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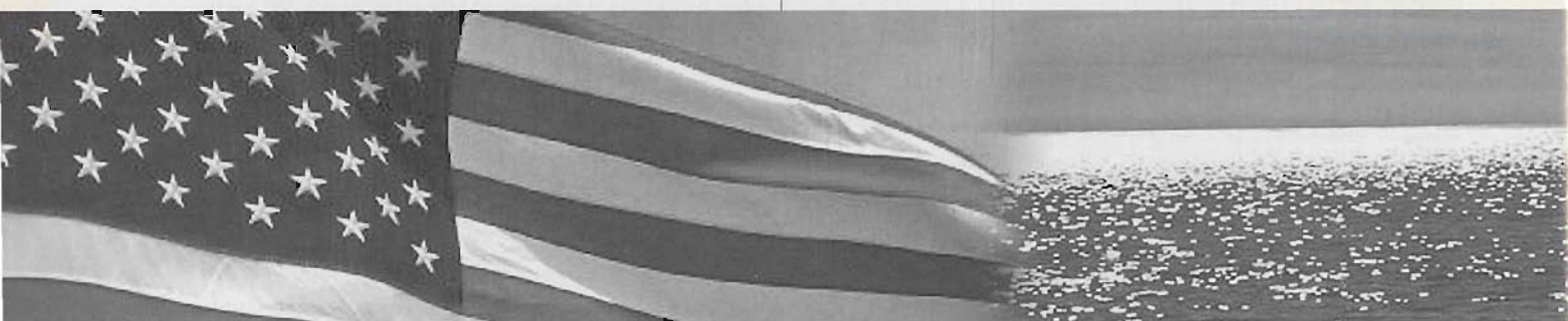
The Other Side of the Pond

U.K. Farm Crises: Ignored Lessons about Agriculture and Society

by Gregory L. Poe
Cornell University

The 2002 Farm Bill increased farm subsidies. In doing so, it nullified the 1996 Freedom to Farm Act's attempt to return agriculture to market-based incentives. To date, society has been apathetic towards this legislative undertaking and has generally failed to note important linkages between agriculture and the broader society.

Britain's experiences during 2000-2001 may help support this perspective. During this period, Britain experienced three fundamentally different "farm crises," each demonstrating a different aspect of contemporary agriculture-society linkages. Chronologically, these were the fuel blockades, the release of the "Phillips Report" on policy mismanagement of mad cow disease — Bovine Spongiform Encephalopathy (BSE) and its human variant Creutzfeldt-Jakob disease (vCJD), and the 2001 foot-and-mouth epidemic. These events show that the links between agri-



Agriculture's relationship with broader society — the "agriculture-society linkages" — is important, but in a manner that differs from the longstanding notion that agriculture is the backbone of America. Despite President Bush's claim that "The success of America's farmers and ranchers is essential to the success of the American economy," longstanding trends in American demographics are such that the public interest in farmers and farming can no longer be motivated by Jeffersonian agrarian ideals nor by the physiocratic view of agriculture as a "basic" industry that pushes up or pulls down the economy.

Presently, less than two percent of the United States workforce is directly employed in farming, and agriculture directly contributes around one percent of gross domestic product. Nevertheless, agriculture is more intertwined than ever with the broader society. The public interest in agriculture should be substantial — certainly more substantial than was shown in recent Farm Bill debates.

culture and the broader society are substantial and pervasive — perhaps more so than in earlier times.

Examining these foreign crises provides U.S. readers an opportunity to assess objectively agriculture-society issues without a vested interest or prior expectations. These events provide a historical precedent to learn from when addressing the evolving domestic agriculture-society relationships.

Crisis I: Farmer Led Fuel Blockades

On September 7, 2000, emboldened by the success of French farmers in coercing fuel tax concessions, a group of U.K. farmers called Farmers for Action (FFA) initiated blockades of oil refineries, fuel depots, and major motorways. Within days the British economy was brought to its knees. More than two-thirds of the country's 13,000 petrol stations ran dry, emergency services were greatly curtailed, hospitals postponed all but essential procedures,

mail delivery was canceled, many rural schools were closed, and basic foods such as milk and bread began to be rationed for the first time since World War II. Although British society was sharply divided over support for the blockades, the early days of the protest brought tremendous public support.

