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OCCASIONAL PAPERS NO. 3

A RECORD OF  
AGRICULTURAL POLICY

1954-1956

by

EDITH H. WHETHAM

and

CLARE ROYCE

*Issued by the*

FARM ECONOMICS BRANCH  
SCHOOL OF AGRICULTURE  
CAMBRIDGE UNIVERSITY

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## **Foreword**

This "Occasional Paper No. 3" continues for a further two years the record of agricultural policy contained in the earlier papers in this series ; it also provides an analysis of the working of the guaranteed price schemes applied to the principal agricultural products during these years.

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PART I

## Economic Background

Since the middle of 1954, the prices of imported materials showed little change in the aggregate with only a slight upward trend in the latter half of 1955 and the early months of 1956. But internal prices continued to rise slowly throughout the whole of these two years during most of which time the number of registered unemployed fell below 300,000 :—

June 1947 = 100			1954		1955		1956	
			Jan.	July	Jan.	July	Jan.	July
Weekly wage rates	..	..	139	142	146	153	156	164
Retail Prices	..	..	140	145	146	150	153	156
					Quarters			
£ million	..	..	1st.	3rd.	1st.	3rd.	1st.	
Personal expenditure on consumer goods and services			2706	3094	2906	3288	3103	

The high level of industrial activity and the rising level of internal prices brought a renewed strain on the balance of payments. To check these trends the bank rate was raised to 3½% in January and to 4½% in February 1955, and to 5½% in March 1956; these measures were accompanied by more stringent restrictions on hire purchase, on new capital issues and on the use of bank credit.

## PART II

# Agricultural Legislation

### THE CROFTERS (SCOTLAND) ACT 1955

The Crofters (Scotland) Act 1955 (3 and 4 Eliz.2. c.21) generally followed the recommendations of the Taylor Commission of Enquiry into the crofting districts. A Crofters Commission was set up with the functions of reorganising, developing and regulating crofting in the crofting counties of Scotland and of promoting the interests of crofters there. In addition to the powers already possessed by the Land Court to regulate rents and conditions of tenure, the Crofters Commission has powers to control the letting of vacant crofts, which may be amalgamated with other crofts, to terminate tenancies of crofts which are not being worked according to the rules of good husbandry (after giving a trial period for improvement), to promote schemes for the re-organisation of holdings in crofting townships, and to supervise the control of common grazings.

### SUGAR ACT, 1956

The Sugar Act (4 and 5 Eliz.2 c.48) dissolved the Sugar Commission and set up a Sugar Board of not more than five members appointed by the Ministry of Agriculture, Fisheries and Food. The Board's functions are to buy sugar from the Commonwealth at prices agreed under the Commonwealth Sugar Agreement and from the British Sugar Corporation and to re-sell on commercial terms to refiners and wholesalers at world prices. Any deficiency incurred in this process is to be met by a levy on all imported and home produced sugar and molasses (including sugar and molasses contained in imported manufactured foods). The levy will be an addition to the existing customs duties and will be repaid on export in similar circumstances to the repayment of the ordinary customs and excise duty. If the Board makes a profit, as it might do if the world price of sugar rose above the prices agreed for Commonwealth and home grown sugar, it has powers to distribute this profit by repaying part of the duties charged on imported and home grown sugar.

The main function of the Board is thus to act as a buffer between the world price of sugar as determined by the free supplies in the London and New York markets and the prices paid to producers within the Commonwealth. Its operations will, it is hoped, interfere less with the mechanism of the international sugar market than the present practice of bulk buying by the Ministry. As the Board may not, without special direction, store or transport sugar, it will have to sell at prices which ensure that its purchases are freely sold ; its levy, paid on all sugar entering into or produced within the United Kingdom, will spread over all consumers the cost of these differential prices, in proportion to their consumption of sugar. This method of raising funds was adopted in the Wheat Act 1932, for implementing the guaranteed price on home grown wheat ; it was much criticised subsequently on the ground that the tax paid was not related to income and since 1939 internal agricultural prices have been supported out of general funds. It seems peculiar, therefore, that this method of a levy on sales should be adopted for this one product, even though this involves only a continuation of the practice whereby the Ministry, the sole importer of sugar, has sold all its stocks at a price to cover its average costs of acquisition. In the White Paper introducing the Bill (Future Arrangements for the Marketing of Sugar, Cmd.



9519. July 1955) it was stated that the surcharge " will not constitute an addition to the existing internal price of sugar but will merely operate as alternative device for averaging prices " (para. 14) ; this hardly seems, however, an adequate reason for continuing for one agricultural product a form of taxation which has been rejected for others. The Act made little difference to the British Sugar Corporation, whose output will in future be bought by the Sugar Board instead of by the Ministry of Agriculture.

The Act also brings under control of the Minister agreements by sugar refiners for the division of markets within the United Kingdom, and for fixing the refiners' margin. Section 25 (1) provides that any sugar refining agreement made after the passing of the Act and approved by the Minister shall have effect notwithstanding any rule of law relating to agreements in restraint of trade. Section 25 (4) provides that the Minister shall not approve any such agreement unless it allows, in appropriate circumstances, for an adequate market for the output of raw sugar from the British Sugar Corporation, so that the exemption of these agreements from the purview of the Monopolies Commission seems to depend on favourable treatment for the seller of raw sugar from home grown beet.

#### **AGRICULTURE (SAFETY, HEALTH AND WELFARE PROVISIONS) ACT, 1956**

The Agriculture (Safety, Health and Welfare Provisions) Act (4 and 5 Eliz.2. c.49) extended to farms a number of provisions commonly applied to workshops and factories. It prescribes the precautions to be adopted in operating poisonous sprays and potentially dangerous machinery, whether stationary or mobile.

#### **AGRICULTURE RESEARCH ACT, 1956**

The Agriculture Research Act (4 and 5 Eliz.2. c.28) concentrated on to the Agricultural Research Council the responsibility for the direction and finance of agricultural research in England and Wales, some of which had been financed by the Ministry of Agriculture. This transference follows similar recommendations made by the Select Committee on Estimates (1953/4).

PART III

## Agricultural Output, Incomes and Grants

In 1954 the main objectives of agricultural production policy were given as follows :—

- (a) more beef and more mutton and lamb, particularly if costs could be reduced ;
- (b) steady improvement in crop yields with special emphasis on a large area under feed crops ;
- (c) economy in imported foods, partly by growing more feed crops at home, partly by improved management and use of grass ;
- (c) reduction in the costs, and improvement in the quality, of home-grown pigs and eggs.

The area under tillage has fallen steadily throughout the last five years and the area under grass has continued to rise. There has been a slow expansion in the number of cattle and sheep, and the number of pigs reached the record level of 6.9 million in December 1954, since when it fell sharply. Yields of crops including hay were reduced by bad weather in 1954, but except for a check in that year, the output of milk has continued to expand slowly. Imported feeding stuffs amounted to 4.6 million tons in 1954/5, against 2.9 million tons in 1952/3, but are expected to fall in 1955/6 with the falling number of pigs :—

Table I. United Kingdom Agricultural Statistics 1952–1956

Million acres	1939	1952	1953	1954	1955	1956*
Wheat .. ..	1.77	2.03	2.22	2.46	1.95	2.28
Barley .. ..	1.01	2.28	2.23	2.06	2.30	2.34
Oats .. ..	2.43	2.88	2.84	2.59	2.58	2.58
Potatoes .. ..	0.70	0.99	0.99	0.95	0.87	0.93
Sugar Beet .. ..	0.35	0.41	0.42	0.44	0.42	0.43
Other Crops & Fallow	2.55	3.67	3.58	3.33	3.18	2.96
Tillage .. ..	8.81	12.26	12.30	11.83	11.30	11.52
Temporary Grass .. ..	4.09	5.84	5.80	6.03	6.24	6.17
Permanent Grass .. ..	18.77	13.06	12.95	13.21	13.53	13.45
Million Head						
Cows & Heifers in milk & calf .. ..	3.89	4.47	4.51	4.56	4.49	4.67
Other cattle .. ..	4.99	5.77	5.93	6.16	6.18	6.24
Sheep .. ..	26.89	21.66	22.46	22.87	22.95	23.61
Pigs .. ..	4.39	4.96	5.17	6.25	5.84	5.52
Poultry .. ..	74.36	94.97	92.12	83.64	86.86	92.73

\* Provisional

Digest of Statistics.

Table II. United Kingdom Agricultural Production

Thousand Tons	Pre-war average	1946/7	1951/2	1953/4	1954/5
Wheat .. ..	1651	1967	2316	2664	2783
Barley .. ..	765	1963	1939	2521	2244
Oats .. ..	1940	2903	2616	2821	2440
Potatoes .. ..	4873	10166	8284	8260	7325
Sugar Beet .. ..	2741	4522	4534	5275	4521
Milk (million gallons)	1563	1665	2014	2170	2151
Eggs* .. ..	385	322	464	525	552
Beef and Veal .. ..	578	537	617	637	777
Mutton and Lamb .. ..	195	141	147	176	186
Pigmeat* .. ..	435	211	477	606	745
Wool (clip) .. ..	34	27	29	33	33
Net Agricultural Output	100	124	149	155	151

\* Includes estimated output from gardens, etc.

Cmd. 9721.

