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NATIONAL POLICIES IN AGRICULTURE—
THE FORMS, STAGES, AND LIMITS OF
PLANNED ECONOMY

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COMPARED with many other countries, Great Britain has only gone a small way in economic control and regulation of or on behalf of its agriculture, but in the view of a great many of our own people, it has gone quite far enough and in fact too far.

The political chart of Great Britain’s recent policy goes back to 1931. Although the price collapse was earlier, the political aspects of the economic crisis came to a head in the late summer of 1931, with the result that the year must be divided into two parts. In the first part the Labour Government under Dr. Addison passed two agricultural measures. Both were far-reaching if put into full operation. The former was the Land Utilization Act, a miscellaneous measure, which gave facilities (a) to settle large numbers of unemployed on small full-time holdings; (b) to provide others of the unemployed with the part-time holdings which we call allotments; and (c) to give the Minister of Agriculture power to order that land which is being allowed by its owner to fall into a derelict condition through lack of proper drainage, &c., shall be properly equipped or, on the continued failure of the owner to do so, the Minister may assume ownership of the land. This measure has been allowed to lie dormant, and no steps have been taken to replace it.

The other measure, passed in the first part of 1931, was the Agricultural Marketing Act. This Act was described as giving effect to the principle of compulsory co-operation in agriculture—in the view of many people a grotesquely inconsistent term. The Act has since been variously described as the charter of economic planning or the charter of industrial self-government. Although passed before the acute period of national crisis by the opposite political party to the National Government, and although very strenuously opposed
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at the time by the conservative and agricultural interests in the country, this Act has become the central part of the most important of the subsequent agricultural policy. The Act of itself did not establish any agricultural marketing boards or institutions. It was purely an enabling measure which asserted the principle that where a given percentage of the producers of a given commodity in a given area agreed to market that product entirely through one single organization and to bind themselves by its regulations, then the Government would step in to compel the minority also to market the product entirely through the single organization and be bound by its regulations. The Act of itself could achieve nothing without first of all a majority of producers voting in favour of a marketing scheme for their product, and it was safely wagered at the time the Act was passed that, except in a few special cases, farmers would not avail themselves of the facilities of the Act.

In the second part of 1931 the National Government came into operation, and from that time we have had put into operation all the common methods of protecting our agriculture.

In November 1931 we were given the Horticultural Duties Act, which imposed quite heavy duties on the imports of certain luxury fruits and vegetables. It was a curious half-hearted measure in that, while imposing substantial duties partly to help British producers, the duties did not apply to the periods of the year when British producers had any of these commodities to sell. It was, in fact, more of a sumptuary law than an Act of agricultural or horticultural protection, but its scope was so small that its influence on the so-called alarming state of Britain's adverse balance of trade was negligible. This measure could not at the time be taken very seriously, but it was the first essay in the realm of agricultural protection.

In the following year the Import Duties Act applied a 10 per cent. ad valorem duty on all imports, including agricultural commodities. A number of agricultural products, notably wheat and meat of all kinds, were placed upon the free list as it was then considered inexpedient to place taxes on the food of a nation so long used to free imports. By the same Act the Import Duties Advisory Committee was set up to review the claims of individual commodities and to recommend increased duties where they thought fit.

Almost at the same time the subsidy method was adopted for wheat. Under the Wheat Act both free imports and the open market were retained, but wheat-growers were provided with a subsidy. Farmers in Great Britain have had previous experience of subsidies, notoriously the sugar-beet subsidy which has claimed about £40
million, directly and indirectly, from the Treasury in the past ten years, but the Wheat Act subsidy inaugurated a method quite new to our country. The fund from which the subsidy was paid was derived from a levy imposed on all wheat flour sold by the millers or importers of flour. Out of the fund the wheat-producers as a whole are guaranteed an average price of 45s. per quarter (5s. 7½d. per bushel) for all wheat of millable quality. The price of 45s. is obtained by the farmer in two parts: first, from the open-market price obtained from his merchant, and second, from his share of the subsidy fund, i.e. the deficiency payment. The average market price obtained by all farmers subtracted from 45s. determines the deficiency payment paid to all. There is, however, a limit of 27 million cwt. set as the total amount of wheat upon which the average price of 45s. will be paid. The figure of 27 million cwt. was much in excess of the national output in the year the Act was passed, but last year, with the increased acreage and the excellent crop, that figure was exceeded by 2½ million cwt. The Wheat Act has operated smoothly and appears to have created little or no dissatisfaction among farmers, which is the same as to say that it has been found very satisfactory, as it very well might be, since it has given the British wheat-grower roughly double the market price for his product. At the same time it is reckoned to have raised the price of bread by ½d. per 4 lb. loaf.