However, the paralyzing strike began to cause “real damage to real people” (Prime Minister Tony Blair, Sept. 13, 2000). Next, the general public discovered that the “red diesel” used on farms is taxed at six cents per liter, compared with more than one dollar tax per liter paid for automobile fuel. Britons began to lose patience with the protests and the protestors. The *Economist* (Sept. 14, 2000) noted that “far from being honest folk driven beyond the point of endurance by an unreasonable government, the people blocking Britain’s refineries have come across as selfish and mean spirited, willing to inflict great inconvenience and maybe worse on their fellow citizens.” On September 14, realizing that public support for their actions would erode if continued, Brynie Williams, the Welsh farmer regarded as the movement’s de facto spokesman, announced the end of the blockades.

Crisis 2: The Phillips Report on Mad Cow Disease

The Phillips Report released on October 23, 2000 brought

“unduly alarmed public” is evident in MAFF’s repeated assurances that British beef was safe to eat.

While the report does not provide explicit evidence of MAFF placing industry interests above those of the public, it presents the case that the government deliberately played down the risks to human health. Further demonstrating deference towards the agricultural sector, H.M. Government responded to pressures from the National Farmer’s Union (NFU) in 1990 by implementing a policy of full compensation for slaughtered livestock. It was not until early 2001 that H.M. Government began to implement a “fair compensation scheme” to meet the needs of vCJD victims and their families (H.M. Government, 2002).

The full human health consequences of this epidemic are unknown. Through September 2, 2002 there have been 115 deaths “from definite or probable vCJD” in the U.K. (The UK Creutzfeldt-Jakob Disease Surveillance Unit, 2002). Various statistical extrapolations have suggested that the total cumulative size of the vCJD outbreak in the U.K. could range from as few as 63 cases to as many as 136,000 cases (Ghani et al., 2000).

Crisis 3: The Foot-and-Mouth Epidemic of 2001

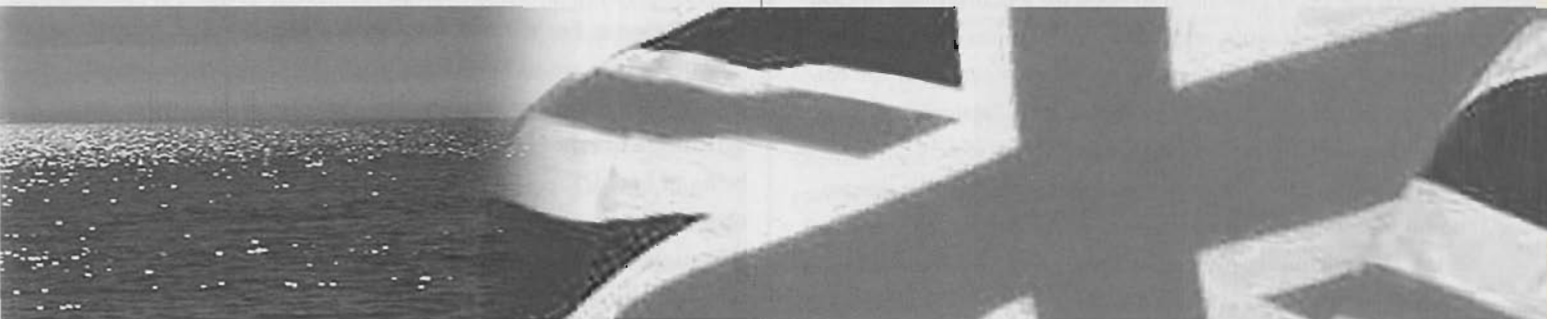
The 221-day foot-and-mouth epidemic began in February

agricultural policy and the farm sector back into the limelight. The ire of this report was directed at the Ministry of Agriculture, Fisheries and Food (MAFF) for its systematic misrepresentation of the human health risks associated with BSE during the decade following its discovery. BSE was first documented in British cows in 1986, with the number of cases peaking in 1992. Although government scientists and independent researchers warned that it was possible for BSE to jump to other species, including humans, it was not until 1996 that, despite longstanding assertions to the contrary, the Government announced that there was likely a link between BSE and vCJD.