The aggregate net income of farmers was reduced in 1954/5 by the poor crops and yields that year :—

Table III. United Kingdom Agricultural Income

£m.	Aggregate Net Income	Change in Stocks
1937/8	56	1½
1946/7	191½	23
1952/3	333	21½
1953/4	325	14
1954/5	285½	18
1955/6*	299½	25

\* Forecast

Cmd. 9721.

Included in these figures for net aggregate income are the following production grants :—

Table IV. Production grants, United Kingdom.

£000	Expenditure		Estimates	
	1953/4	1954/5	1955/6	1956/7
Ploughing .. .. .	6317	4964	5570	6625
Land drainage and water supplies*	2326	2731	2865	2570
Hill land, marginal prod. and bracken*	1437	1744	2080	2300
Lime .. .. .	8054	5819	7000	9000
Fertilisers .. .. .	13019	12454	12850	18300
Stock rearing land .. .. .	1016	1325	2159	1527
Diseases of Animals Act 1950 T.T. herds*	12126†	11289	10000	11000
Hill sheep and cattle .. .. .	2079	2747	2614	3925
Calf rearing .. .. .	7387	7207	7800	11400
Rates per head				
HILL SHEEP :			s d	s d
Breeding ewes .. .. .	—	—	5 0	5 0
Ewes not in self-maintained flocks	—	—	2 6	2 6
HILL CATTLE :	£ s	£ s	£ s	£ s
Homebred, summer grazed ..	2 15	2 0	2 0	2 0
Cows and heifers .. .. .	5 0	10 0	10 0	10 0
CALF-REARING .. .. .				
Steer calves .. .. .	—	—	—	8 10
Other beef-type .. .. .	—	5 0	7 10	7 10

\* G.B. only. † Includes compensation for all scheduled animal diseases.

Civil Appropriation Accounts 1953/4, 1954/5. Class VIII, votes 1, 2 and 12.

Civil Estimates 1955/6, 1956/7, as amended in H.C. 316, 1956/7. Class VIII, votes 2, and 12.

The cost (actual or expected) of the agricultural price guarantees and of various subsidies is given below :—

**Table V. United Kingdom Agricultural Price Guarantees and Food Subsidies.**

£000	Expenditure 1954/5	Estimates	
		1955/6	1956/7
<b>PRICE GUARANTEES :</b>			
Cereals .. ..	12641·6	48900	42088
Eggs .. ..	19997·9	25600	17800†
Fat Stock .. ..	50171·6	81800	63400
Wool .. ..	—	1000	1150
Potatoes .. ..	—	—	1100‡
<b>FOOD SUBSIDIES :</b>			
Bread .. ..	30102·0	40500	15500
Milk* .. ..	32811·6	28900	26684

\* Excluding Welfare Schemes. † A further £3·4m. allowed for trading deficit. ‡ A further £0·9m. allowed for trading deficit.

Civil Appropriation Accounts 1954/5. Class VIII, vote 10.

Civil Estimates 1955/6, 1956/7, as amended in H.C. 316, 1956/7. Class VIII, votes 2 and 12.

PART IV

Price Reviews

MINIMUM PRICES

The Minister of Agriculture announced in the House of Commons on December 1st, 1954 the forward minimum prices covering the years 1956/7 and 1957/8 for the livestock products included in Part I of the Agricultural Act, 1947 ; the minimum prices actually in force in these years cannot be lower, but may be higher than these forward minimum prices. Various changes were made in the definitions of the products included and the previous minimum prices, for 1955/6, are given on both bases, for purposes of comparison. (See also Chapter VIII).

Table VI. Minimum Prices for Livestock and Products

	Unit	Existing Minimum Prices 1955/6		Minimum Prices	
		Old basis	New basis	1956/7	1957/8
		s d	s d	s d	s d
Milk .. .. .	gal.	2 6	2 7 $\frac{1}{4}$	2 6	2 5
Fat Cattle .. .. .	live cwt.	113 6	113 9	113 6	113 6
Fat sheep and lambs .. .. .	lb. d. wt.	2 2	2 4 $\frac{1}{2}$	2 3	2 2
Fat pigs* .. .. .	sc. d. wt.	45 0 40 0	43 6	41 0	38 0
Hen eggs* .. .. .	doz.	3 5	3 5	3 3	3 1
Duck eggs* .. .. .	doz.	2 2	2 2	1 10	1 8
Wool .. .. .	lb. greasy	3 0	3 0	3 0	3 0

\* Prices linked to feed prices.

S.R.O. 1955 Nos. 1169 (fatstock), 1170 (pigs), 1171 (milk), 1172 (wool), 1173 (eggs).

MARCH 1955

In previous years the prices determined at the annual review were the average buying prices of the Ministry of Food. Since 1954, out of the ten farm products included in Part I of the Agriculture Act, 1947, there have been support prices for nine, milk, fat stock, eggs, wool, wheat, rye, barley, oats, potatoes ; sugar beet is covered by the fixed price paid by the British Sugar Corporation.

The price review held in March 1955 comprised two elements. The first was a "special" review undertaken to adjust the ruling prices to the extra costs incurred by agriculture in the current year through the rise of 7s. per week in the minimum wage for farm workers, awarded from January 1955 in England and Wales, and from February in Scotland. As a result the following

additions were made to the guaranteed prices for the crops to be sold from the harvest of 1955 and for livestock products in the spring of 1955 :—

Table VII. Special Price Review 1955.

Crops	Unit	1955 Guaranteed Price	Increase	Revised Guaranteed
		as fixed in 1954		Price for 1955
		s d	s d	s d
Wheat ..	cwt.	29 9	3	30 0
Rye .. ..	cwt.	23 0	3	23 3
Barley ..	cwt.	24 6	2	24 8
Oats .. ..	cwt.	23 0	3	23 3
Potatoes ..	ton	212 6	3 5	215 11
Sugar beet ..	ton	125 7	2 6	127 7
Livestock				
Milk .. ..	gal.	Addition of £587,000 to be paid to the Marketing Boards to be distributed by them to producers.		
Eggs .. ..	doz.	$\frac{1}{2}$ d per doz. added to the support price from 13.2.55 to 26.3.55.		
Wool .. ..	lb.	Marketing Board to draw £51,000 from its special account for distribution to producers.		
		Additions from 28.2.55 to 22.5.55 to the existing standard prices :		
Fat Cattle ..	live cwt.	1s 10 $\frac{1}{2}$ d		
Fat Sheep and Lambs ..	lb. d. wt.	0.64d		
Fat Pigs ..	sc. d. wt.	2.66d		

Cmd. 9406.

The second element was a general review of prices to be paid for livestock in 1955/6 and for crops of the 1956 harvest in relation to the Government's policy of encouraging an increase in

the output of beef and mutton and feeding grains, and of limiting the very large subsidies required in 1954/5 for pigs and wheat :—

Table VIII. Price Review 1955.

Crops	Unit	(i)	(ii)	(iii)
		Original Prices for Crops to be harvested in 1955	(i) as amended by Special Price Review	Prices for Crops to be harvested in 1956
		s d	s d	s d
Wheat ..	cwt.	29 9	30 0	29 9
Rye ..	cwt.	23 0	23 3	23 0
Barley ..	cwt.	24 6	24 8	26 0
Oats ..	cwt.	23 0	23 3	24 9
Potatoes ..	ton	212 6	215 11	217 0
Sugar Beet	ton	125 7	127 7	128 1
Livestock		Price in 1954/5	Price in 1955/6	
		s d	s d	
Milk ..	gal.	3 1.2	3 1.95	
Eggs ..	doz.	4 0*	4 1½*	
Wool ..	lb.	4 6†	4 10¼†	
Fat Cattle	live cwt.	133 2	138 8	
Fat Sheep	lb. d. wt.	2 10½	3 0	
Fat Pigs	sc. d. wt.	51 3‡	51 4‡	

\* Related to a feed price of 29/1 per cwt. in 1954/5 and 29/8 per cwt. in 1955/6.

† Excluding marketing costs of about 4¼d. in 1954/5.

‡ Related to a feed price of 29/10 per cwt. in 1954/5 and 32/5 per cwt. in 1955/6. 1d. per sc. to be deducted in G.B. to finance progeny testing stations.

#### MARCH 1956.

In the summer of 1955 the representatives of the agricultural trade unions renewed their claim before the Agricultural Wages Board for a minimum wage of £7 weekly. The claim was again rejected by the Board which however raised from July the overtime rates on weekdays to the time and a half previously paid only on Saturdays and Sundays. Six months later, the Wages Board for England and Wales awarded a further increase of 8s. in the minimum wage bringing it to 135s. per week for men aged 20 and over, and 102s. per week for women aged 21 and over. The Scottish Board awarded a similar increase of 8s. from March 15th bringing the minimum wage for the general farm worker to 132s. per week, with higher rates for specialised workers. The same increase was also awarded in Northern Ireland from the same date. The price review in the spring of 1956 thus again allowed special price changes for crops from the current harvest and dealt as well with the prices for crops to be sold in 1957/8 and for livestock products to be sold in 1956/7.



To compensate farmers for the higher wages to be incurred in the current season, the following adjustments were made to the prices fixed at the 1955 review :—

Table IX. Special Price Review 1956.