The next important step in the national policy was the Ottawa Agreements in August 1932. Empire products had been totally exempted from the protective duties already imposed by the National Government and, of course, had an Imperial preference in the case of earlier duties, such as the sugar duties. The new and revised duties agreed upon at Ottawa for foreign agricultural products were comparatively unimportant. A new duty of 2s. per quarter on wheat was imposed, the cheese duty was raised from 10 to 15 per cent. on value, and the butter and eggs duties were changed from 10 per cent. ad valorem to specific duties (15s. per cwt. on the former and 1s. 6d. per gr. hundred medium size on the latter). The important tariff result of Ottawa was that it secured for the Dominions a free market for agricultural products in the United Kingdom for a period of five years, 1932-7.

But Ottawa inaugurated for Britain another method of protection, namely, quantitative regulation of imports by means of quotas. This policy for some misty reason was adopted for beef, mutton, and lamb. By it foreign beef and mutton and lamb imports into the United Kingdom were to be reduced progressively over six quarterly
periods from January 1933 to the end of June 1934. Foreign frozen beef and foreign frozen mutton and lamb over these eighteen months were to be cut down to 65 per cent. of the imports in season 1931–2: Dominion supplies were to be unregulated. On the other hand, imports of chilled beef which, of course, constitute by far the biggest share of our imported supplies of beef were not to be cut but were to be stabilized at the level of the 1931–2 season. The scheme was elaborate but on the whole not drastic. It is notable, however, as Britain’s first adventure in the quota system.

Another measure passed in 1932 which is not unimportant from the agricultural point of view was the Irish Free State (Special Duties) Act. This Act was a reprisal on the Irish Free State for the non-payment of the Irish Land Annuities, but as the duties are on agricultural produce almost exclusively, and as Ireland was an important source particularly of butter, eggs, and store cattle, these duties play a part in the general agricultural situation.

Legislatively, there is then a jump in the record to the new Marketing Act of 1933 which did not supplant but supplemented the Marketing Act of 1931, the former Act remaining substantially intact. Among other things, such as establishing the Market Supply Committee and other ‘watching’ committees, the Act (1) gave to secondary producers of agricultural commodities powers to organize on the same lines as primary producers under the 1931 Act, and (2) gave powers to the responsible Minister to make compulsory orders for the quantitative regulation of imports. The Act, therefore, extended, potentially at least, the scope of centralized control of agricultural produce. The Act became law in July 1933, so that we must bear in mind that it has only been a little over twelve months in operation.

That does not complete up to date the account of the legislative measures in agricultural policy, but it is a suitable point at which to pause and make a retrospect of the facilities made available.

In dealing with home supplies, farmers, under the Agricultural Marketing Act, 1931, have powers to establish a monopoly control either nationally or in a given area over the disposal of any product. These powers extend now to the making of regulations also to limit the production of the commodity. Secondary producers, such as bacon-curers, millers, &c., have similar powers under the Marketing Act, 1933. Where a majority of home producers are willing, therefore, the powers given to them to regulate home supplies are almost unlimited, while the commodity boards which can be set up for the purpose are directly controlled entirely by the producers themselves.
Neither the Government nor the consumers have any direct representation or vote.

In dealing with imported supplies, the Import Duties Advisory Committee have powers to recommend revision of the tariff on any commodity, and the Government can put these into operation by Order. Next, by the Marketing Act, 1933, the President of the Board of Trade has powers to make compulsory orders for the quantitative regulation of imports. Finally, we must not omit the powers of the Minister of Agriculture to negotiate ‘Gentlemen’s Agreements’ with other countries for the limitation of imports.

By the late summer of 1933 the facilities therefore for regulating the marketing of home supplies and for regulating imports were nearly as comprehensive as possible. The policy after an appearance of much groping had become consolidated, and it would almost appear as if anything could be done to deal with the supplies and marketing of agricultural produce without recourse to further legislation.

It is necessary that I should be very brief in stating how far these available powers have been used in the two directions. Under the first, the whole of the marketing of milk, of pigs for bacon, of hops, and of potatoes have been brought under the control of marketing boards. The Bacon-pigs Scheme was the earliest and has just completed its first year. The Milk Scheme for England and Wales began in October of last year, and for the major part of Scotland in December. The Potato Scheme came into force early in this year. These are the only major products which have inaugurated schemes. So far there are no schemes for the beef industry, the sheep industry, any of the cereal crops, or of the market-garden or fruit crops. Under the second group of powers, namely, to deal with imports, the Import Duties Advisory Committee has done very little revision of the duties on the primary agricultural products with the exceptions of potatoes and oats. The Ottawa Meat Agreement operated until June of this year without great success from the home producers’ point of view, while the compulsory powers to impose quotas under the 1933 Marketing Act have been applied in two instances only, namely, on the imports of bacon from all countries and on the imports of fat cattle and beef from the Irish Free State. That, I realize, is a very inadequate outline and gives a very inadequate impression of the importance to be attached to what has been done.

I wish, however, to utilize the remainder of my time not in going into detail of the administrative progress of Great Britain’s planning policy, but in trying to express the national feeling towards the general policy.

