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OCCASIONAL PAPERS NO. 2

A RECORD OF  
AGRICULTURAL POLICY  
1952-1954

by

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Record of Agricultural Policy

1952-1954

FOREWORD

This Occasional Paper No.2 continues for a further two years the account contained in "A Record of Agricultural Policy 1947-1952 (Occasional Paper No.1.). It covers the period from mid-1952 to mid-1954 when food rationing and price controls were gradually dismantled, and replaced by free markets, combined with various forms of minimum support prices.

A RECORD OF AGRICULTURAL POLICY

1952-1954

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### A. The Economic Background.

In the Budget for 1952, the Conservative Government headed by Mr. (later Sir Winston) Churchill planned a gradual reduction in food subsidies until the total did not exceed £250 millions annually; this was to be achieved by a rise in selected retail prices and by a return to private trading in most foods. At the same time, the Government announced its intention to uphold the basic principles of the Agriculture Act, 1947; but the guaranteed prices and assured markets would be provided by other means than bulk purchase by the Ministry of Food. Control over the markets for cereals (including animal feeds), tea and sugar ended in September 1953; rationing and control of meat, bacon, butter, margarine and cooking fats ended in the summer of 1954.

During 1951, there was a marked rise in import prices and a smaller rise in export prices, so that the "terms of trade" moved sharply against the United Kingdom. During 1952 and 1953, this trend was reversed; import prices ceased to rise early in 1952 and showed a slight fall at the end of 1953. As a result, the strain on the balance of payments was eased; exchange reserves increased and the free market for sterling noticeably strengthened. Internal prices rose slowly and the average level of earnings also increased to a slightly larger degree; there was thus a small increase in 1952/3 in the total volume of personal consumption, which continued into 1953/4.

### B. Agricultural Legislation.

As the legal framework for agriculture had been established in the post-war years, only minor modifications were made in 1952 to 1954, apart from the general release of markets from State control, which required only the revoking of existing Orders.

1. The Agriculture (Ploughing Grants) Act, 1952, continued the powers to make substantial grants for land ploughed from grass, as a general inducement towards greater tillage. A grant of £5 per acre could be claimed for ploughing land which had been in grass for at least three

years and which was to be sown to a crop; a grant of £10 per acre might be claimed for ploughing land which had been continually in grass since before the war and whose cultivation was likely to be exceptionally costly.

2. The Agriculture (Calf Subsidies) Act, 1952, continued for four years the grants for rearing calves. From September 1950, £5 was paid on steer calves only, heifer calves being ineligible; at the 1952 review, it was decided to limit the subsidy to calves of a beef type only but to pay it for both steer and heifer calves at the rate of £5 per head.

3. The Agriculture (Fertiliser) Act, 1952, empowered the agricultural Ministers to continue grants, up to half the total cost, for the application of approved fertilisers. The scope of these grants was enlarged in 1951 and rates of payment were altered in July 1954 because of changes in fertiliser prices.

4. The Agricultural Lime Scheme (Extension of Period) Order 1952, continued with slight modifications the existing grants for the application of lime.

5. The Coastal Flooding (Emergency Provisions) Act, 1953, authorised the payment of various grants for the reconditioning of land flooded with sea water after the great storm of January 31st. 1953.

6. The Agriculture (Miscellaneous Provisions) Act, 1954 continued various minor powers of the agricultural Ministries, notably those relating to grants for field drainage and water supplies. One section also transferred the appointment of members of Agricultural Land Tribunals from the Minister of Agriculture to the Lord Chancellor, and it allowed appeals on questions of law to be taken from the tribunals to higher courts.

7. The Hill Farming Act, 1954, permitted grants to be made for the erection or improvement of service cottages on hill farms.

8. The Agriculture (Poisonous Substances) Act, 1952, prescribed certain precautions to be observed when handling poisonous substances in agric-

culture for such purposes as crop spraying.

C. Agricultural Output and Incomes.

In the summer of 1947, the Government asked for an increase over the current level, of 20 per cent in the net agricultural output, to be attained within five years. That target was broadly attained in 1952, bringing the net agricultural output, as officially calculated, to about 50 per cent above the pre-war level; the output of crops and of meat was in fact less than had been planned, but the output of milk and pigmeat exceeded that target. In 1952, the Government suggested, as a reasonable objective for the next five years, a further rise in output to about 60 per cent above the pre-war level; better use of grassland should enable the numbers of beef cattle and of sheep to be slowly increased, and still allow another million acres to be ploughed for extra arable crops. The rise in crop yields, which was so marked a feature of the post-war years, was expected to continue, together with a rise in milk yields which would supply any extra milk required without any increase in the number of dairy animals. In spite of these exhortations, the area under tillage remained below the level reached in 1950, though still almost 50 per cent higher than before the war.

TABLE I. United Kingdom Agricultural Statistics  
1950 - 1954

| Million Acres           | 1939  | 1950  | 1951  | 1952  | 1953  | 1954(a)  |
|-------------------------|-------|-------|-------|-------|-------|----------|
| Wheat                   | 1.77  | 2.48  | 2.13  | 2.03  | 2.22  | 2.45     |
| Barley                  | 1.01  | 1.78  | 1.91  | 2.28  | 2.22  | 2.05     |
| Oats                    | 2.43  | 3.11  | 2.86  | 2.88  | 2.84  | 2.60     |
| Potatoes                | 0.70  | 1.24  | 1.05  | 0.99  | 0.99  | 0.95     |
| Sugar Beet              | 0.35  | 0.43  | 0.43  | 0.41  | 0.41  | 0.43     |
| Other Crops<br>& Fallow | 2.55  | 3.71  | 3.74  | 3.67  | 3.62  | 3.36     |
| <b>TILLAGE</b>          | 8.81  | 12.75 | 12.12 | 12.26 | 12.30 | 11.84    |
| Temporary Grass         | 4.09  | 5.60  | 5.88  | 5.85  | 5.80  | 19.15(b) |
| Permanent Grass         | 18.77 | 12.77 | 13.13 | 13.06 | 12.95 |          |

(a) Provisional.