Crops	Unit	1956 Guaranteed Price as fixed in 1955	Increase	Revised Guaranteed Price for 1956
		s d	s d	s d
Wheat .. ..	cwt.	29 9	3	30 0
Rye .. ..	cwt.	23 0	3	23 3
Barley .. ..	cwt.	26 0	2	26 2
Oats .. ..	cwt.	24 9	3	25 0
Potatoes .. ..	ton	217 0	4 3	221 3
Sugar Beet .. ..	ton	128 1	2 5	130 6
Livestock				
Milk .. ..	gal.	Addition of £746,000 to be paid to Marketing Board for distribution to producers.		
Eggs .. ..	doz.	Addition of 1·13d. per dozen to support price in March 1956.		
Wool .. ..	lb.	Marketing Board to draw £53,000 from its special account for distribution to producers.		
Fat Cattle .. ..	live cwt.	2s. 6d. added to standard prices in February and March 1956.		
Fat Sheep and Lambs .. ..	lb. d. wt.	0·51d. added to standard prices for 12 weeks after 26 March 1956.		
Fat Pigs .. ..	sc. d. wt.	2·36d. added to standard prices for 12 weeks after 26 March 1956.		

Cmd. 9721.

In determining the prices to rule in 1956/7 and for the harvest of 1957, the Government took into account the need for an expanded output of beef and mutton, and for a further reduction in the costs of pigs and eggs. A rise in the standard prices of feed crops was provided, while

there was a reduction in that for wheat following the falling trend in wheat prices on international markets:—

Table X. Price Review 1956.

Crops	Unit	(i) Original price for crops to be harvested in 1956		(ii) (i) as amended by Special Price Review		(iii) Price for crops to be harvested in 1957	
		s	d	s	d	s	d
Wheat ..	cwt.	29	9	30	0	28	3
Rye ..	cwt.	23	0	23	3	21	6
Barley ...	cwt.	26	0	26	2	26	6
Oats ..	cwt.	24	9	25	0	26	3
Potatoes ..	ton	217	0	221	3	225	0
Sugar Beet	ton	128	1	130	6	130	6
Livestock		Price in 1955/6		Price in 1956/7			
Milk ..	gal.	3	1.95	3	2.45		
Eggs* ..	doz.	4	1½	4	1½		
Wool ..	lb.	4	10½	4	8¼		
Fat Cattle	live cwt.	138	8	151	0		
Fat Sheep and Lambs	lb. d. wt.	3	0	3	2		
Fat Pigs†	sc. d. wt.	51	4	49	7		

\* Related to a feed price of 29/8 per cwt.

† Related to a feed price of 32/5 per cwt. in 1955/6 and 31/2 per cwt. in 1956/7. 1d. per sc. to be deducted in G. B. to finance progeny testing stations.

## PART V

## Agricultural Prices

The following Table summarises the recent trend in agricultural prices received by farmers in England and Wales :—

Table XI. Ministry of Agriculture Index Prices.

Commodity	Unit	1947		1952		1953		1954†		1955*†	
		s	d	s	d	s	d	s	d	s	d
Wheat ..	cwt.	19	9	28	9	30	5	31	1	31	0
Barley ..	cwt.	24	1	32	7	30	0	27	6	25	11
Oats.. ..	cwt.	18	3	26	8	24	3	21	8	24	9
Potatoes ..	ton	181	11	242	0	250	6	255	6	303	0
Sugar Beet ..	ton	111	2	118	5	121	6	120	0	127	6
Milk ..	gal.	2	4·8	3	2·1	3	2·8	3	2·4	3	3·1
Fat Cattle ..	Live cwt.	89	11	125	9	132	7	137	6	157	4
Fat Sheep ..	lb. d. wt.	1	11	2	7½	2	8	2	10¼	2	5¾
Fat Lambs	lb. d. wt.	2	1¼	2	8½	2	10¼	3	3¼	3	2
Bacon Pigs	sc. d. wt.	31	10	54	8	57	1	49	0	51	3
Eggs ..	120	37	1	47	3	46	7	42	3	43	8
1936-8 = 100								* †		* †	
Crops .. .. .		214		279		283		282		299	
Livestock and products ..		233		323		331		325		340	
All farm products‡ .. .		241		306		312		310		328	

\* Provisional. † Including payments made under guaranteed price schemes.  
‡ Including horticultural products.

## PART VI

# Guaranteed Price Schemes

### INTRODUCTION

In any market, price has three main functions. Firstly it serves to equate demand with the immediately available supply, rationing consumers so that all of them taken together are willing to buy only the quantity on the market. Secondly, the relationship between the price thus established and the production costs indicates whether any change should be made in the future level of supply, what further resources should be devoted to the output of this product, or whether some resources should now be converted to other and more profitable uses. And thirdly, the movement of prices distributes incomes to individuals in accordance with the market valuations of their services, either as producers or as suppliers of capital goods or credit.

Past experience has shown that the fluctuations in prices necessary for the first function can sometimes produce disturbing or undesirable results in the other relationships. The matching of a variable supply and a fickle demand implies large and sudden changes in price which have little relevance to the long term trends in costs and consumer habits to which supplies and incomes must eventually conform. On the other hand, prices fixed by administrative action and only changed at long intervals can completely disrupt the marketing mechanism, especially if supplies are irregular in flow or demand quickly changeable. If supply suddenly falls (as with many agricultural products in a bad season), demand must be cut either by rising prices or by a complicated rationing scheme, costly to administer, arbitrary in its working and slow in starting. Conversely, if a minimum price is to be maintained, there must be some mechanism for keeping off the market any supplies surplus to the level of demand at that minimum price, supplies which may have to be destroyed or diverted to some purpose where they will be of less value even than the minimum price in the main market.

The guaranteed price schemes adopted for British farming from 1953 onwards allow fluctuations to occur in market prices but permit a selection of the changes to be reflected on to the prices received by farmers for the ten products scheduled in the Agriculture Act 1947. The price guarantee schemes, therefore, act as a form of sieve, holding back some price changes and allowing others to trickle through to influence farmers' incomes and their production plans. Their administrative structure is thus of some importance since it determines which influences are caught on the sieve and which get through, perhaps in some modified form. Three main types of structure have emerged :

- (a) price guarantee through a compulsory marketing board ;
- (b) price guarantee by deficiency payments and
- (c) price supports.

#### **Price guarantee through compulsory marketing boards.**

There are three varieties in this species, concerned with wool, milk and hops.

The British Wool Marketing Board buys all fleeces from British farmers (who are legally obliged to sell only to the Board) at the minimum average price prescribed each year after the

annual price review. It sells the wool in the open market dominated by the supply of wool from the great exporting countries of Australia, New Zealand and South America. The greater part of any surplus of receipts over the purchase price plus marketing costs must be placed to reserve and used to finance the purchase price in seasons when the market price is insufficient to do so. At the end of each five year period the Board may distribute any accumulated surplus above £3m. to its suppliers, and at the end of 15 years, the whole of any such surplus ; at any time it can draw on Government funds to fill the gap between market prices and purchase price plus marketing costs if its own resources are exhausted. The Wool Marketing Board thus averages market prices obtained in a highly competitive market over three successive periods of five years up to fifteen years ; it also has the assurance of adequate funds to find the prescribed price in any season, even though its own resources are inadequate.

The Milk Marketing Boards are organised on a territorial basis ; one, the largest, suffices for the English and the Welsh, the Scots have three and the Ulstermen one. Within their respective areas the Boards are legally established monopolists, buying from farmers all milk sold liquid for re-sale to distributors or manufacturers. Milk for the liquid market is sold at prescribed prices, but milk surplus to liquid requirements is sold by the Boards for manufacture at the highest prices they can obtain, which in all cases are considerably lower than those secured in the liquid market. For all Boards the Government guarantees a basic price for a basic quantity, being total sales in 1953/4. If sales exceed this basic quantity, the price is automatically reduced in the same proportion ; but the Boards may be able to claim a larger basic quantity if milk consumption rises in the liquid market. By rigid separation of the liquid and manufacturing markets, the Boards thus prevent the prices of milk manufactured into butter and cheese for the international market from affecting the price obtained in the liquid market ; they operate a pooling scheme whereby all farmers obtain virtually the same average price for their milk irrespective of its physical use ; the main constituent of the Boards' receipts, the basic price, is determined annually by the Government, and it is likely to reflect only slowly any changes in supply or demand. Milk producers have thus no chance of benefitting from a sudden boom in prices above the guaranteed minimum ; they enjoy what is virtually a fixed price negotiated between the Government and the N.F.U.

The Hops Marketing Board is a difficult variety to classify, since it has, in fact, no guaranteed price. But it derives from the State its position as the sole seller of hops on behalf of hop growers, and also its powers to restrict production to the level required to secure from the brewers what the Board regards as a reasonable price. Hence it has been included here as a compulsory marketing board operating in a highly limited and protected market, which has, nevertheless, over recent decades a slowly falling demand.

### **Deficiency Payments.**

In this type of price guarantee, producers obtain a supplementary payment when the average market price falls below the stated minimum price. Here again three variants have evolved.

For barley and oats, crops substantially used on the farms where they are grown, any deficiency between the market and the standard price is repaid to growers in the form of an acreage payment based on the assumed average yield for the country as a whole ; it is paid to each grower at the end of each season on his recorded sales if the average market price over 12 months has fallen below the standard price fixed at the price review for the same period. For wheat, the annual standard price was broken down into short periods of one to three months, with a seasonally varied standard price rising from the low point in September and October throughout the year. This variant was adopted apparently to protect the farmer who sells his wheat straight off

the combine at harvest time from the full effects of the seasonal fall in market prices which this practice produces. The payment has thus taken the form of a supplement paid on all recorded sales of wheat in a period to bring the average market price over that period up to the level of the appropriate standard price. Each farmer is free to obtain as high a price as possible for his crops ; within each period he is guaranteed only an approximate minimum price composed of his own receipts plus the difference between the standard price and the average market price. Farmers therefore have an approximate minimum price but no maximum.

