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BRITISH AGRICULTURAL POLICY AND THE EEC

BRITAIN is not a member of EEC, nor a supplier of agricultural products to the Community. Nor, with the exception of wine, mostly from France, and dairy produce from Holland, is she at present a large customer. In spite of this it is logical to include in a series dealing with the agricultural problems of EEC some account of the agricultural situation of Britain and its relationship with conditions in the Community.

There are two main reasons for this. First, Britain stands on the door-step of the continent of Europe and is herself a most important buyer of a whole range of agricultural products. Changes in her trade policies can significantly affect the prices that Community countries pay and receive for their imports and exports of agricultural products. Secondly, there is still some possibility that Britain will ultimately become a member of EEC, thereby creating many new agricultural conditions, and new problems, which the Community will have to solve.

At the time of writing (November 1963) it is nearly a year since the Brussels negotiations between Britain and EEC were broken off. Relations are maintained through the permanent U.K. Delegation to EEC under the present Ambassador, Sir Con O'Neill, who has an agricultural counsellor on his staff. But negotiations are, at least for the time being, finished. It is most unlikely that they will be resumed in the immediate future, or in view of the political situation in Britain for at least a year. In so far as agriculture was an important issue during the negotiations that have ended, and is likely to remain so if they are resumed, it is worth giving a brief account of the course followed in the negotiations on the agricultural side.

Britain formally applied for EEC membership on 9 August 1961. At about the same time it was stated that membership from the British point of view was conditional on arrangements being obtained which would be satisfactory for Britain's partners in EFTA, the rival trading bloc to EEC, for the Commonwealth and for British farmers. These three conditions were repeated throughout the following year by

politicians of all parties and particularly of the Conservative Party which had only recently allowed itself to be converted to support of British membership. But the conditions were left quite undefined—not least the third, which was generally elaborated into ‘the vital interests of British farming’.

Agricultural interests were also strongly involved in the other two conditions; with EFTA because it was quite obvious that Denmark¹ with its strong trading links with Britain would wish to follow Britain and this would add to the Community an important new food supplier and net exporter; and with the Commonwealth because most Commonwealth countries, especially the old Dominions, are heavily dependent on agricultural exports, much of which flow, with varying degrees of preference, to Britain.

The negotiations proper began in Brussels in November 1961 but it was not until the end of February 1962 that agriculture received any serious attention. The reason for this was that EEC was only able to settle some of its own agricultural problems, and thereby keep to its time-table by resorting to clock-stopping techniques during the previous month. Agreement was finally reached by EEC member countries on 14 January 1962 after delegates had worn themselves into a state of nearly complete exhaustion. From this point of view at least the moment could not have been less propitious for Britain to commence her side of the negotiations. Having finally reached agreement among themselves the member countries were not disposed to make concessions which might have meant renegotiating their own agreements.

Much of the first six months of the negotiations was occupied in making surveys and studies of what effects various measures would have on various agricultural commodities. Some minor agreements were reached but this stage was a preparatory one. The British technique was to explain very thoroughly the details of her agricultural situation and that of the Commonwealth countries, make no concessions and wait until a head-on collision (referred to as a ‘crunch’) took place when decisions would be arrived at.

So far as her own farmers were concerned Britain wanted to retain as much as possible of the system established by the 1947 Agriculture Act. Much time was spent in explaining this system, to the surprise of some EEC negotiators who not unreasonably considered it an academic matter as Britain had at the very beginning of the negotiations accepted the principle of the EEC common agricultural policy

¹ Denmark applied for membership of EEC on 10 August 1961.

involving a very different form of farm support. In particular Britain wanted to retain some form of Annual Review of agriculture which was particularly dear to the British National Farmers' Union, a residual guarantee for her farmers in case their incomes suffered as a result of abandoning the guaranteed price system, and lastly as long a transition period as possible in order to ease adjustments for farmers.