(b) Grassland.

TABLE II. United Kingdom Agricultural Statistics, 1950 - 1954.

| Million Head                     | 1939  | 1950  | 1951  | 1952  | 1953  | 1954(a) |
|----------------------------------|-------|-------|-------|-------|-------|---------|
| Cows & Heifers<br>in milk & calf | 3.89  | 4.63  | 4.48  | 4.47  | 4.51  | 4.56    |
| Other Cattle                     | 4.99  | 5.99  | 6.00  | 5.77  | 5.93  | 6.18    |
| Sheep                            | 26.89 | 20.43 | 19.98 | 21.66 | 22.46 | 22.93   |
| Pigs                             | 4.39  | 2.99  | 3.89  | 4.96  | 5.17  | 6.23    |
| Poultry                          | 74.36 | 96.11 | 94.34 | 94.97 | 92.12 | 84.22   |

(a) Provisional.

TABLE III. United Kingdom Agricultural Production, 1946/7 - 1953/4.

| Thousand tons           | Pre-war<br>Average | 1946/7 | 1951/2 | 1952/3 | 1953/4<br>(a) |
|-------------------------|--------------------|--------|--------|--------|---------------|
| Wheat                   | 1,651              | 1,967  | 2,316  | 2,307  | 2,664         |
| Barley                  | 765                | 1,963  | 1,939  | 2,334  | 2,521         |
| Oats                    | 1,940              | 2,903  | 2,616  | 2,772  | 2,821         |
| Potatoes                | 4,873              | 10,166 | 8,284  | 7,848  | 8,260         |
| Sugar Beet              | 2,741              | 4,522  | 4,534  | 4,236  | 5,226         |
| Milk (million gallons)  | 1,563              | 1,665  | 2,014  | 2,053  | 2,149         |
| Eggs (b)                | 385                | 322    | 464    | 474    | 504           |
| Beef & Veal             | 578                | 537    | 617    | 583    | 606           |
| Mutton & Lamb           | 195                | 141    | 147    | 172    | 187           |
| Pigmeat (b)             | 435                | 145    | 464    | 574    | 596           |
| Wool (clip)             | 34                 | 27     | 29     | 31     | 32            |
| Net Agricultural Output | 100                | 122    | 149    | 152    | 156           |

(a) Provisional.

(b) Including estimated production from gardens, allotments, etc.  
Monthly Digest of Statistics. Annual Review & Determination of  
Guarantees, 1954. Cmd. 9104.Revised estimates for agricultural incomes are given below for the  
United Kingdom :-TABLE IV. Value of United Kingdom Agricultural Incomes.

| £ million | Aggregate Net<br>Income | Change in Value<br>of Stocks |
|-----------|-------------------------|------------------------------|
| 1937/8    | 56½                     | 1½                           |
| 1946/7    | 182½                    | 23                           |
| 1950/1    | 259½                    | 41½                          |
| 1951/2    | 321                     | 40                           |
| 1952/3    | 324½                    | 21½                          |
| 1953/4    | 321                     | 11                           |

Annual Review &amp; Determination of Guarantees, 1954. Cmd. 9104.



Included in these figures are the grants paid direct to farmers for various purposes, as indicated below:-

TABLE V.                      Production Grants, United Kingdom.

| £000   | Year ending in March |        |        |
|--|----------------------|--------|--------|
|  | 1950/1               | 1951/2 | 1952/3 |
| Ploughing grants                                     | 3,112                | 2*     | 6,006  |
| Land drainage & water supplies                       | 2,334                | 2,365  | 2,518  |
| Hill Land, marginal production,<br>& bracken cutting | 554                  | 1,385  | 1,979  |
| Lime   | 5,557                | 4,183  | 4,732  |
| Fertilisers  | 323                  | 3,360  | 12,195 |
| Hill sheep & cattle                                  | 2,660                | 2,775  | 2,005  |
| Calf rearing   | 6,243                | 4,944  | 3,823  |
| Acreage payments for crops                           | 11,898               | 18     | -      |
| Petrol driven machinery                              | 1,219                | 1,187  | -      |
|  | 33,900               | 20,219 | 33,258 |

Civil Appropriation Accounts, Class VI, Votes 9 & 21.

\* The Order authorising payments did not pass through Parliament in time for payments to be made before the end of this financial year.

D. Price Reviews.

1. Minimum Prices. In February 1953 the following guaranteed minimum prices for livestock and their products were announced for the years up to 1955/6; under the Agriculture Act, 1947, the prices actually to be paid for these commodities cannot fall below the minima:-

TABLE VI.                      Minimum Prices for Livestock and Products

| Commodity     | Unit          | Existing Minimum Prices 1953/4 | Proposed Minimum Prices |        |
|---------------|---------------|--------------------------------|-------------------------|--------|
|               |               |                                | 1954/5                  | 1955/6 |
|               |               | s. d.                          | s. d.                   | s. d.  |
| Milk (a)      | per gallon    | 1 11                           | 2 6                     | 2 6    |
| Cattle        | per live cwt. | 95 0                           | 113 6                   | 113 6  |
| Sheep & Lambs | per lb.dd.wt. | 1 10(b)                        | 2 3                     | 2 2    |
| Pigs          | per sc.dd.wt. | 40 0                           | 47 0                    | 45 0   |
| Eggs          | per doz.      | 2 11                           | 3 6(c)                  | 3 5(c) |
| Wool (greasy) | per lb.       | 2 0                            | 3 3                     | 3 0    |

(a) Including production bonus.