For fatstock a far more complicated scheme of deficiency payments was devised based on a 12 month moving average of market prices. If the average market price, as thus calculated, fell below the current standard price as fixed at the annual price review, then a corresponding deficiency payment was made on all beasts sold in the current month. The schemes were further complicated for the first two years of operation by a further layer of individual guaranteed prices and by special arrangements with the Fatstock Marketing Corporation for the payment of deficiency payments for animals bought from farmers without going through the auction sales.

The operation of this 12 month moving average produced a pattern of deficiency payments which guaranteed nothing to anyone. A farmer might obtain a price in the market well above the average plus a large deficiency payment if market prices were previously below the standard for some months ; alternatively fatstock sold when prices suddenly fell to a level well below the standard might not obtain deficiency payments at all. A farmer who sold all, or a substantial part, of his annual output at either of these times, might therefore secure a quite different return from the farmer who sold regularly all the year round, or who sold possibly at the same prices but later in each season when deficiency payments had become more adjusted to the new level of market prices. All that can be said is that these complicated provisions did provide an ill-defined level of minimum prices for sellers of fatstock, while allowing them to obtain higher prices if the market warranted.

### **Support Prices.**

The operation of a support price requires a buyer of last resort who will operate to remove from the market at a stated minimum price any produce which cannot find an alternative buyer at any higher price. This species has two variants, concerned respectively with eggs and potatoes.

Since 1953 the support price for eggs, as fixed at the annual price review, has been operated by the authorised packing stations acting as agents of the Ministry. The annual support price was given a seasonal variation, corresponding broadly to that expected in the free market ; packing stations buying at these prices could either sell the eggs in the ordinary market and claim from the Ministry their estimated costs plus the deficiency between these two prices, or they could offer eggs to the Ministry for subsequent re-sale, or for storage or manufacture, thus relieving the current market for fresh eggs. Here therefore farmers have a precise series of minimum prices together with the opportunity to obtain more if the market permits ; such difficulties as have arisen have concerned the Ministry's relations with the packing stations.

For potatoes, the support scheme operates through the revived Potato Marketing Board with which all potato growers are obliged to register. The Board is to operate as buyer of last resort at the stated minimum price, and 90% of any loss incurred in any season by the disposal of such purchases is to be paid from Government funds. In addition, this Board has powers (which have not yet been used) to prescribe maximum areas for individual growers of potatoes, based on the areas grown in certain years.

Finally, outside all these classes, growers of sugar beet have a fixed average price, determined each year at the annual price review. This price is paid by the British Sugar Corporation which

sells the product, either raw or refined, at the current market price, claiming the deficiency from Government funds.

From this brief review it can be deduced that the main function of these schemes is to prevent a fall in market prices, below a certain level, from affecting farmers' returns in the current year ; only for two products, milk and wool, does the mechanism also delay the effect on farmers' returns of a strong demand and a rising market price. And the effect of these price insurance schemes depends partly on the varying circumstances which lead to falling prices in particular markets.

1. *Periodic Gluts.* At some price levels, a further fall in wholesale prices provokes hardly any response in demand. Transport costs and the distributive margin together amount, for most farm products, to a substantial proportion of the retail price and do not change with temporary changes in wholesale prices. Where supply varies suddenly and unpredictably, therefore, some producers may be unable to sell at any price and there will be periods when wholesale prices fall almost to nothing. Such price falls are most common for perishable products for which there is no alternative market, such as vegetables ; but the markets for most agricultural products are afflicted at times by sudden variations in supply, leading to large and unpredictable price falls. Since quite a small addition to supply can produce, for many products, a large fall in price, comparatively small purchases in times of glut, for resale in some minor market or even for destruction, can protect producers from a large fall in income at a comparatively low cost. Support prices in such wholesale markets, combined with purchases of produce that does not make the minimum price, then serve to protect the incomes of individual producers ; they may operate to the especial advantage of the small grower whose annual income may be markedly affected by one or two unlucky deals in fluctuating markets. The elimination of the more extreme price falls may have little effect on the average level of retail prices or therefore on ultimate consumption ; it will be the distributive margin, averaged over a period of time, that will probably take most of the impact.

If such price falls can be eliminated or appreciably reduced, then the average level of producer prices over a period will be higher and presumably there will be a somewhat larger average supply. The cost to the taxpayer-consumer of such price support may perhaps be regarded as partly offset by this gain in production.

2. *Seasonal Fluctuations.* Prices may have a normal seasonal trend over a year because demand is stronger at one time than another (pork at Christmas, lamb at Easter) ; or because production occurs annually and many farmers are unwilling to incur the cost and risk of storage ; or because production is cheaper and supplies larger at one season than another. Support prices, if operative at the season of lowest returns, will clearly tend to raise the level of sales at the season of least value, and may discourage the storage of crops on the farm ; deficiency payments based on an annual market price have no effect on seasonal fluctuations in sales ; deficiency payments calculated from a seasonally varied standard price (as for wheat) is a half-way stage.

3. *Cost Cycle.* Prices may fluctuate because of cyclical changes in costs and therefore in the level of supply, as for livestock products depending on cereal feedingstuffs. The pig cycle is a notorious example of this type of price variation. For such products, stable prices create an unstable supply ; prices linked rigidly to changes in costs, giving a stable profit margin to producers, also break the markets, since consumers will not buy, at high prices, the same quantity that they will take at low prices. Producers either operate for a level production throughout the cycle, averaging out both high and low prices, large and small profit margins ; or they can try to "jump the market", aiming at the maximum net returns from varying their output to meet the expected price cycle.

Support prices, cutting across some part of the price cycle, will tend to maintain production at a higher level than would otherwise occur, and may, therefore, also reduce the peak of the price cycle, created not so much by rising costs as by the shortage of supplies which follows a period of low profits. The previous scheme of deficiency payments for fatstock, based on a twelve-month moving average, seemed, however, more likely to affect the average level of prices over a period than to counteract low prices at one particular stage in the cycle.

4. *Continuing Excess Supply.* Price guarantees can be used to maintain a level of home production which would not otherwise be achieved. If imports plus home production result in a level of prices which falls below the guaranteed price, then the home farmer obtains in total a higher price than the importer. In this case the guarantee will be continuously in operation, as it has been since 1954 for wheat, pigs, fat sheep and eggs. Some form of deficiency payment seems the most effective mechanism for securing this result, if it is required for reasons of policy ; clearly a support price, implemented by purchase, might at some levels attract an increasing volume of imports as well as of home production. It is also obvious that a price insurance scheme designed to counteract temporary price falls of the first three types may easily develop unintentionally into this fourth variety, if the standard of support prices become permanently above the level of market prices.

5. *Continuing Low Incomes.* For the last eighty years, excepting only the years dominated by war, agricultural incomes in the United Kingdom have been continuously lower than those earned in most industrial occupations. The reasons are intensely complex, but derive from three fundamental characteristics of an industrial society : (i) the low proportion of any increment of income devoted to agricultural products by a society well above starvation level ; (ii) the willingness of so many people to continue producing in agriculture at these comparatively low incomes ; and (iii) the rate of technical progress in raising efficiency and in stimulating agricultural output. Taken together, these three traits result in a consistent tendency for low agricultural prices in a self-contained and wealthy society. If for social reasons, the community decides that agricultural incomes " ought " to be raised relatively to those earned in industry, some form of supplementary income can be provided by price insurance schemes, though there is, of course, the constant danger of inducing a continuing expansion in the supply of agricultural products, leading to still lower prices. The agricultural price review seems to have developed into a device for achieving some such levelling of incomes, with most of the guaranteed prices fairly continuously above the market prices. The principal decision made at each review concerns the level of the aggregate net income judged appropriate for farmers, in the light of incomes elsewhere and of the current agricultural policy ; the guaranteed prices for individual markets are then adjusted broadly to safeguard this agreed income, with some reference to the current state of each market. The annual review thus provides a regular occasion for adjusting any guaranteed price which seems too far out of line with that paid in the market or for imports ; the review is thus an essential part of the guaranteed price mechanism as a whole.

From these generalisations, we may turn to a study of the schemes operating for each commodity.

## WHEAT AND RYE

During the two years under review, the market price for British wheat has been consistently below the standard price, as will be seen from Chart I ; substantial deficiency payments have,



therefore been due to registered wheat sellers, amounting to £24·2m. in 1954/5 and £17·3m. in 1955/6. (Hansard, July 28, 1955 ; August 2, 1956). The basic statistics are given below :—

**Table XII. Wheat Standard Prices and Deficiency Payments.**

Per cwt.	1954/5		1955/6		1956/7
	Price	Payment	Price	Payment	Price
	s d	s d	s d	s d	s d
July—Sept. .. ..	28 10	9 2·1	27 11	8 0·1	27 6
Oct.—Nov. .. ..	30 4	10 7·3	29 5	8 1·3	29 0
Dec.—Feb. .. ..	31 10	8 0·6	30 11	7 3·9	30 8
Mar.—Apr. ... ..	33 1	10 1·3	32 2	7 4·0	32 1
May—June .. ..	33 10	12 6·0	32 11	5 11·5	32 6
Annual Average ..	30 9	—	30 0	—	30 0
Total Payments £m ..	—	24·2	—	17·3	—

Hansard, July 28, 1955, August 2, 1956. Cmd. 9406, 9721.