The first 'crunch' took place during the two weeks 25 July-6 August 1962, which were largely occupied by agricultural negotiations. On 31 July the Community accepted the principle of an Annual Review though in somewhat vague terms. In return the British negotiators agreed to an even vaguer formula whereby the Commission was bound to help farmers in areas where their standard of living suffered as a result of the common agricultural policy. This involved the residual guarantee being operated by the Commission, not by the national government, and was a great deal less than what was being asked for by British farming interests. The question of the transition period was left in abeyance for the time being.

The latter part of these meetings during the first few days of August 1962 was occupied by discussion of the Commonwealth difficulty. Britain was anxious to produce a formula which would give guaranteed access to EEC (including Britain) for foodstuffs from the White Dominions and especially New Zealand, both during the transition period and after 1970. The Community's reply to this took the form of pointing to the expressed liberal-trading intentions of the Treaty of Rome, to the intention to abolish all quantitative restrictions on imports and to the impossibility of giving a guarantee to any country which might not harm the interests of other countries. Britain originally asked for 'comparable outlets' for Commonwealth food-producing countries to be guaranteed. When this proved unworkable, discussion centred on the 'Colombo Plan' (named after the Italian Minister for Foreign Trade) for world commodity agreements. This proved to be lacking in sufficient detailed assurances for the British negotiators. The negotiations were broken off in the early hours of Sunday, 6 August, when the French delegates who were becoming increasingly doubtful of the British intentions on agriculture suddenly insisted on clarification of the financial regulations, particularly those concerning levies, and on Britain's agreement to them.

The negotiations were resumed on 8 October 1962 and once again agriculture was by far the most important theme. During the recess of two months outspoken criticism of EEC's agricultural policy by

some of the Commonwealth leaders at the London Conference in September and intensive activity of British farming interests had probably produced some hardening of the British attitude to these questions. Equally, the French, having just had a record harvest of 14 million tons of wheat, were anxious to obtain the best possible agricultural terms. This part of the negotiations lasted about three months and proved to be the most frustrating period of all. This time attention was centred on the problem of the transition period and in particular on the problems of adjustment of consumer and farmer food prices in Britain.

The British negotiators wanted as long and as gradual a transition period as possible. In this they were influenced to some extent by a desire to satisfy the Farmers' Union demands, but much more important was the wish to avoid any sudden change in consumer food prices even if this could be accompanied by tax concessions, or even by consumer subsidies as the Community suggested. This part of the negotiations was particularly bitter. The French became increasingly suspicious that Britain did not really want the common agricultural policy to work and would not in fact adhere to it unless she was committed by having been compelled to alter her agricultural support system completely as a pre-condition of EEC membership.¹ There followed the famous press conference of President de Gaulle on 14 January 1963 and the final break-up of the negotiations two weeks later in Brussels.

What Mr. Heath, the leader of the British delegation, had described as 'a major turning point in Britain's history' (10 October 1961) had failed to materialize. While the immediate cause of the President's action may well have been the Nassau agreement, the importance of agriculture as a contributor to this diplomatic defeat can hardly be overstressed. In this connexion it is worth suggesting what in retrospect appear to have been the major mistakes made by the British negotiating team.

In the first place there was far too little preparation. Up to January 1961 practically no serious studies on the agricultural problems of joining EEC had been made in Whitehall. As a result much of the work had to be done while the negotiations were in progress. Secondly, the British delegation spent far too long during the first few months

¹ I was in Paris during the middle of December 1962 (at the time of the de Gaulle-Macmillan meeting at Rambouillet) and can vouch for the notable attitude of suspicion on agricultural issues which prevailed among French officials at this time.

(partly due to lack of preparation) on, for instance, explaining the intricacies of the deficiency payments system and pointing out its merits. The recent agricultural agreement for EEC made such activities futile. Thirdly, it was almost certainly a tactical error—although politically understandable—to make no real concessions until the negotiators were forced into them. Not only did this policy help to confirm the views of President de Gaulle that Britain was not yet ready to become a truly 'European' country, it also backfired badly in August 1962. To hope for better concessions from the Community in a series of last-minute pre-vacation meetings was a calculated risk which did not succeed.