(b) Fat sheep only.

(c) First quality eggs only.

2. March, 1953. In August 1952, the Agricultural Wages Board for England and Wales raised the minimum wage for farm workers by 5s. per week to 113s. for men and 86s. for women; a similar application to the Scottish Board was rejected. The National Farmers' Union applied for a special review of prices, but the Minister held that the change in labour costs in one part of the United Kingdom only was not sufficiently substantial, and was, in any case, partly offset by falling costs for other items.

At the annual review held in February and March 1953, it was estimated that the probable increase in aggregate costs over 1952/3 was £22.16 million for the commodities covered by the review; of this, £8.73 million was contributed by the rise in wages. The problem of repaying these costs to farmers was more complex than in previous years; it was proposed to remove control from the markets for cereals and eggs, so that receipts from these commodities would be determined by the current level of demand, (subject to the proposed "floor" prices). For the commodities still controlled, the increase in costs was estimated at £17.13 million, and the Government allotted an estimated increase in receipts of £15.4 million.

TABLE VII. Prices announced in March 1953.

| Product       | Description                     | Unit      | Date     | Addition to Prices |                 | Approx. Expected Prices |                 |
|---------------|---------------------------------|-----------|----------|--------------------|-----------------|-------------------------|-----------------|
|               |                                 |           |          | s.                 | d.              | s.                      | d.              |
| Milk          | Av. wholesale price             | gal.      | Apr. '53 |                    | 0 $\frac{1}{2}$ | 3                       | 1 $\frac{3}{4}$ |
| Cattle        | Steers, heifers,<br>cow-heifers | live cwt. | July '53 | 3                  | 0               | 130                     | 9               |
| Sheep & lambs | First grade                     | lb.dd.wt. | July '53 |                    | 0 $\frac{1}{2}$ | 2                       | 8 $\frac{1}{4}$ |
| Pigs (a)      | Quality premium range           | sc.dd.wt. | July '53 |                    | 8               | 57                      | 2               |
| Wool          |                                 | lb.       |          |                    | nil             | 4                       | 6               |
| Sugar beet    | 16.5% sugar content             | ton       | 1954/5   | 3                  | 4               | 125                     | 7               |
| Potatoes      |                                 | ton       | 1954/5   | 5                  | 0               | 249                     | 0               |

(a) Related to the cost on April 1st. 1953 of a standard ration of feeds; for every 1d. per cwt. change in this cost averaged over 16 weeks, the price is to change by 1d. per score, rounded to the nearest 3d.  
Annual Review & Fixing of Farm Prices, 1953. Cmd. 8798.

About £5½ millions of this was to take the form of additional grants for marginal production schemes, lime spreading, hill cattle and calf rearing. The remaining £11.6 million was allotted by raising controlled prices to favour mainly fat cattle, fat sheep, potatoes and sugar beet. The price of milk was raised by only ½d. per gallon and of pigs by 8d. per score in the quality range only; the output of these two commodities had recently shown a substantial increase and it was assumed that a reduction in profit margins would help to reduce costs and to check the expansion.

For products to be sold on a free market, the provision of a guaranteed price was more complex. For hen eggs, a minimum price of 4s. per dozen, averaged over the season, was combined with a fluctuating minimum price ranging from 3s.6d. in May to 5s. in the months from October to December. This minimum price was to be paid by the packing stations for all eggs offered to them; if the market warranted, they would, of course, pay a higher price, while the Ministry of Food undertook to refund to them the deficiency, if any, between the prices at which the packing stations sold and the minimum producer price plus their ascertained costs. Market prices were substantially above the minimum all through the summer, reaching a peak of some 6s. per dozen in July and August, corresponding to a retail price of about 8s. per dozen. This level brought a sharp fall in demand and prices fell markedly to the minimum in September. With an exceptionally mild autumn, egg production was unusually high right up to Christmas, and retail prices were unusually low. As a result, sales through the packing stations at the minimum prices greatly increased, and the subsidy on eggs, both home and imported, was expected to reach nearly £28 millions by the end of the financial year.

A free market in cereals was restored in August 1953, after the subsidy on feedingstuffs had been removed in the previous April. But the free market was combined with purchase by the Ministry of Food at

minimum prices equal to those agreed at the 1952 review, which were as follows:-

|        |            | per cwt. | s. | d. |
|--------|------------|----------|----|----|
| Wheat  | (millable) |          | 30 | 9  |
| Rye    | (millable) | "        | 25 | 0  |
| Barley |            | "        | 25 | 0  |
| Oats   |            | "        | 22 | 2  |

The subsidy on the cost of flour was also removed in April 1953, and the subsidy for bread was confined to bread made from the national flour whose price was still controlled; the composition and prices of other breads were freed from control.