In revisiting this decade, the Phillips Report expressed concern that MAFF had a dual role. Its primary mandate was to ensure the safety of meat that left the slaughterhouse. However, it also had to consider and support the interests of the farming industry. The Ministry’s desire to protect the agricultural industry from an

2001 and soon dwarfed all previous U.K. agricultural catastrophes in terms of animal loss and financial outlays. More than six million sheep, pigs, and cows were slaughtered in the course of the outbreak. During the height of the outbreak much of the countryside was paralyzed and access to the 150,000 miles of rural footpaths was restricted. The British government estimates that overall financial losses attributed to this prolonged epidemic will exceed £8 billion (approximately \$12 billion). Authorities provided compensation for slaughtered animals, so agriculture shouldered only a minor portion (less than five percent) of this total economic burden. Tourism, which relies heavily on a thriving countryside, along with the public sector, after paying the disposal and compensatory payments, bore the brunt of the economic impact. The agricultural sector once again imposed substantial costs on broader society.

Subsequent government investigations (Anderson, 2002;

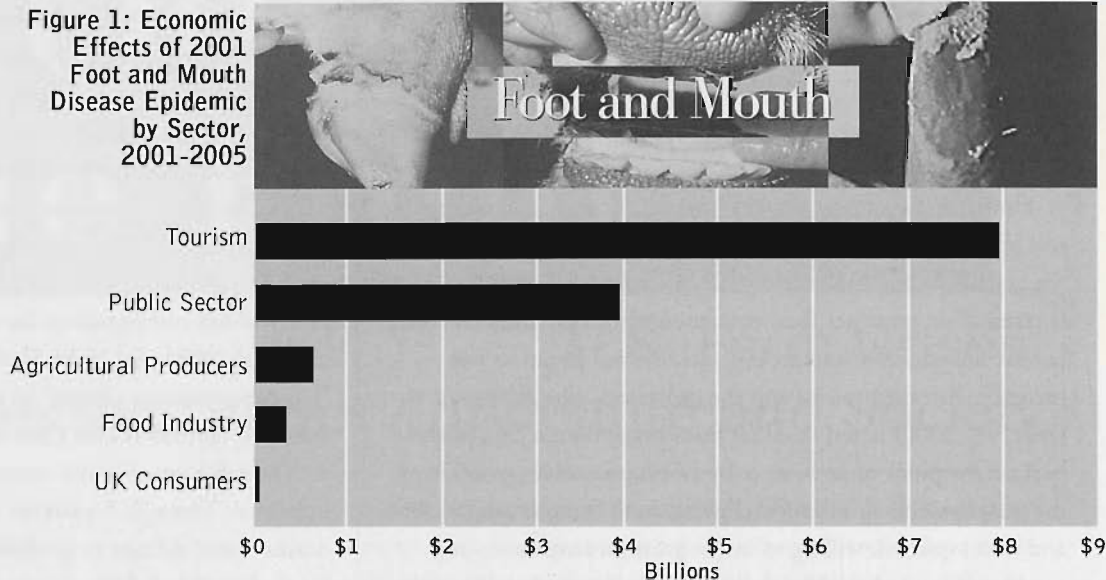


DEFRA, 2002; The Royal Society, 2002) document that U.K. farmers and MAFF bore some responsibility for turning a local outbreak into what has been called one of Britain's worst peacetime disasters. The widespread "seeding" of the outbreak prior to its discovery is attributed to illegal feeding and reporting activities of a single family farm. There is evidence of substantial movements of animals immediately prior to as well as after government transport bans. Although H.M.

Government and the EU approved emergency vaccination, "co-operation from the farming community was not achieved" and the "farmers' unions remained resolutely opposed to vaccination throughout the crisis." Even with knowledge that closing footpaths would be disastrous for tourism and the rural economy, the NFU continued to press for a blanket ban to close them. The investigations suggest that MAFF was culpable in the spread of the disease and the economic consequences of the epidemic by initially treating the outbreak as an "agricultural issue" rather than considering the broader impact on society. Correspondingly the Ministry was slow to diagnose the disease and impose limits on the movement of animals. It put pressure on the Prime Minister to close footpaths, and maintain a compensation scheme that created incentives for abuse. A contemporary EU report on the compensation program inferred that some farmers committed outright fraud, while the bulk of the affected farmers received compensation for their livestock in excess of "normal" market prices for healthy livestock (The Economist, Aug. 9, 2001).