Finally, the British Government, and therefore the negotiators, did not appear to be clear as to the future of their agricultural policy, regardless of EEC membership. The result of this was that Britain frequently appeared to be defending parts of her existing agricultural policy—unrestricted entry of foodstuffs, guaranteed prices to the farmer, low consumer food prices, &c.—which she might anyway have wished to modify. This might have been due to a somewhat naïve view of negotiation, further illustrated by the theory that Britain should make no changes in her agricultural policy before the negotiations began (changes that might have brought her closer to EEC support methods) as this would have jeopardized her negotiating position. Another example of confused thinking is provided by the failure to recognize that there was a clear difference of interests between British and Commonwealth farmers. Commonwealth producers stood to gain from low EEC farm prices and liberal agricultural trade policies, whereas domestic farmers would have preferred high prices, encouragement to home production and import restrictions. In fact during the closing stages of the negotiations it appeared that neither of these two interests counted to the same extent as the immediate political problems of the effects on consumer food prices of the immediate adoption of the common agricultural policy.

This outline of the agricultural negotiations reveals some of the main difficulties that were encountered. There was first the difference in the systems of agricultural support. This was never in itself a stumbling-block. Indeed it was frequently stated by British politicians during the negotiations that a change in Britain's support system was to be welcomed, whether she entered the Community or not, and that this change should anyway be in the direction of a managed market

TABLE I. *U.K. sources of supply for main foods and feedingstuffs*

<i>Commodity and source of supply</i>	<i>Pre-war average</i>		<i>1962 (provisional)</i>	
	<i>'000 tons</i>	<i>Per cent. of total supplies</i>	<i>'000 tons</i>	<i>Per cent. of total supplies</i>
<i>Wheat and Flour</i> (wheat equivalent)				
Imports	5,631	77	4,462	55
Home production	1,651	23	3,631	45
Total supplies	7,282	100	8,093	100
<i>Barley</i>				
Imports	889	54	350	6
Home production	765	46	5,764	94
Total supplies	1,654	100	6,114	100
<i>Oats</i>				
Imports	117	6	64	4
Home production	1,940	94	1,747	96
Total supplies	2,057	100	1,811	100
<i>Maize and maize meal</i>				
Imports	3,395	100	4,577	100
Home production
Total supplies	3,395	100	4,577	100
<i>Oilcake and meal</i>				
Imports	595	36	1,268	67
Home production from imported oilseeds.	1,079	64	631	33
Total supplies	1,674	100	1,899	100
<i>Oils and Fats</i>				
Imports	941	84	1,115	87
Home production	181	16	168	13
Total supplies	1,122	100	1,283	100
<i>Sugar (as refined)</i>				
Imports	2,029	82	2,046	74
Home production	451	18	733	26
Total supplies	2,480	100	2,779	100
<i>Beef and Veal (d.c.w.)</i>				
Imports	612	51	361	29
Home production (home fed)	578	49	870	71
Total supplies	1,190	100	1,231	100
<i>Mutton and lamb (d.c.w.)</i>				
Imports	344	64	354	59
Home production (home fed)	195	36	248	41
Total supplies	539	100	602	100
<i>Pork (d.c.w.)</i>				
Imports	58	21	20	4
Home production (home fed)	220	79	499	96
Total supplies	278	100	519	100
<i>Offal</i>				
Imports	48	31	88	36
Home production (home fed)	105	69	155	64
Total supplies	153	100	243	100