Since the war, the growing number of combines has led to an intensified seasonality in wheat sales, with consequent low prices in the early autumn. The seasonally varied standard price, adopted for wheat only among the cereals, is presumably designed to give special protection to the incomes of growers selling in this period, while still leaving some inducement, by way of higher prices, for other growers to incur the costs of storage. Although at each special price review, there has been a small addition to the standard price, this has been offset by a reduction at the annual review, so giving some weight to the consistently falling trend in world markets : for 1957/8, the annual standard price has been fixed at 28s. 3d. per cwt.

The standard prices for rye in 1954/5 and 1955/6 were 25s. 0d. and 23s. 3d. per cwt. respectively; for the two subsequent years they are now fixed at 23s. 3d. and 21s. 6d. respectively. Deficiency payments of 8s. 2d. per cwt and of 3s. 11·1d. per cwt. were made in 1954/5 and 1955/6.

### BARLEY AND OATS

The deficiency payments for these two cereals are made in the form of grants for every acre returned under barley or oats in June, if the average market price in the following cereal year falls below the standard price. To exclude prices of malting barley from the calculation of the average market price, those prices are ignored which relate to sales at above the average price reduced by 1s. per cwt. The deficiency payment, if due, is calculated by taking the average yield

of each crop over the past five years less an allowance for tailings, and multiplying this figure by the average deficiency in prices. The basic statistics for these two crops are given below :

**Table XIII. Barley and Oats : Standard Prices and Deficiency Payments.**

	Barley				Oats			
	1954/5		1955/6		1954/5		1955/6	
	s	d	s	d	s	d	s	d
Standard Price per cwt.	25	6	24	8	24	0	23	3
Average Market Price:*	20	11.92	20	4.96	24	2.69	22	7
Payment per acre	86	6	82	6	—	—	11	6
Area million acres	2.0		2.23		—		2.45	
Total payments million £	8.7		9.2		—		1.4	

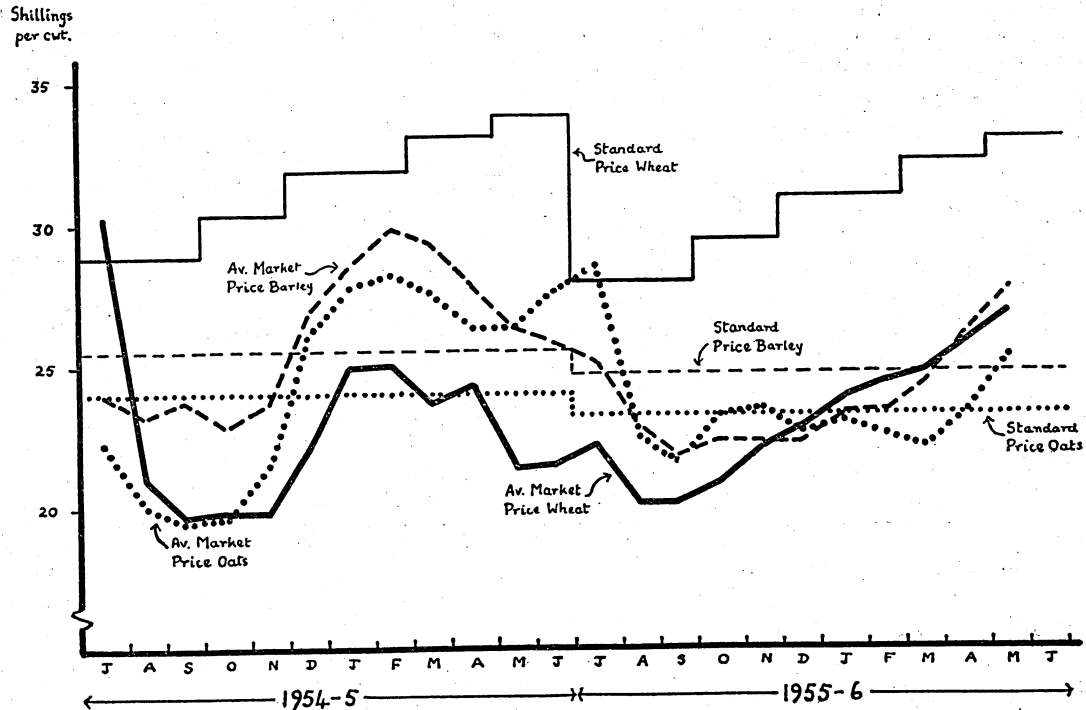
\* For lower priced barleys.

Hansard. July 28, 1955 ; August 2, 1956. Cmd. 9406, 9721.

For 1956 and 1957, standard prices for these two crops have been raised to 26s. 2d. and 26s. 6d. per cwt. for barley and to 25s. and 26s. 3d. per cwt. for oats. (Chart I).

The Committee of Public Accounts (Session 1955/56, Sixth Report, H.C. 348) noted that the exclusion of the higher priced barley reduced the national average price in 1954/5 from 24s. 8d. per cwt. to 21s., with the standard price at 25s.; and that about half of the total crop was sold for malting and industrial use, mainly at prices higher than the standard price. The Committee considered that sellers of these higher priced barleys should not be eligible for the deficiency payments which, they felt, should only apply to growers of feeding barley ; on the other hand, the Ministry regarded the scheme as assistance for all growers of this crop. The Committee's argument seems more consistent with the exclusion of the higher-priced barleys from the calculation of the market price ; it would presumably be possible, though administratively more costly, for the authorised buyers to record both price and the identity of the seller on the same certificate and for the Ministry to confine the deficiency payments to those selling below a certain price.

Chart I CEREALS.



### POTATOES

The revised scheme for potato marketing, as described in the second report in this series, was approved by Parliament. (Potato Marketing Scheme (Approval) Order. S.R.O. 1955. No. 690). The Board began operations for the 1955 crop which proved to be exceptionally small; prices were much above the support price, so that the Board was not required to buy supplies. The Board made a levy of £1 per acre on all land planted with potatoes in June 1955, and again in June 1956, to meet its administrative expenses and its share of any loss it may incur in implementing the support price; it has been announced that there will be no restriction on production for the 1957 harvest.

The average support price was raised from 215s. 11d. per ton in 1955/6 to 221s. 3d. per ton in 1956/7; for Region I it rises from 185s. in August to 267s. 6d. in April and 277s. 6d. in May; the three other regions have a similar seasonal scale but at a lower level. (Appendix, Table 9.)

### SUGAR BEET

The provisions of the new Sugar Act were described in Part II, and the fixed average prices to be paid to producers in Part IV. Most factories now restrict their contracts to established beet growers who are allowed only a stated area; otherwise more beet would be grown than the factories could handle.

## HOPS

By the Hops Marketing Scheme (Amendment) Order 1955 (S.R.O. 1955. No. 464) the Hops Marketing Board was empowered to buy from registered producers unwanted quotas and to re-sell to other producers. In the year to March 1956, the Board so bought quotas amounting to 6,397 cwts. for £194,727, an average price of a little over £30 per cwt., an indication of the profits expected from the right to grow hops within a tightly controlled monopoly. The Table below gives the basic figures for the last three crops :—

Table XIV. Hops.

	Total Deliveries 000 cwt.	Receipts from sale £m.	Paid to producers		Average Market Price per cwt.
			Quota Hops £m.	Other Hops £m.	
1953/4	247	6741 <sup>£64</sup>	6357	0.09	s d 524 0
1954/5	224	6445	6154	0.01	549 6
1955/6	233	6272*	5802*	†	517 6

\* Excluding hops unsold at March 31, 1956. † Not available.  
Hops Marketing Board Reports and Accounts. M.A.F.F. annual index price.

## MILK

At the annual review, a basic price for the United Kingdom is fixed, related to a basic quantity of milk. This price and quantity is then broken down into a price and quantity for each of the four Milk Marketing Boards :—

Table XV. Milk : Basic Quantities and Prices.

Marketing Board	Basic Quantity m. gals.	Basic Prices : d. per gal.		
		1954/5	1955/6	1956/7
England & Wales ..	1651	37.25	38.00	38.50
Scottish ..	183	37.26	38.01	38.51
Aberdeen ..	19	37.90	38.65	39.15
N. Scotland..	9	38.99	39.74	40.24
N. Ireland ..	95	35.91	36.66	37.16
	1957	37.20	37.95	38.45

C.E.C. Intelligence Bulletin April, 1956. Prices exclude awards made under the special price reviews in 1955 and 1956.

The basic quantity represents approximately the total sales in 1953/4, the last year of full control. The calculation of the subsidy required to pay the basic price is somewhat complex, and is given below for the Board for England and Wales.

#### The Board and the Treasury.

1. The annual guarantee of the basic price for the basic quantity is broken down into a guarantee of the forecasted manufacturing price on 19% of the basic quantity (representing the proportion sold for manufacturing in 1953/4) and a guarantee on the remaining 81%, of whatever price is required to make up the stated basic price, for the total quantity. Once the manufacturing price has been forecasted and accepted, the guaranteed liquid price, therefore, follows by formula.
2. If sales of milk exceed the basic quantity of 1,651 m.gals. the surplus is guaranteed only the manufacturing price. Further, the basic price for any year is to be reduced in proportion to any excess of sales over the basic quantity. Sales exceeded the standard quantity by 3 m.gals. in 1954/5, and by 19 m.gals. in 1955/6; the basic price was, therefore, reduced by 0.04d. to 37.21d. and by 0.25d. to 37.84d. It is this adjusted basic price which is used in calculating the guaranteed liquid price in (1) above.