These arrangements for Government purchase were only temporary, pending the introduction of deficiency payments for the 1954 harvest<sup>xi</sup>, and subsequent years. Under the Agriculture Act, 1947, marketing arrangements for cereals were normally to be announced after a price review for the crops to be harvested the following year, so that farmers would know the conditions of sale before the crops were planted. At the time of the 1953 price review, the details of the new payments scheme had not been worked out, but it was agreed that the basic prices for such a scheme should be the same as the guaranteed minimum prices operated for the 1953 harvest, which in turn were substantially the same as the fixed prices of 1952/3. The temporary arrangements made for the 1953 harvest were subjected to considerable strain in the course of that autumn, when world prices of cereals fell somewhat below the minimum prices guaranteed for the home crops; millers and other users were consequently unwilling to buy from farmers, and a heavy volume of grain harvested by combine was therefore offered to the Ministry early in the season. For some weeks there was great congestion in stores and in drying plants and delivery had to be delayed. It was estimated that the cost of buying this grain for resale at market prices would cost the Ministry of Food some £21 millions, in addition to the loss of about £40 millions incurred on selling stocks of cereals bought earlier in the year at a higher price level.

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<sup>xi</sup> See below, Page 11.

3. March 1954. In August 1953, a year after the previous rise in wages, the Agricultural Wages Boards granted a further increase in minimum wage rates, in England and Wales to £6 a week for men and 91s. for women, with corresponding hourly rates of 2s.7d. and 1s.11d. and in Scotland to 116s. a week for the general male worker, to 126s. for the male specialist and to 80s.6d. for women. The National Farmers' Unions claimed a special price review but the Minister of Agriculture again decided that the change, taken in conjunction with falling costs for other items, was not sufficiently substantial. The price review in March 1954, had therefore to take into account an increase in costs of some £23 millions, including a rise in wages estimated to cost £15½ millions; and a fall in costs for feedingstuffs and some minor items, totalling almost £29 millions. The aggregate of costs likely to be incurred by British farming was thus estimated to have fallen by about £5⅓ millions<sup>(1)</sup>.

During the winter of 1953/4, the Government announced that the control of meat prices and its rationing would end in July 1954; that the trading powers of the Milk Marketing Boards would be restored to them from April, when the Government's responsibility for milk would be limited to the payment of an agreed price for a stated quantity; and that the marketing boards for pigs, bacon and potatoes would be brought out of the cold storage to which they had been condemned in 1939<sup>(2)</sup>. The discussions at the price review were therefore limited to the level of the minimum prices which the Government were prepared to operate to safeguard producers from a severe fall in incomes; the actual level of incomes to be expected would depend on the total receipts from the markets for individual commodities, whose prices would normally, it was hoped, be above the guaranteed minima.

The minimum prices guaranteed for cereals of the 1954 harvest were settled in 1953, and the administrative details were announced at

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(1) Annual Review & Determination of Guarantees 1954. Cmd.9104.

(2) De-control of Food & Marketing of Agricultural Produce 1953. Cmd.8989.

the end of that year. The minimum prices in force for 1953/4 became the standard prices for 1954/5; the Government undertook to make good any deficiency between these and the average market prices obtained by farmers as a whole throughout the season. The standard price of wheat, 30s.9d. per cwt., was varied seasonally (so as to encourage a more even rate of marketing) from 28s.10d. per cwt. in August to 33s.10d. in June 1955. The standard price of oats was fixed at 24s. per cwt. Since much of the crop is not sold off the farm where it is grown, the deficiency payment is to be related to the area grown. The deficiency payment per cwt. will be multiplied by the average United Kingdom yield over the last five years (17.2 cwts.), less a deduction of  $7\frac{1}{2}$  per cent for tailings, etc. The standard price for barley was fixed at 25s.6d. per cwt., but the calculation of the average market price ignores the higher-priced barleys sold for brewing and distilling. After the average price has been ascertained on all merchantable barley sold in the season, those sales will be excluded which had taken place at prices at or above the average price and within 1/- per cwt. below it. An average will then be struck for the remaining sales and declared to be the average market price for feeding barley. If this price falls below 25s.6d. per cwt., the deficiency payment will be paid on the area grown, assuming an average yield over the last five years of 19.2 cwts. per acre. This figure allows a deduction for tailings etc.

For 1955/6 when the harvest of 1955 will be sold, these standard prices for cereals are to be reduced by 1s. per cwt. for wheat, barley and oats, and by 2s. per cwt. for rye, in sympathy with the falling trend in cereal prices experienced in world markets since 1952.

It had been agreed in 1953 that the fixed price for potatoes would be continued for the 1954 harvest at an average level of 249s. per ton, with the usual differentials for soil, variety and season; the Ministry of Food would remain responsible for the purchase and disposal of all potatoes offered to it. For the 1955 crop, there will

be only a support price of 212s.6d. per ton, to be operated through a revised Potato Marketing Board on lines to be agreed. This support price, which will only come into effect if the market prices fall to this level, will vary between the main five regions and also seasonally, but not for variety or soil. The Government considered that it was no longer necessary to grow a sufficient area of potatoes to satisfy normal consumption even in a year of poor yields; presumably, therefore, the area is expected to fall somewhat to a level that will supply the market on an average yield at about the present price level.

As the British Sugar Corporation is the sole buyer of sugar beet, the return to freer markets does not apply for this product. It was agreed that the prices and marketing arrangements in force in 1954/5 will be continued unchanged for 1955/6, except that growers would be responsible for transport costs up to 15s.3d. per ton (instead of 13s.2d.) and that there would be no subsidy on the transport back to the farms of sugar beet pulp.