Commodity and source of supply	Pre-war average		1962 (provisional)	
	'000 tons	Per cent. of total supplies	'000 tons	Per cent. of total supplies
<i>Carcass meat and offal</i> (product weight)				
Imports	1,062	49	823	32
Home production (home fed)	1,098	51	1,772	68
Total supplies	2,160	100	2,595	100
<i>Canned meat</i> (product weight)				
Imports	67	100	189	100
Home production (included in carcass meat or bacon and ham)
Total supplies	67	100	189	100
<i>Bacon and ham</i> (product weight)				
Imports	383	68	398	62
Home production	178	32	248	38
Total supplies	561	100	646	100
<i>Butter</i>				
Imports	480	91	407	87
Home production	47	9	61	13
Total supplies	527	100	468	100
<i>Cheese</i>				
Imports	142	76	139	55
Home production	44	24	113	45
Total supplies	186	100	252	100
<i>Condensed milk</i> (excludes skim concentrate, condensed milk used in the manufacture of chocolate crumb and canned cream)				
Imports	89	30	9	5
Home production	203	70	182	95
Total supplies	292	100	191	100
<i>Dried milk</i> (excluding block milk, butter milk and whey powder)				
Imports	15	41	50	34
Home production	21	59	99	66
Total supplies	36	100	149	100
<i>Eggs in shell</i>				
Imports	159	29	16	2
Home production	385	71	776	98
Total supplies	544	100	792	100

Notes to Table 1

1. Pre-war import figures are an average for the five years 1934 to 1938. Pre-war home production figures are an average of the three crop years 1936/7, 1937/8 and 1938/9, except sugar which is a five-year average 1934/5 to 1938/9.

2. Fish and fruit and vegetables are excluded.

3. Source: Ministry of Agriculture Statistics Division.

with much more control of imports than Britain's traditional agricultural policy included. The difficulty over the system centred on the timing of the change and the length of time that the Community would permit Britain to have to adjust her food price levels (both to the farmer and to the consumer) to those prevailing in the Community. This presented the Conservative Party with a very real political problem for two reasons. If it became clear that higher food prices would immediately follow EEC membership it might well have been more difficult to obtain endorsement from Parliament of the terms that had been negotiated. Secondly, the Conservative Party has always been nervous of the electoral effects of anything that looks like a tax on food.¹ It was always problematical whether it would be advantageous for them to fight an election as champions of British entry into EEC. If the Opposition had been able to point to the inevitability of higher food prices it might have produced disastrous results for the government.

The question of just how much food prices would rise in Britain as a result of a complete change-over to EEC support methods received plenty of attention during 1962. Various calculations² were made, all of which suffered from the difficulty that food-consumption habits in Britain are slightly different from continental habits as, of course, they are also among the various Community countries themselves. It was also necessary to estimate future price levels in EEC which were subject to political as well as economic forces. The aggregate price increases seemed, however, not unmanageable—about 1s. to 2s. per person per week compared with average total expenditure on food of about 31s. per person per week in 1962.

The second difficulty was concerned with the difference between Britain and EEC in the importance of agricultural imports. In spite of a very large increase in domestic agricultural output—which in 1962 was 86 per cent. up on the pre-war level—Britain still imports approximately half the food she requires. The Community on the other hand can be said to be getting within sight of self-sufficiency in food. It has been estimated that in 1956/7–1959/60 the Community was 84 per cent. self-sufficient.³ Since then the degree of self-sufficiency, given average harvest conditions, has increased.

¹ See, for instance, Lord Beaverbrook's account of the events of 1922 in his *Decline and Fall of Lloyd George*, Collins.

² e.g. D. T. Healey, *British Agriculture and the Common Market—Britain in Europe 1962*. See also *The Economist*, 27 May 1962, 'Agriculture and Europe'.

³ G. McCrone, *The Economics of Subsidising Agriculture*, chap. 10, George Allen & Unwin.