The public soon tired of the disruptions caused by a disease that did not infect humans, that reportedly did not have much impact on animals, and for which a vaccination was said to exist (Anderson, 2002). In addition, given the disparate impacts between agriculture and other sectors, the MAFF policy of full compensation for slaughtered livestock was questioned on the grounds that other industries which impose substantial costs on society tend to cover their own costs of failure. Noting wider benefits of agriculture to rural Britain, the foot and mouth disease "Lessons to be Learned Inquiry" concluded that some (but not all) of the costs of Britain's FMD epidemic should have been borne by the public. Only in this way would a viable livestock

Figure 1: Economic Effects of 2001 Foot and Mouth Disease Epidemic by Sector, 2001-2005



Source: <http://www.defra.gov.uk/corporate/inquiries/lessons/fmdconcost.pdf>. Converted to \$U.S. using \$1.50/£.

industry and healthy countryside be maintained. This report concludes, however, "that the farming industry must recognize that it, along with others, has responsibilities for the rural economy and should contribute to its future development."

U.K. Crises: Implications for the U.S.?

These crises are compelling examples of contemporary agriculture-society relationships in the U.K. They demonstrate that agriculture has the potential to impact dramatically the well-being of broader society even when the agricultural sector is a very small part of the overall economy. Each crisis provides critical insights into this relationship. The fuel crisis demonstrates that a small self-interested group of farmers may hold an entire country hostage in order to further their preferential treatment. The Phillips Report suggests that agencies (or governments) are often too wedded to a particular constituency, even when their overriding mandate is to benefit the broader public. The response to the foot-and-mouth epidemic suggests that when farms and agencies are aligned, they can inflict disproportionate harm on other sectors.

Even though British society and the British countryside are fundamentally different from that in the U.S., there are parallels between these high-profile crises in Britain and the more subtle agriculture-society linkages in the United States. The 2002 Farm Bill demonstrates the parallel. At a time when government and private analysts were projecting large budget deficits and the nation was ostensibly at war, farmers, their lobbyists, and their representatives raced to maximize their piece of the federal budget pie before the budget deficits became glaringly apparent.

The passage and signing of the 2002 Farm Bill was met by an

apathetic electorate. However, since budget deficits now loom, the Farm Bill is frequently mentioned as an example of self-interested power. Capitulation to the demands of the farm community has already begun to haunt agriculture: on August 16, 2002 President Bush rejected pleas for drought relief in South Dakota on the grounds that the federal budget deficit was paramount and that relief should come through the mechanisms of the Farm Bill. Additionally, the 2002 Farm Bill has become a target for charges of hypocrisy in the global economy — the U.S. advocates a plan that drastically reduces subsidies and farm tariffs around the world, while greatly undermining free trade in agricultural commodities with huge domestic subsidies that cannot be matched by developing countries.

Furthermore, the expansion of farm subsidies comes at a time when agriculture is recognized as the leading source of water quality impairments in the United States, challenges to right-to-farm legislation appear to be on the rise, and there is elevated public concern about factory farms, GMOs, and how food is grown and processed. As in the British case, when society loses patience with the one way flow of resources, it may ask a question similar to that raised by the “Lessons to be Learned Inquiry:” If you are going to ask the public for so much, what will you provide us in return? Simply providing low-cost food will no longer be a sufficient defense. Indeed, some analysts argue that overall agricultural subsidies are perverse in that they substantially raise the effective prices of food products in the U.S. (Myers and Kent, 2001).

When the time comes for society to ask that question, the public may turn to legislative approaches and agencies that exhibit greater concern for the public’s well-being. Acknowledging this responsibility has begun in Britain: MAFF has been divided into several minor divisions within the Department for Environmental Food and Rural Affairs (DEFRA). The restructuring was motivated, in part, by MAFF’s and the farm unions’ insensitivity to non-agricultural concerns and society’s consequent desire to place agricultural policy decisions within a structure that is more responsive to society’s needs.

These lessons suggest a need to change the “me first” mentality of U.S. agriculture and its representatives, before we reach an irreversible state where broader society ceases to be apathetic and begins to take adversarial interest in agricultural policy. The profession can best serve agriculture and society by working to identify how broad society, and farmers, desire the future agricultural sector to be structured, and to utilize its comparative advantage to design policy interventions that efficiently and effectively achieve this vision.

In this process the wants of farmers should be balanced against their responsibilities to broader society. Only then can the profes-

sion once again successfully argue a societal basis for farm program interventions.

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Gregory Poe is Associate Professor in the Department of Applied Economics and Management at Cornell University,