The revised marketing arrangements for milk were simplified by the existence of the four Milk Marketing Boards<sup>(1)</sup>, through whom the new guaranteed price is to be paid. The average price for 1954/5 was fixed at 3s. 1.2d. per gallon, a reduction of 1d. per gallon from the average price paid for the previous season. This price will be paid for the quantity sold in 1953/4, (1,957 million gallons for the United Kingdom and 1,651 million gallons in England and Wales) or for any lesser quantity; if sales exceed these "standard" quantities, the average price is to be reduced in proportion to the excess. It is, further, to be broken into parts, a higher price paid for the quantity sold by each Board in the liquid market and a lower price for milk sold for other purposes. The Boards will be free to obtain a higher price than the standard for this manufacturing milk, if they can; and surplus thus obtained will be divided between the Boards and the Government in

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(1) Milk Marketing Board for England & Wales, the Scottish Milk Marketing Board, the Aberdeen & District Milk Marketing Board, and the North of Scotland Milk Marketing Board.

proportions to be agreed. This division of any surplus recognises the fact that the retail price of milk is heavily subsidised to certain classes of the community under the National Milk Scheme and the Milk in Schools Scheme and that the Government is therefore entitled to share in any profits made above the guaranteed price in other markets. The Ministry of Food will continue to prescribe maximum retail prices of milk in the liquid market.

The actual prices paid by the Boards to their registered producers will therefore represent an average of the receipts from the various manufacturing markets and of the receipts from the guaranteed price for liquid sales. In addition, producers will continue to receive the production bonus (introduced as a temporary measure in 1944) of 1d. per gallon for the first 500 gallons sold each month from April to August, and of 3d. per gallon on the first 400 gallons sold in each month from September to March. The average price over the year will be derived as hitherto from widely varying seasonal prices, ranging in England and Wales from 1s.11<sup>3</sup>/<sub>4</sub>d. in May and June to 3s.6<sup>7</sup>/<sub>8</sub>d. per gallon in December.

The control of the markets for fat stock and the rationing of meat ended in July 1954. After that date, farmers sold their fat stock by auction, by private treaty or to the Fatstock Marketing Corporation<sup>(1)</sup> at whatever prices they could get, subject to a complex system of deficiency payments.

For the year beginning in July 1954, standard prices were prescribed for fat stock roughly equivalent to the average fixed prices paid by the Ministry of Food in the previous season. For steers, heifers and cow-heifers, the standard price of 133s.2d. per live cwt. relates to the gross carcass weight, without the previous deduction of 28 lb. per animal. The standard price for fat cows, at 83s. per live cwt., is 5s. lower than the previous fixed price. A "collective guarantee" payment (to be distinguished from the "individual guarantee" payment described later) is paid to meet any deficiency between these

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(1) See below Page 22.



standard prices and the actual average prices received on sales by auction in the 12 months ending four weeks before the beginning of each four weekly period. To start the scheme, it was assumed that the average market prices received in 1953/4 were, for fat cattle, 4s. per live cwt. or 0.8d. per lb. dead weight below the standard prices; and for fat sheep and lambs 6 $\frac{1}{2}$ d. per lb. dead weight below the standard price. A farmer sending a beast for auction in September received therefore, in addition to the market price, a payment representing the assumed deficiency between (1) the average market price received from August 1953 to July 1954 on all fat cattle sold, and (2) the standard price for that period. He was also eligible to receive, in addition, an individual deficiency payment, payable when the price received at auction fell below the "individual guarantee" price, which for fat cattle has been fixed at an average of 114s. per live cwt. (Fat cows are not eligible for these payments.) There will however be a seasonal variation in these prices, from a low point in November to a high point in the spring, and separate prices are prescribed for each of the main grades. Deficiency payments made to bring individual prices up to these minimum prices will be included in the average market prices calculated for the collective guarantee payments. A similar double guarantee operates for fat sheep and lambs, for which the standard price has been fixed at 2s.10 $\frac{1}{2}$ d. per lb. estimated carcass weight, excluding caul fat, equivalent to the average fixed price of 2s.8 $\frac{3}{4}$ d., including caul fat, paid in the previous season; the guarantee price on individual sales is to average 2s.4 $\frac{1}{2}$ d. per lb. and varies both seasonally and by grade.

Fat stock sold through a marketing board or a similar organisation is eligible for the appropriate collective guarantee payment (if any), and to a payment equivalent to the average of all the individual deficiency payments paid in the auction markets in each week. This last provision covers the Fatstock Marketing Corporation, described below in the section on marketing.

The prices paid for pigs in 1953/4 had been linked to the cost of a standard ration of feedingstuffs; for every change of 1d. per cwt. in the cost of the basic ration, the price of pigs was adjusted by 1d. per score, rounded to the nearest 3d. At the price review, the current price was reduced by 3s. per score for the three months that prices remained under control. This reduction in the profit margin was not unexpected; there was a record number of over 6 million pigs returned at the census of June 1954 and the Ministry of Food was already experiencing some difficulty in selling British bacon in competition with imported supplies, bought at about 60 percent of the price received by British farmers. The fall in price was designed to emphasise the need for lower costs and to check the rate of expansion. To smooth out the changes in pig prices resulting from changes in cereal prices, it was agreed that the cost of the standard ration should be averaged over 24 weeks, instead of 16.