British imports of the main foodstuffs are analysed in Table 1, which also provides a comparison with domestic production. It shows Britain's dependence on imported supplies of butter and cheese, cereals (with the exception of barley of which domestic production is now seven times the pre-war level) and meat. Table 2 shows the cost of these imports. This is so large a part of her total import bill that Britain must always remain—unlike the Community—interested in preserving low world food prices.¹

Differences in the pattern of agricultural trade had already caused difficulties between Germany, the largest food importer, and France, potentially the largest exporter, over the disposition of the funds arising from import levies. The problem raised by British entry would have been far greater. Negotiations were broken off before anything more than tentative work had been done on this question. Britain would not have been inclined to agree readily to a scheme which would have put the funds at the disposition of France, to subsidize her exports, or of Italy, Germany and other Community countries so that they could improve their agricultural structure and make it more competitive with Britain's. No solution to this problem was ever suggested which would have been likely to have been acceptable to Britain. This difference in the structural state of agriculture provided a permanent difficulty during the negotiations. For historical reasons Britain's agricultural structure is infinitely better than that in most parts of EEC. Exact comparisons are made difficult by differences in classification. In Britain, however, the small farm is an exception rather than the rule. Over 80 per cent. of British farm land is farmed in units over 20 hectares. This size of farm is considered small in Britain whereas in some EEC countries, notably Germany, it would be regarded as thoroughly economic. There are no government grants for structural improvements in Britain (and only one form of assistance, the Small Farms Scheme, which might be said to operate in the other direction), but in spite of this, structural improvement continues. The total number of farm holdings is falling by about 2 per cent. a year. Large farms of over 50 hectares are gaining at the expense of the very small holdings.

This relatively advanced structural condition is reflected in the status and incomes of farmers and, to a lesser extent, of their workers.

¹ Britain's exports of foods are small but not negligible. They cover a wide range—fish, condensed milk and other dairy products, biscuits, chocolate and confectionery, barley, &c., and totalled £111·2 million in 1962.

TABLE 2. *U.K. imports of food and live animals 1962*

	£ million	£ million
<i>Meat and meat preparations</i>		
From Denmark	85.4	
New Zealand	57.7	
Argentina	46.7	
Irish Republic	20.6	
Australia	19.6	
Netherlands	18.7	
Yugoslavia	14.7	
Poland	14.6	
Others	34.9	
	<hr/>	312.9
<i>Fruit and vegetables</i>		294.6
<i>Cereals</i>		
From United States	78.4	
Canada	73.9	
Australia	22.1	
Argentina	17.0	
U.S.S.R.	10.4	
Others	41.8	
	<hr/>	243.6
<i>Coffee, tea, cocoa and spices</i>		169.7
<i>Dairy products and eggs</i>		
From New Zealand	65.6	
Denmark	34.3	
Australia	26.3	
Netherlands	8.6	
Others	32.0	
	<hr/>	166.8
<i>Sugar</i>		64.0
<i>Fish</i>		60.4
<i>Miscellaneous food preparations</i>		19.3
<i>Live animals</i>		
From Irish Republic	44.9	
Others	1.4	
	<hr/>	46.3
<i>Feedingstuffs</i>		
(excluding unmilled cereals)		68.0
		<hr/>
Total		£1,445.6 million

Source: U.K. Trade and Navigation Accounts.

It may have been mostly the fear that they would be reduced to the level of life of the European peasant which prompted many British farmers to adopt so antagonistic an attitude to the idea of British membership of EEC. There was no very clear logic behind this attitude. Farming income had been fairly static for the past ten years (Table 3) and it was likely that prices to the farmer for several products, especially cereals, would rise. The possibility of improving their political strength was also ignored by British farmers at the time.

TABLE 3. *U.K. aggregate farming net income: year ending 1 June*

(£ million)

1952/3	53/54	54/55	55/56	56/57	57/58	58/59	59/60	60/61	61/62	(62/63)
347½	346	311½	347½	338	374½	333	362	392½	423	(403)

Source: Ministry of Agriculture—'Departmental' Calculations.