The whole emphasis of the policy adopted is on marketing;
practically nothing has been attempted on land improvement, land settlement, production methods, and credit. We cannot assert that it even covers the whole of marketing, since exceedingly little has been done so far to improve the efficiency of marketing methods. When reduced to its essentials, planning so far has been confined to an attempt to regulate supplies, or rather to restrict supplies in order to raise prices. In the main the pressure of our farmers is for applying the restriction entirely to foreign and empire supplies, i.e. to imports, but the principle of restricting home production is also being admitted in the Potato Scheme and the Hops Scheme. Reduced to its lowest terms, therefore, the whole emphasis of the policy so far has been to restrict supplies in order to increase the farm prices, an emphasis which makes this policy distinguishable from the very old policy of protection only by name.

But already these are signs of a growing opinion that (a) this restriction of supply is not an easy method to apply in a country like Great Britain, nor is it likely to bring about quick results unless pursued to an extent which would have obvious and disastrous results on the 90 per cent. of our population which is not agricultural in its occupation, and (b) that economic planning must aim at increased efficiency, which is something more permanent and tangible than merely an attempt to manipulate supplies in the interests of a section of the nation.

A restrictive policy on imports is not an easy method to apply because of Great Britain’s economic structure for the past century and more; a small country with a proportionately large population and a fairly high standard of living derived from industry and trade; with large overseas investments and foreign interests and commitments which make its concern for the solvency of agricultural nations something more material than a mere feeling of moral responsibility in international trade; with consumers accustomed to reasonably priced food and—more important—to a wide and free choice in their shopping. All of these considerations are on the one side, while on the other we have only 10 per cent. of our population directly concerned with agriculture. It will be increasingly difficult to convince the public that it is sound and necessary to hand over into the hands of the 10 per cent. the power to dictate the terms upon which the other 90 per cent. shall buy their food supplies at a time when the purchasing power of the 90 per cent. is at its lowest ebb. In addition, Britain has not abandoned hope that the best chance for the immediate future, whatever the distant future may hold, is a revival of its industry through export trade and foreign
investment. The clash is therefore already apparent between those
who are seeking opportunities abroad and those who are looking
only to the immediate financial position of the farmers.

As an indication that the optimism of the agricultural leaders in
1933 has given place to a realization of the difficulties, I may go on
to quote very briefly the outstanding moves of the present year. As
I outlined earlier, the late summer of 1933 saw the farmers and the
Government equipped to go ahead in pushing forward its policy of
controlling supplies to bring better prices. Yet, in the spring of 1934
the Minister had to come to Parliament for a subsidy of 3 millions
for two years to help carry on the dairy industry. More recently the
Minister has been striving to set the beef industry on a better footing.
The powers to elect a Marketing Board for the regulation of home
supplies are there and the Ministers have now full powers to restrict
imports quantitatively since the Ottawa Meat Agreement expired,
yet in spite of the powers which were sought and obtained in 1933,
the Minister had to come forward to ask Parliament for another
subsidy of £3 millions to save the cattle industry.

The position at the moment seems to be that the faith in the policy
of 1933 is clearly shaken. The farmers have experienced the working
of centralized marketing control. The external policy of import
restrictions is being met by opposition from abroad and from some
of the export interests at home. At the same time the sympathy of
the public for the farmers which did exist last year when the large
powers were being granted to enable them 'to set their own house
in order' (to use the ministerial phrase) is much less than it was.

But, though shaken, it is by no means broken, and the future of
British agricultural development is still obscure. In a country like
Great Britain it is to be expected that there will be very many people
to whom this policy so diametrically opposed to Britain's traditional
policy has appeared fundamentally wrong from the start; there are
many others to whom it has been acceptable as a temporary policy
to meet a temporary situation. Others, with whom we may include
most of our farmers, believe that the policy will be permanent and
will ensure the prosperity of farming even at the expense of the rest
of the community. On the other hand, those who have a belief in
the future of planning—that the state must take an increasing share
in the regulation of economic activity—may well view with concern
the one-sidedness of the present agricultural policy.

If it is sincerely a policy of planning, then it is attempting to start
with what surely must be by far the most difficult of all problems
of planning, namely, the adjustment of the necessarily variable agri-
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cultural supply to the vague and indeterminable consumers’ demand for food. Yet while this is nominally, at least, being attempted, there is a very great field of planning to be undertaken in Great Britain to build agriculture both for production and marketing on an economically efficient basis. That side of agricultural planning has been neglected in the insistence upon the policy of restricting supply. The abandonment of free trade may involve the final discarding of much of England’s economic theory which was based upon the pure assumption of free competitive conditions, but it does not therefore mean that as economists we must abandon the belief that the purpose of economic organization is to provide our goods and services with the minimum expenditure of human effort and to evolve a just system of distributing the fruits of our efforts. That surely must to economists be the test of sound economic planning. To many of us the British agricultural policy of recent years has failed to give sufficient consideration to this principle. On the other hand, in the machinery which the marketing schemes and to a less extent the import regulation are establishing to-day, there is growing up an organization which may bring greater efficiency into one side of the agricultural industry, namely, its marketing, and it is very difficult to conceive that in some aspects at least of its present agricultural policy Great Britain can ever turn completely back again.