After control ended, the basic price of 51s.3d. per score, related to the cost of 29s.10d. per cwt. for the standard ration, became the standard price. If prices fall below this level, on the average of the twelve months ending four weeks before the start of each four weekly period, then a deficiency payment becomes payable. Pigs sold in approved auction markets or through a marketing board or similar organisation are also eligible for payments if market prices fall below those guaranteed on individual sales. These "individual guarantee" prices varied with the weight of the pigs as follows:

| Live Weight<br>score | Price per sc.<br>s. d. | Live Weight<br>score | Price per sc.<br>s. d. |
|----------------------|------------------------|----------------------|------------------------|
| 6 - 7                | 32 6                   | 9 - 10               | 31 6                   |
| 7 - 8                | 32 0                   | 10 - 11              | 29 0                   |
| 8 - 9                | 31 6                   | 11 - 12.10lb.        | 28 0                   |

On an average, these prices are equivalent to those provided as forward minimum prices and announced in 1953 (see page 6).

A further complication was however introduced at the start of the scheme, after decontrol. Demand for pork is usually slack in the summer

months and it was expected that prices for all pigs would be temporarily but generally lower than those guaranteed on individual sales. If market prices were all brought up to these minima, there would be no effective differentials for the better quality pigs. The Government therefore introduced a "percentage addition" calculated on the prices actually received, which would be paid on sales falling below the guaranteed minimum price on the appropriate grade. Farmers are therefore entitled either to the "percentage addition" or to the deficiency payment calculated to bring the price up to the minimum price, whichever payment was the larger. Finally, there were to be quality premiums of 2s. per score for grade A and of 1s. per score for grade B pigs. The collective guarantee payments have been as follows:-

TABLE VIII. Fatstock Guarantee Payments.

| Period    | Fat Cattle |           | Fat Sheep & Lambs |                 | Pigs              |                  |
|-----------|------------|-----------|-------------------|-----------------|-------------------|------------------|
|           | Home-bred. |           | Home-bred         | Imported        | Guarantee Payment | Percent Addition |
|           | live cwt.  | lb.dd.wt. | lb.dd.wt.         | lb.dd.wt.       |                   |                  |
| s. d.     | d.         | d.        | d.                | s. d.           | %                 |                  |
| July 1-18 | 4 0        | 0.8       | 6 $\frac{1}{2}$   | 5 $\frac{3}{4}$ | 1 6               | 30               |
| July 19-  | 4 0        | 0.8       | 6 $\frac{1}{2}$   | 5 $\frac{3}{4}$ | 1 6               | 30               |
| Aug. 16-  | 3 6        | 0.7       | 6 $\frac{1}{2}$   | 5 $\frac{3}{4}$ | 1 6               | 30               |
| Sept. 13- | 3 0        | 0.6       | 5 $\frac{1}{4}$   | 4 $\frac{1}{2}$ | 1 6               | 30               |
| Oct. 11-  | 2 6        | 0.5       | 5                 | 4 $\frac{1}{4}$ | 2 0               | 35               |
| Nov. 7-   | 2 0        | 0.4       | 4 $\frac{3}{4}$   | 4               | 3 1               | 35               |

In addition, the Fatstock Marketing Corporation became entitled between July and October to sums ranging up to 1 $\frac{1}{2}$ d. per lb. dead weight for fat cattle and up to 1d. per lb. for fat sheep and lambs, as the average of the individual guarantee payments made in some weeks to bring market prices up to the lowest minimum.

At the price review, the support price for hen eggs was continued unchanged into 1954/5, except that it now relates to first quality eggs only; this price is linked, as in the case of pigs, to changes in the cost of feedingstuffs, averaged over the preceeding 32 weeks. The support price for duck eggs was reduced sharply by 6 $\frac{1}{2}$ d. to 2s.9d. per dozen, and is also now linked to the cost of feedingstuffs. These

support prices will be operated as in the previous season through the packing stations.

The minimum price for wool was unchanged at 4s.6d. per lb., with a special bonus of 3d. per lb. for wool from certain hill breeds. The deficit, if any, between the average market price and the minimum price is to be supplied in the first instance from the reserve funds of the Wool Marketing Board. The current year is the last of the first five years of the Board, and it will be entitled to fresh consideration over the accumulation of its reserves and any extra payment to producers.

In addition to these complex arrangements for prices and markets, various grants payable to farmers were continued for a further period, notably those for ploughing grassland, for rearing beef calves, for fertilisers, for marginal production and for hill cattle. For the years 1954-5-6, the payment for breeding cows and heifers kept all the year on hill land is to be £10 per head; for other stock £2 per head. This is a simplification of the payments in force in 1951-2-3, when breeding cows and heifers kept all the year on hill land received £7 per head; other cows £5 and other stock £2.15s. No subsidy was paid for hill sheep in 1953 as the prices received for wool and store stock, coupled with other grants, were judged adequate to provide a reasonable level of income; a subsidy of 2s.6d. per ewe was paid in 1952/3.

The guaranteed prices agreed at the 1954 price review are thus substantially the same as those paid by the Ministry of Food in the previous season. Only for potatoes, duck eggs and pigs have the new prices been markedly reduced, while the guaranteed price of milk, at 1d. per gallon less than in 1953/4, has been linked to the amount sold last year so that an increase in sales may bring about a further fall in price later on in the season. It appears therefore that, taken as a whole, the guaranteed prices should ensure for the coming season a level of aggregate income not much below that earned in the previous seasons, while leaving open the possibility of higher prices if the

markets allow. Some fall in income to sellers of pigs, potatoes and milk is expected to lead to a slower rate of expansion in output or indeed a fall from the current level, to correspond with market prospects for these commodities. "With the removal of controls and revival of consumer choice, it has now become necessary for agricultural produce to be sold more competitively ..... It is evident that home agriculture cannot be completely insulated from the world market conditions and that in determining the level of guarantees account must be taken of long term trends in market price."