Farmers in Britain account for only a very small proportion, about 1 per cent., of the working population. They are outnumbered 2:1 by their workers, there being about a quarter of a million farmers and half a million farm workers. Changes in employment in EEC are shown in Table 4.

TABLE 4. *Percentage employment in EEC*

	1958	1962
Agriculture . . .	22.7	19.5
Services . . .	35.3	37.4
Industry . . .	42.0	43.1

During the past four years, therefore, the agricultural labour force in EEC has been falling at about 3½ per cent. per year. In Britain the number of farmers has changed very little—probably by less than 1 per cent. a year recently.¹ But agricultural workers have been leaving for other occupations at almost exactly the same rate as in EEC. In general farms in EEC have a long way to go before their structural efficiency will be at all comparable to the British.

Some time before the Brussels negotiations started the British government began to indicate that changes should be made in agricultural policy, involving some alteration in the general policy of the open market for foodstuffs accompanied by guaranteed prices for an

¹ Changes in the number of holdings does not necessarily reflect changes in the number of farmers.

unlimited quantity of home production implemented by deficiency payments and production grants. This policy had been, and still is, criticized on five main grounds.

1. That the system imposes too great a burden on the Exchequer and that this burden is likely to become still more severe. The cost of agricultural support was £206 million in 1955/6. By 1958/9 it had risen to £241 million and it is now about £320 million a year. This is apart from invisible items of support such as exemption from rates (local taxation), special tax advantages and some remission of inheritance duties.

2. That it is impossible to estimate accurately what the cost of support will be in any one year because the total cost depends on the level of home output and the trend of world food prices as well as on decisions over the guaranteed prices.

3. That the support system is too unselective. There are big differences between British farms so far as natural characteristics are concerned. The guaranteed prices are framed so as to satisfy the smaller and probably less efficient farmer; the result being that large and prosperous farms become even larger and more prosperous. The vast majority of government farming aid is given regardless of special need.

4. That no grants are given to help structural reform or to assist amalgamations of farms or to encourage farmers to retire from un-economic holdings. In this respect, the pattern of British government spending on farm support is very different from that practised in most EEC countries.

5. That money is made available to farmers in a manner which is calculated to stimulate domestic production to the disadvantage of Britain's traditional suppliers, including of course some Commonwealth countries.

It has already been stated that the government decided to postpone any changes in policy pending the results of the EEC negotiations. As a result there was a pause of nearly two years. However, fairly soon after the breakdown the government began to indicate that changes were on the way. The Prime Minister declared that 'new and constructive ideas' would have to be applied to agricultural policy. These ideas had not been worked so as to have any great effect on the Annual Price Review of April 1963. In a debate in the House of Commons the following month the Minister of Agriculture gave some very general indications of what the government had in mind. It is

only now that the shift in policy is becoming clear, a shift largely dictated by a wish to meet the criticisms listed above.

The government will in future attempt (by so-called standard quantities) to control the extent of domestic farm production by setting a limit to the amount of each commodity that is eligible for government support through the guaranteed prices and the deficiency payments. This is, of course, no new concept. It has been used indirectly for some time for milk and it was extended to cover egg production at the last Price Review. It is now planned to extend its use to cereals and meat, which together comprise over half of the cost of support (Table 5). Since the change in egg arrangements last April cereals and fatstock have been the only important items in the cost of implementing the price guarantees.

TABLE 5. *Estimated cost of Exchequer support 1962/3*

	£ million	£ million
<i>Price guarantees</i>		
Cereals	63.8	
Fatstock	107.0	
Others	28.0	
	<hr/>	198.8
<i>Farm grants, &c.</i>		
Fertilizer and lime subsidies	44.8	
Others	67.7	
	<hr/>	112.5
<i>Administration</i>		8.9
		<hr/>
	Total	320.2

At the same time—and partly as a *quid pro quo* to satisfy farming interests—it was decided to impose much more severe controls on imports of foodstuffs. A recent United States Department of Agriculture publication¹ places Britain second after the U.S.A. in a comparison of relative freedom from non-tariff controls on imported foodstuffs. Her position in this table will soon be drastically altered.