Table XVI. Milk Sales and Prices : England and Wales.

Year to March 31	1954/5	1955/6	1956/7
Basic Quantity m.gals. ..	1651	1651	1651
Total Sales : Liquid m.gals.	1343	1349	—
Total Sales : Manuf. m.gals.	310	322	—
Basic Price : d. per gal.	37.25	38.09	38.50*
Basic Price, adjusted d. per gal.† .. ..	37.30	38.13	—
Prices rec. by M.M.B.			
Liquid d. per gal. ..	36.79	38.27	—
Manuf. d. per gal. ..	18.24	19.13	—
Average d. per gal. ..	33.53	34.78	—
Price paid to producers‡	35.42	35.98	—

\* Excluding award under the 1956 special price review.

† Adjusted for excess output and for variation in manufacturing price from that forecast.

‡ Excluding quality premiums, production bonus and transport deductions.

#### Annual Reports of the Milk Marketing Board.

3. If there is a difference over the year between the guaranteed manufacturing price and that actually realised on all milk sold for manufacture, one half of the excess is to be paid by the Board to the Treasury, and one half of the deficiency is to be paid by the Treasury to the Board. As there was a small excess in both years, the Board was due to pay to the Treasury 0.094d. and 0.29d. per gal. on all milk sold for manufacture in these years. The average realisation prices were 18.24d. per gal. in 1954/5 and 19.13d. per gal. in 1955/6. This surplus raised the basic prices to 37.30d. and 38.13d.

4. The Government prescribes maximum retail prices for liquid milk which are uniform throughout England and Wales ; it also prescribes the distributive margin and the various wholesaling allowances, and, therefore, also determines the price to be paid to the Board by the buyers of milk for the liquid market. The average price received by the Board in 1954/5 from buyers for the liquid market was 40·55d. per gal., less 3·76d. for various wholesaling allowances giving a net realisation price of 36·79d. per gal. and an average price on all sales of 33·53d. In 1955/6 the average liquid price was 41·89d. less 3·62d. with a net realisation price of 38·27d. and an average price on all sales of 34·78d.
5. The difference between this price and the basic adjusted liquid price is paid by the Treasury to the Board and represents the subsidy on milk. This difference was 37·30d.—33·53d. in 1954/5 and 38·13d.—34·78d. in 1955/6.
6. If the amount of milk consumed liquid increases in any year, the excess receipts are to be paid by the Board to the Treasury ; but for the next year the Board can put in a claim for a higher basic quantity, or a change in the proportions guaranteed at the higher and lower prices respectively. If consumption in the liquid market falls, the deficiency in receipts in that year is made good by the Treasury, but there may be adjustments in the amounts guaranteed in subsequent years.
7. The Government guarantees are thus guarantees to the Board, as the first buyer and sole seller of all milk ; the Board can distribute these funds to the producers as it pleases, subject to an overriding power by the Minister to compel action "in the public interest". Producers receive a pooled price for their milk irrespective of the use made of each consignment.

#### The Board and the Producers.

In calculating the average wholesale price paid to milk producers, the Board made the following allowances :—

1. A production bonus of 1d. per gal. for the first 500 gallons sold by each producer each month from April to August, and of 3d. per gallon for the first 400 gallons in the months September to March. This remained unchanged in 1955/6, but will be gradually reduced in 1957 and 1958 and abolished in 1958/9.
2. A premium of 2d. per gal. on all T.T. milk, amounting to 64% of the total. The Board was also the paying agent for the "Accredited" bonus, payable from Government funds up to September 1954.
3. The expenses of the Board, which amounted in 1954/5 to 0·14d. per gallon, and which were deducted from total receipts.
4. The producer-retailer levy. The receipts by producer-retailers from their customers exceeded the total of the authorised distributive margin plus the average pool price on wholesale contracts, since all the producer-retailers' sales were made at the full liquid price. The excess was payable to the Board as a levy, but the Board continued the policy of allowing the producer-retailers a wholesale price higher by 1½d. per gallon than the average pool price. The calculation of the levy was further refined by a decision that producer-retailers' receipts should not be affected by any reduction in the guaranteed basic price caused by an excess of sale over the basic quantity, or by a divergence of the actual manufacturing price from that forecast for the year. On this basis the producer-retailer levy averaged 3·73d. per gal. over 1954/5 and 4·27d. in 1955/6.
5. The remainder, after deduction of items (1) to (3) and addition of item (4), represented an *average pool price* of 35·42d. per gal. in 1954/5, and of 35·98d. per gal. in 1955/6. In addition

the Board collected from its distributors a further £1.3m. and £1.7m. as payments to certain producers for special services.

6. From this pool price further sums were deducted to cover the notional transport cost from farm gate to the first point of sale, either a "depot" or direct to the buyer's premises. The amount paid by each producer was determined at the beginning of the year with reference to (a) the region in which the farm was situated ; (b) whether the milk was sold "depot" or "direct". The standard regional transport deductions varied from  $\frac{3}{8}$ d. per gallon in the south-eastern region to  $1\frac{3}{8}$ d. in the northern, Welsh and far western regions, for "direct" milk ; the rates for "depot" milk were  $\frac{1}{2}$ d. per gallon higher. These transport deductions have not been substantially changed since the general rationalisation of transport in 1943/4. The Board also negotiates with milk buyers a post-depot transport allowance based on the average cost in each region of transport from depot to buyers' premises ; this is allowed as a deduction from the price paid to the Board by the buyers.
7. The average pool price paid to producers on wholesale contracts in 1954/5 had a seasonal range of 1s. 7d. per gallon from a low point in May and June to a high point in December ; this seasonal range was uniform for all regions, and remained unchanged for 1955/6. The difference in pool prices between the eleven regions has also remained at  $\frac{1}{2}$ d. per gallon for the last fifteen years in spite of the very substantial changes in price paid and in the pattern of production over this period. Compared with 1950/1, supplies of milk from the six regions in the North and West had risen by 10% in 1955/6 against an increase from the other regions of 1% ; the former now contribute more than half of the total supplies, compared with 48% in 1950/1, and 42% in 1935/6. (J. L. Davies. *Times Agricultural Supplement*, July, 1956.)

The Milk Marketing Board thus operates in a strictly controlled market in which the main prices in the liquid market—those paid to the Board as sole seller, those paid by distributors, and those paid by the consumers—are prescribed by the Ministry of Agriculture, Fisheries and Food. The uncontrolled factors are the quantities—the quantities produced by dairy farmers, and the quantities bought by consumers at the controlled retail prices. The excess of the first quantity over the second has to be sold at much lower prices for manufacturing into dairy products ; the size of the excess has an immediate though limited impact on the average pooled price received by producers in any one year.

The prime reasons for this degree of control rest on the peculiarities of this market and the nutritional value of milk. In the first place, quality is of prime importance, implying not only skilled and hygienic production, but the most careful handling throughout the long chain of distribution. In the second place, the liquid milk market seems highly inelastic to temporary changes in price, while production has a large seasonal variation and is subject to other variations as well. An uncontrolled market is, therefore, likely to produce widely fluctuating prices with the certainty of periods of gluts and the probability of periodic shortages, both inimical to that steady expansion in the consumption and supply of high quality milk which has been the aim of all Governments over the past thirty years.

The present structure of control provides a guaranteed price for whatever quantity can be sold in the main market which is insulated from the other markets in which the excess supplies can be sold. During and since the war, the price received by dairy farmers was also insulated from the retail prices paid by consumers, which were deliberately kept low by means of large and growing subsidies. This connection has now been re-established ; the rise of  $\frac{1}{2}$ d. per pint from July 1956 and again in January 1957 almost eliminated the subsidy on sales to ordinary consumers, though milk will continue to be sold at specially low prices to school children and others under the welfare schemes. If the supply of milk increases more rapidly than the consumption in the

liquid market, the present mechanism of control transmits what would have been a sharp fall in market prices into a slight fall in the guaranteed basic price, applicable to all farmers in the current year ; but at the annual price review, an expanding excess of milk may have a strong influence in deciding next year's basic price. There are thus two levels of control at which prices can be adjusted to keep demand and supply in step, subject to well-defined minimum prices for the long-term plans of dairy farmers. (See also Chapter VIII).

#### FATSTOCK : GENERAL

For crops, deficiency payments were made retrospectively on recorded sales when the average market price, over the period in question, fell below the standard price for the same period. For barley and oats the period taken was a crop year ; for wheat a series of shorter periods was taken within each crop year. While crops have a definite cycle of production and sale, there is no such natural cycle for fatstock whose production and sale are continuous, though by no means uniform in rate. Possibly for this reason, the price insurance scheme for fatstock was designed to operate in a continuous flow. In principle, sellers of fatstock received in 1954-6 a payment calculated to equal the deficiency, if any, between the current standard price for that type of stock and the average market price for the twelve months ending one month before the current month. A payment calculated in this way thus bears no relationship to the current level of market prices, to the deficiency, if any, between market prices and the standard price over the past twelve months, nor to the quantity sold during the accounting period by anyone selling. A farmer selling fatstock one month may thus receive a deficiency payment even though current prices are above the standard prices and he sold nothing in the previous twelve months ; or he may receive a market price considerably below the standard price and yet obtain no deficiency payment, if prices were high over the previous 8 or 9 months in which he may have had nothing to sell. It was possibly these uncertainties which led the originators of the scheme to introduce a second layer of protection, in the form of seasonally varied individual minimum price applicable to all sales of certified stock, at a somewhat lower level than the standard price. Any deficiency on any sale between the market price obtained at auction and the appropriate individual minimum price was made good to the seller by an immediate cash payment, to which might be added any general deficiency payment due that month. These individually guaranteed prices were dropped after March 1956.

