. 'The CAP and our Food: Producer, Processor, Consumer in the U.K. and the FRG. Partnership or Conflict?' U. Koester. Price £1.75.

SEMINAR PAPERS

1. 'The Future of the Family Farm in Europe'. Jointly with the Regional Department of Social Services for the Family Farm, Veneto Province, Italy. Price £1.00.
2. 'Part-time Farming: Its Nature and implications. A workshop Report'. G. Fuguitt et al. Price £2.00.
3. 'The Place of Part-Time Farming in Rural and Regional Development'. Edited by Ruth Gasson. Price £3.00.
4. 'The E.E.C. Milk Market and Milk Policy'. Price £6.00.
5. E.E.C. Agricultural Statistics: Problems in their Interpretation and Use'. Jointly with the S.O.E.C., Luxembourg. Price £2.00.
6. 'Europe as a food Exporter'. Price £2.00.

Printed in Great Britain by Headley Brothers Ltd, The Invicta Press, Ashford, Kent, and London, from artwork supplied