Most beef imports are now subject to control. 'Gentlemen's agreements' with the principal supplying countries, Argentina and Yugoslavia, have already been used. The intention is that these will give place to clear-cut contracts with the supplying country designed to limit the amount that can be shipped in any one month or over a longer period. These contracts will be applied to *all* suppliers,

¹ *Agricultural Protection by Non-tariff trade Barriers*, E.R.S. Foreign, September 1963.

including Australia and New Zealand. The Government hopes to conclude the agreements before the 1964 Farm Price Review. This may well be difficult as exporting countries may wish to hold things in suspense until the GATT meetings beginning May 1964.

Arrangements for cereals may prove less troublesome. Unlike beef imports for which only quantitative controls have so far been discussed, imports of cereals will probably be subject to minimum import prices, or possibly levies. These are very delicate political propositions and it would not be surprising if their introduction was postponed until after the election.

The stated purpose of this increased control of imports is to avoid disruptions which it is claimed larger supplies of imported foodstuffs can cause on the British market, rather than to raise food prices in order to shift some of the cost of farm support to the consumers. It is very arguable whether in fact imports have been as much a cause of, for instance, fluctuations in beef prices as British domestic supplies. It is too early to form a view on the effects of these proposals on food prices but it seems certain that controls of this kind must produce firmer conditions in world markets and higher prices for Britain's imports.

How does this relate to EEC? Will these changes in policy make easier the agricultural side of any future negotiations over British membership?

Britain is moving tentatively towards a managed market for foodstuffs which may turn out to be rather similar to that of EEC. The setting-up of commissions for the main agricultural commodities has been widely debated. If imports are tightly controlled and home production put under even closer government influence, it might appear logical to have a body responsible for co-ordinating the two, perhaps with powers to enter the market if support is required.

The deficiency payments system will continue to exist but the increasing use of import control should reduce the cost of working it. A British government soon after an election might be inclined to make use of its import controls to allow food prices to rise, and thus reduce the cost of Exchequer support, either by using levies or by subscribing to Baumgartner-type commodity agreements. If this were done—probably to the accompaniment of increases in social payments—the main differences between British and EEC agricultural policy would be on matters of administrative detail, and on the relative importance in import control of quotas compared with levies, duties and minimum

import prices. EEC has resolutely set itself against any form of quantitative control of agricultural imports into the Community.

There might also remain a difference of emphasis in structural policy. With her great advantage over farm structure in comparison with EEC it is not surprising that Britain has adopted a generally *laissez-faire* attitude to this problem. The Small Farms Scheme currently costing only some £7.5 million a year and some modest extra assistance given to upland farmers are more than offset by the fertilizer grant which is of greater benefit to larger farmers who are able to enjoy the economies of scale of large-scale arable farming. The shape of EEC's structural policy will not be known until the middle of 1964 at the earliest. But there does not seem to be any reason to think it will not emerge in a form which could be applied satisfactorily to Britain.

The changes in British agricultural policy which have been proposed in outline should take definite shape during 1964—though this will, of course, depend on political developments. It cannot be argued that the changes are being made with the definite object of making the British system closer to the present EEC system. It is claimed that they would be appropriate even if Britain stayed permanently outside EEC. Will they make agricultural difficulties less severe in any future negotiations between Britain and EEC?

On balance it seems likely that the agricultural problems will be no easier. While the two systems may be becoming somewhat more similar the scope for negotiation is becoming less and less. The closer that EEC gets to the end of the transition period the more disinclined her members will be to make changes in their hard-fought agricultural policy. Any further negotiations therefore are likely to be short and sharp, particularly as the bargaining position and minimum requirements of each side are now well known to the other.