In the case of pigs a further complication was developed. It was clear that if market prices fell consistently below the level of the individual minimum prices, market preferences would cease to be reflected in prices ; and lean pigs and round pigs would all get the same flat minimum price per score. Some such situation was inevitable in 1954/5 with the record number of pigs coming on to the market. Consequently the individual minimum prices were guaranteed in the first year of the scheme by a percentage addition to the market price which was announced each week in advance, on forecasts of the expected average deficiency ; but in the second year of the scheme, the percentage addition was converted into a fixed sum, again announced each week in advance.

This twelve month moving average led to some difficulties at the start. For reasons which have never been explained, the Ministry began in July 1954 with considerable deficiency payments on all classes of fat stock, as though, during the last year of control, market prices had been below the current standard prices, which had been fixed substantially at the level of the controlled prices ruling in 1953/4. These assumed deficiencies, therefore, dominated the payments made in the first months of the return to free markets, just as the high prices ruling in the winter of 1955/6 resulted in an absence of deficiency payments in the summer of 1956 when prices fell sharply.



A further complication arose in the spring of 1955 when there was a substantial rise in the standard price for fat cattle. The deficiency payment for April was calculated by comparing the recorded market prices over the months from March 1954 to February 1955 with the current standard price, that ruling in April. Thus farmers selling fat cattle in April 1955 received a deficiency payment of 5/- per live cwt., because the prices obtained on cattle sold between March 1954 and February 1955 were below the standard price just fixed to operate from April 1955 to March 1956 ; if they had sold in March 1955 they would have received slightly lower market prices and no deficiency payment.

The regular calculation of the deficiency payments also depends on the accurate recording of the market prices for certified stock at the large number of auction sales throughout the country. There are two reasons why these recorded market prices have not, in fact, covered all the appropriate sales. In the first place, the only inducement for farmers to present their stock for certification is the prospect of the deficiency payment. In months when no such payment is due, farmers lose nothing and avoid some little trouble in selling their beasts uncertified. In the winter of 1954/5, when fat cattle prices were high, some auction markets reported as many cattle sold uncertified as certified, so that the recorded market price of certified beasts omitted a considerable volume of sales which should have been included in the weighted average of market prices. Secondly, the Fatstock Marketing Corporation, a private company set up by the three National Farmers' Unions in the spring of 1954, took a sizeable proportion of the output of fat sheep and cattle and about 90% of the bacon pigs direct from farmers for re-sale either as dead meat in the wholesale markets or on contract to the bacon factories. As the cattle and sheep were not sold through the auction markets, they were excluded from the records, though special arrangements were made to include the price paid by bacon factories to the Corporation for their pigs. The Corporation has also received the appropriate deficiency payments on all these beasts, including for each week a special payment representing the average of any payments made to bring prices up to the individual minimum prices. It is clear that the larger the trade of the F.M.C., the less comprehensive become the recorded prices at auction markets ; in the case of bacon pigs, indeed, a substantial part of the deficiency payments depended entirely on prices in the pork market, with peculiar results later described in the section on " Fat Pigs ".

In the price review for 1956, these price guarantee schemes were simplified by the omission of the individually guaranteed prices which had " the disadvantages of tending to distort the normal market influences, of weakening the tone of the market because they may remove some of the seller's incentive to get the best price out of the market, and of complicating the system with consequent heavy administrative charges ". (Cmd. 9721, p. 21.) But a fresh complication was promptly introduced. For each class of fat stock, the single deficiency payment was to be adjusted week by week so that the average total return to producers each week remained within the following ranges on either side of the respective standard prices :—cattle 23s. per live cwt.; sheep 4d. per lb. dressed carcass weight ; pigs 5s. per score dead weight. The 12 month moving average was thus to be adjusted to take some account of the current level of prices in each market.

The fall in fat cattle prices from the summer of 1956 produced in November a further modification of the original scheme; a second layer of guarantee payments was announced, to operate retrospectively from April, adjusted so that the average market price plus all guarantee payments

was brought up approximately to the level of the standard price, itself raised from 138s. 8d. to 151s. per live cwt. for 1956-7:—

#### Guarantee Payments: Fat Cattle

1956 Four weeks from	Original	Supplement s. per live cwt.	Total
March 26 .. .. .	3 0	23 0	26 0
April 23 .. .. .	6 6	21 0	27 6
May 21 .. .. .	10 0	18 0	28 0
June 18 .. .. .	14 0	15 0	29 0
July 16 .. .. .	17 0	13 0	30 0
Aug. 13 .. .. .	19 6	11 0	30 6
Sept. 10 .. .. .	22 6	10 0	32 6
Oct. 8 .. .. .	25 6	9 0	34 6
Nov. 5 .. .. .	29 0	8 0	37 0
Dec. 3 .. .. .	32 0	6 0	38 0

This experience led to the announcement that the twelve-month moving average of market prices would be abandoned from March 1957; after that date, guarantee payments for all fat stock are to be based on the deficiency (if any) between seasonally adjusted standard prices and the market prices calculated by taking the actual prices received in the previous four weeks and the expected prices in the succeeding four weeks. The statisticians of the Ministry are, therefore, now required to produce every week an Old Moore's Almanac; the guarantees based on their prophecy will, however, be modified by the "stabilising adjustment" to take account of the actual market prices received. Both the fatstock guarantee payments and the annual grant to the Milk Marketing Boards are now to be partly based on forecasts of market prices, although logic requires that such deficiency payments should be related to the ascertained deficiency (if any) between actual market prices received over some period and the announced standard prices for the same period.

#### FAT CATTLE

The statistics relating to the guaranteed price for fat cattle are given in Tables 2 and 3 and are also illustrated in Charts II and III. Prices were influenced at first mainly by the level of home marketings; but imports of beef were of more importance from the autumn of 1955. Deficiency payments based on the assumed deficiency in 1953/4 supplemented prices in the autumn of 1954, when the autumn glut of fat cattle brought prices below the individual minimum for some weeks. Thereafter, as marketings declined, a strong demand for home killed beef carried the price of fat cattle to a peak in the spring of 1955 well above the standard price; deficiency payments were suspended in March, resumed temporarily in April because of the new

and increased standard price and were suspended again until the spring of 1956 since when prices of certified of fat cattle have continued to fall, reaching 100s. per live cwt. in October:—

Chart II FAT CATTLE: STANDARD AND MARKET PRICES.