#### E. Agricultural Prices.

The following table summarises the recent trend in agricultural prices:-

TABLE IX. Ministry of Agriculture Index Prices.

| Commodity             | Unit      | 1947   | 1950  | 1951  | 1952  | 1953 (a) |
|-----------------------|-----------|--------|-------|-------|-------|----------|
|                       |           | s. d.  | s. d. | s. d. | s. d. | s. d.    |
| Wheat                 | cwt.      | 19 9   | 26 7  | 28 1  | 28 9  | 30 5     |
| Barley                | cwt.      | 24 1   | 28 5  | 42 5  | 32 7  | 30 5     |
| Oats                  | cwt.      | 18 3   | 21 8  | 25 10 | 26 8  | 24 3     |
| Potatoes              | ton       | 181 11 | 212 0 | 223 0 | 242 0 | 250 6    |
| Sugar beet            | ton       | 111 2  | 112 6 | 114 6 | 118 5 | 121 6    |
| Milk                  | gal.      | 2 4.8  | 2 9.9 | 3 0.1 | 3 2.1 | 3 2.8    |
| Fat Cattle            | Live cwt. | 89 11  | 105 3 | 114 0 | 125 9 | 132 7    |
| Fat Sheep             | lb.dd.wt. | 1 11   | 2 3½  | 2 5¾  | 2 7½  | 2 8      |
| Bacon Pigs            | sc.dd.wt. | 31 10  | 46 3  | 51 7  | 54 8  | 57 1     |
| Eggs                  | 120       | 37 1   | 43 3  | 46 3  | 47 3  | 46 7     |
| <u>1936-8 = 100</u>   |           |        |       |       |       |          |
| Crops                 |           | 214    | 250   | 283   | 279   | 283      |
| Livestock & products  |           | 233    | 281   | 310   | 323   | 331      |
| All farm products (b) |           | 241    | 270   | 296   | 306   | 312      |

(a) Provisional.

(b) Including horticultural products.

The price paid by the Ministry of Food for pigs was linked from August 1953 to changes in the cost of a standard ration of feeding-stuffs, and a similar arrangement was adopted in 1954 for the guaranteed

prices of both pigs and eggs. For pigs, the standard ration consists of wheat offals, 30%; maize meal, 20%; barley meal, 40%; white fish meal, 10%. The basic price of 33s.6d. per cwt., representing the cost over the 16 weeks ending on April 1st 1953, was linked to the basic pig prices paid in April-June 1953. The guaranteed price for eggs was also linked to the cost of a standard ration consisting of wheat offals, 30%; wheat, 10%; maize, 30%; oats, 20%; white fishmeal, 10%. The changes in the cost of these rations have been as follows:-

|                  |          | <u>Pig Ration</u><br>per cwt. | <u>Poultry Ration</u><br>per cwt. |
|------------------|----------|-------------------------------|-----------------------------------|
| 16 weeks ending: |          |                               |                                   |
| s. d.            |          |                               |                                   |
| 1953             | April 1  | 33 6                          |                                   |
|                  | Aug. 15  | 33 0                          |                                   |
|                  | Sept. 12 | 32 7                          |                                   |
|                  | Oct. 17  | 32 1                          |                                   |
|                  | Nov. 14  | 31 2                          |                                   |
|                  | Dec. 19  | 30 2                          |                                   |
| 1954             | Jan. 23  | 29 3                          |                                   |
|                  | Feb. 20  | 29 2                          |                                   |
|                  |          | 24 weeks ending:              | 32 weeks ending:                  |
|                  |          | s. d.                         | s. d.                             |
| 1954             | Feb. 20  | 29 10                         | 29 1                              |
|                  | Mar. 13  | 29 6                          | 29 1                              |
|                  | Apr. 10  | 29 2                          | 28 9                              |
|                  | May 8    | 29 1                          | 28 4                              |
|                  | June 5   | 29 0                          | 28 1                              |
|                  | July 3   | 28 11                         | 28 2                              |
|                  | July 31  | 28 11                         | 28 2                              |
|                  | Aug. 28  | 29 0                          | 28 3                              |
|                  | Sept. 25 | 29 3                          | 28 2                              |
|                  | Oct. 23  | 29 8                          | 28 1                              |

M.A.F. Press Notices.

The prices of feedingstuffs used in the standard rations are ex-mill or f.o.q.; they do not include transport costs or the cost of mixing balanced meals and do not therefore represent the prices at which farmers could buy. But it is expected that changes in the price of the standard ration from month to month will be similar to changes in prices to the farmers. (M.A.F. Press Notice, 1954. 3443.)

F. Agricultural Marketing.

1. Potato Marketing Scheme. The operations of the Potato Marketing Board were suspended in September 1939, when the Ministry of Food assumed control of prices and markets. At the 1954 price review, it was agreed that a support price for the 1955 harvest should be operated through a revised marketing scheme, which was drawn up by the Board and circulated to registered producers in July 1954. Steps were also taken to bring the register up to date. As, formally, only a revision of an existing scheme is required, a poll of registered producers on the revised scheme need not be taken unless 1,000 producers, having in the aggregate an area of at least 20,000 acres, so demand. Otherwise, the Board can submit the revised scheme to Ministers for formal approval without further negotiation.

The revised scheme differs materially from that in force before the war, when there was no guarantee of price. The Board is now proposing itself to buy at the appropriate support prices all ware potatoes offered to it, in the same manner as the agents of the Ministry of Food have operated as buyers of last resort; the Board will obtain a refund from the Treasury of 95 percent of any loss arising from the purchase at the support prices and subsequent disposal of ware potatoes. The Board may continue to exercise the power to prescribe minimum riddles for ware potatoes, thus controlling the proportion of any crop which is offered for sale. The Board's powers to influence the area grown will be materially increased under the revised scheme. Every registered grower will be allotted a basic acreage equal to the average acreage grown in 1951-2-3; the Board can also prescribe annually a percentage of basic acreage which will be the quota for that year. To cover the administrative costs and the Board's share in any loss arising from the sale of surplus potatoes, the Board may levy a contribution not exceeding £1 per acre on all registered producers; in addition, the Board may levy a special contribution not exceeding £10 per acre on acreage planted in excess of that year's quota; the notice to levy such a special contribution must be given before August 31st in the preceding year. The

payment of a special contribution in any year is not to confer any right to a higher basic acreage in subsequent years - an important difference from the pre-war scheme. There are also provisions for the Board to alter periodically the allotment of basic acreages. These quota provisions appear to render the revised scheme less favourable than the existing one to the enterprising farmers who may wish to expand their production of potatoes, unless the levy of a special contribution is only a rare event.

2. The Milk Marketing Scheme. The new system of guaranteed prices to operate from April 1954 were described earlier (page 12). From the same date, the four Milk Marketing Boards resumed the direct responsibility for marketing that had been exercised by the Ministry of Food since 1940. The Milk Marketing Board for England and Wales is proposing to make certain minor amendments in the legal Scheme under which it operates; it proposes in particular to give formal recognition to the establishment of a Joint Committee of itself and the Central Milk Distributive Committee to negotiate on matters of common interest. It has also been arranged that if the Joint Committee cannot agree on any matter under negotiation, a third person shall be consulted whose decision will be accepted by both parties. All Marketing Boards are also subject, by the terms of the Agricultural Marketing Act 1949, to the direction of the appropriate Minister who can require them in the public interest to take any action or to cease from any specified action; under these powers, the Milk Marketing Board for England and Wales has been required to submit to the Minister of Agriculture any proposed prices for liquid milk before they come into operation.

3. The British Wool Marketing Board. This Board sells on behalf of registered producers all fleece wool produced in Great Britain. The Board sold the 1952 clip at an average price of a little under 49d. per lb.; as the guaranteed minimum price was 54d., the Board drew on its accumulated reserves for £2.3 millions. The 1953 clip of 63 million lbs. was sold at an average price of 53.1d. per lb., the Board again drawing on its reserves for the deficiency. Apart from its receipts



from the sale of wool, the Board was entitled to be refunded from the Treasury for its marketing costs up to  $3\frac{3}{4}$ d. per lb., but in fact the marketing costs were higher than this, and the excess had again to be drawn from reserve. For the 1953 clip, the Board was allowed marketing costs of  $4\frac{3}{4}$ d. per lb. and managed to make a small profit on this figure. On the 1954 clip, it will be refunded only its actual costs up to a maximum of  $4\frac{3}{4}$ d. per lb.

4. Apple and Pear Marketing Scheme. This draft scheme was submitted to a poll of registered producers in April 1953, when 73.4 percent approved it, but these voters only controlled 61.7 percent of the area, a small deficiency from the required two-thirds. The Scheme has therefore lapsed.

5. Fatstock Marketing Scheme. A producers' marketing scheme for fatstock was drafted by the National Farmers' Unions and published in 1954, but it was later withdrawn. The Unions had in the early months of this year formed the Fatstock Marketing Corporation, to undertake as an ordinary limited company the sale and slaughter of fat stock on behalf of farmers from the date when the Ministry of Food relinquished control of markets and prices. The Corporation began operations in July 1954, buying from farmers at previously announced prices which reflected what the management hoped to obtain from its contracts to supply meat to certain wholesale butchers. No details have yet been published of the result of its trading.

6. Consumers' Committees. The Agricultural Ministers revived in 1954 the Consumers' Committees (for England and Wales and for Scotland) originally appointed under the Agricultural Marketing Acts, 1931 and 1933, to advise the Minister on the operations of the acts from the consumers point of view.

G. Administration.

1. The Agricultural Land Commission. The Commission, which manages land acquired by other Government departments, has continued to issue

annual reports. At March 1954, it managed 226,770 acres in England and Wales, including the Glanllyn estate in Merionethshire of 37,800 acres. It also advises the Minister of Agriculture on the ownership and use of agricultural land believed to be capable of greater production than that currently obtained from it. The Commission has so far reported on 8 areas of land totalling 109,500 acres, of which it recommended the purchase of 10,390 acres. In one case the Minister decided to purchase 588 acres for equipment as a single farm, but in the other cases the recommendation has not been accepted, or the final decision has not yet been announced.

2. Crichel Down. The Minister of Agriculture, Sir Thomas Dugdale, ordered an enquiry into the transfer of requisitioned land at Crichel Down, Berkshire, from the Air Ministry through the Ministry of Agriculture and the Agricultural Land Commission to the Commissioners of Crown Lands, and its subsequent leasing. After the publication of the report in June 1954 (Cm 1.9176) and its discussion in Parliament, the Minister resigned; other enquiries are to be held into the policy of all Government departments in disposing of requisitioned land, and into the local organisation of the Ministry of Agriculture, the Agricultural Land Commission, and the administration of Crown Lands.

3. A National Pig Records Scheme was initiated in the autumn of 1954 to collect information which will help to improve the performance of breeding stock.