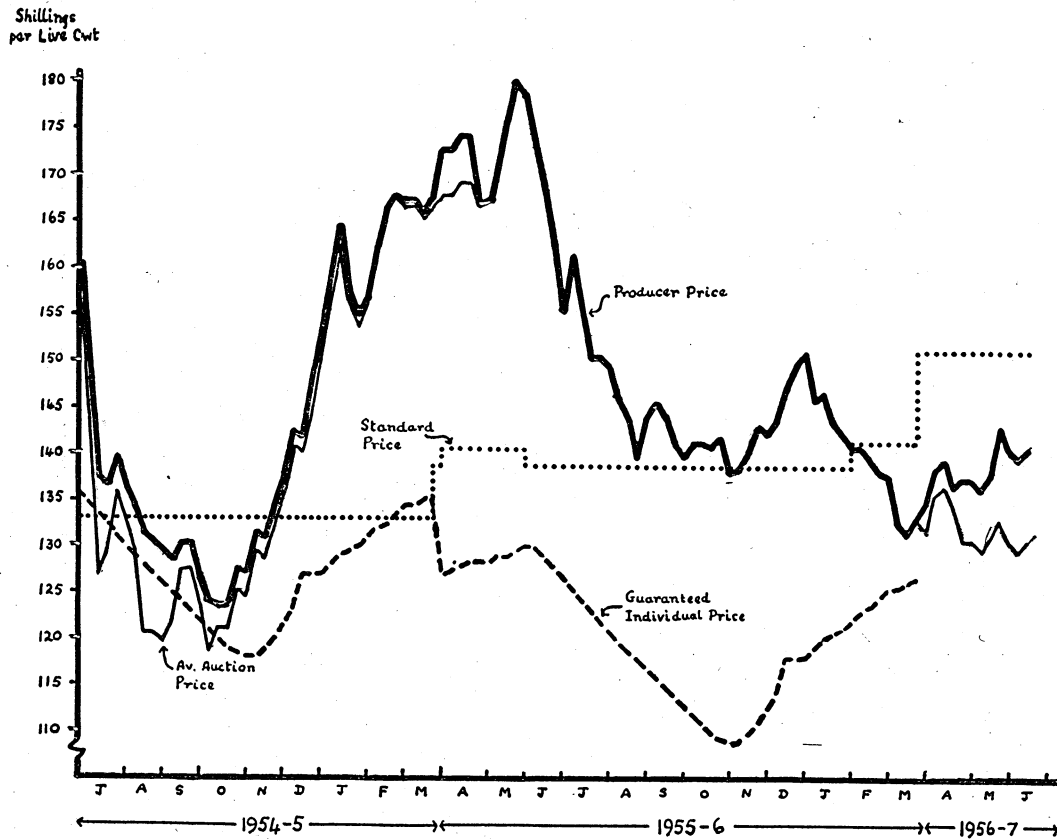
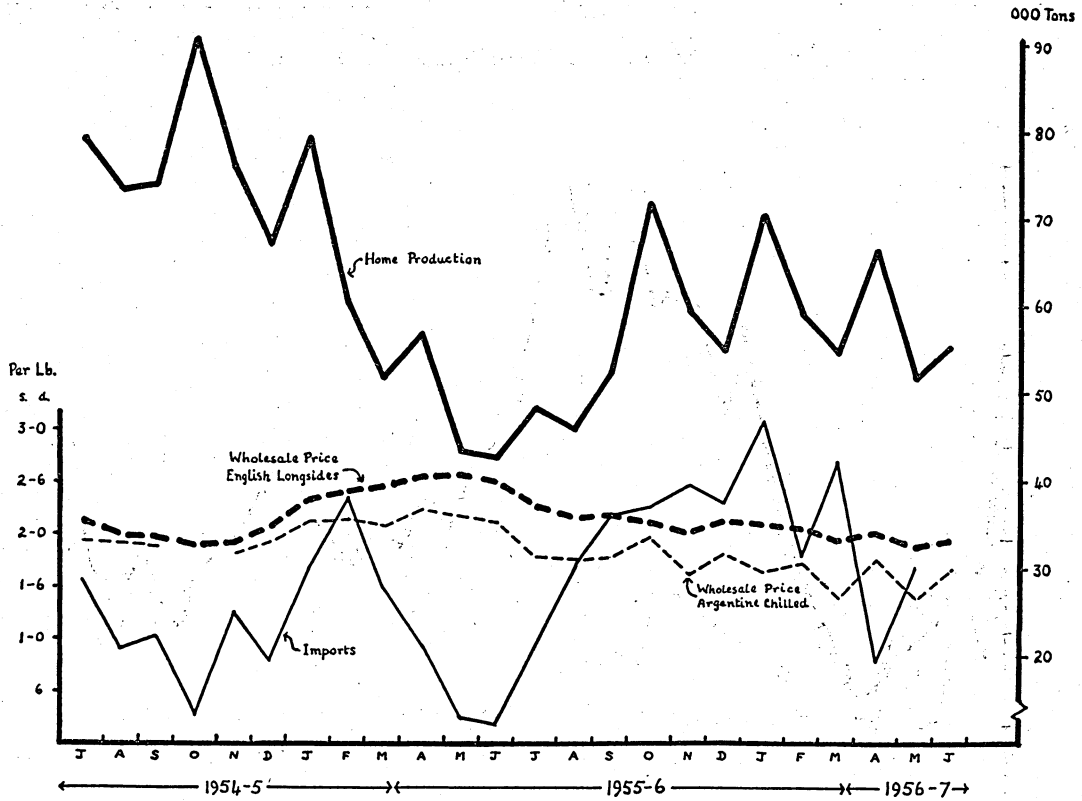


Chart III U.K. BEEF SUPPLIES AND PRICES.



**FAT SHEEP**

Except for five months between November 1954 and March 1955 and again in May 1955, the market price of home bred hoggets and lambs has been consistently below the standard prices (Charts IV and V) ; and deficiency payments have been continuous since July 1954. The comparison of the average market prices from March 1955 to February 1956 with the new and higher standard price ruling in April, May and June 1956, brought a very high deficiency payment in these months, amounting to nearly one-sixth of the current market price ; during these three months in both 1955 and 1956 a temporary addition was allowed to the standard price under the special price reviews.

Chart IV FAT LAMB: STANDARD AND MARKET PRICES.

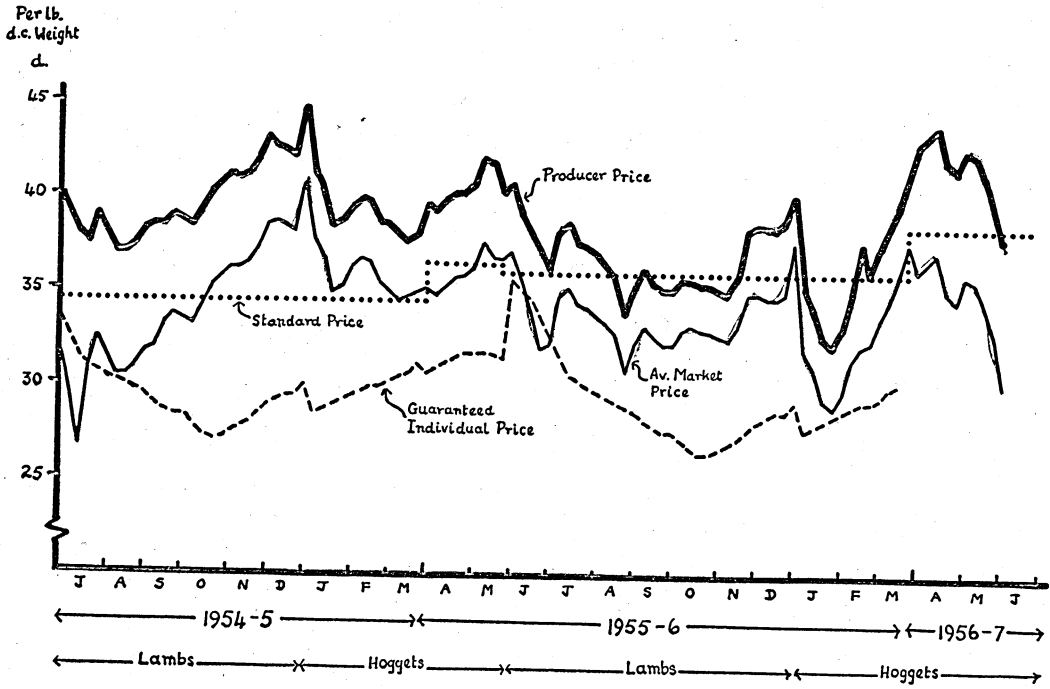
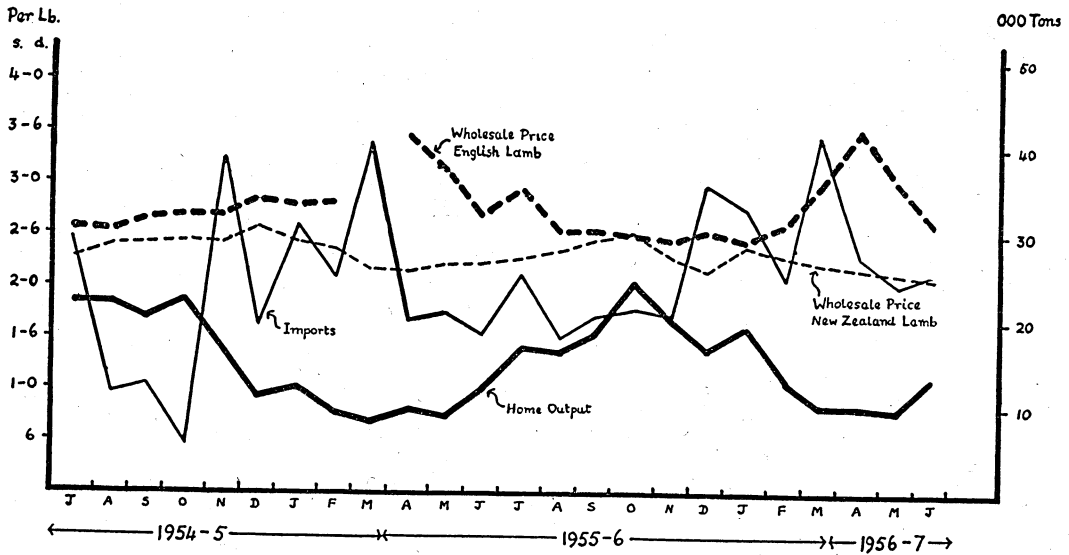


Chart V U.K. MUTTON AND LAMB SUPPLIES AND PRICES.



The output of home-killed mutton and lamb has been highly seasonal, exceeding 20,000 tons a month in the early autumn, and falling to 10,000 tons in February. The level of prices has followed the seasonal pattern very closely, both in the wholesale meat market and in the fatstock auctions. From the statistics illustrated in Chart V, it appears that the market for home-killed and for New Zealand lamb are almost distinct, the prices for each type following closely the level of the supplies from each source ; there has been a wide price differential in each spring which has narrowed sharply in the autumn when supplies of home-killed lamb and mutton increase and those from New Zealand are seasonally low.

### FAT PIGS

The working of the price guarantee scheme for pigs has provoked much criticism from pig producers, from bacon curers, from grocers and from the Committee of Public Accounts. Some of the trouble arose from the situation in which the scheme began, and some from the complexities of its structure, which caused it to produce unexpected results, illustrated in Chart VI.

The standard price for pigs covers all pigs in certain weight and quality grades, whether sold for pork or for bacon.

Table XVII. Standard Pig Prices.

	1954/5	1955/6	1956/7
	s d	s d	s d
Annual price per score dead weight ..	51 3	51 4	49 7
Addition for Special Review 12 weeks ..	—	2.66	2.36
Basic feed price per cwt. .. .. .	29 10	32 5	31 2

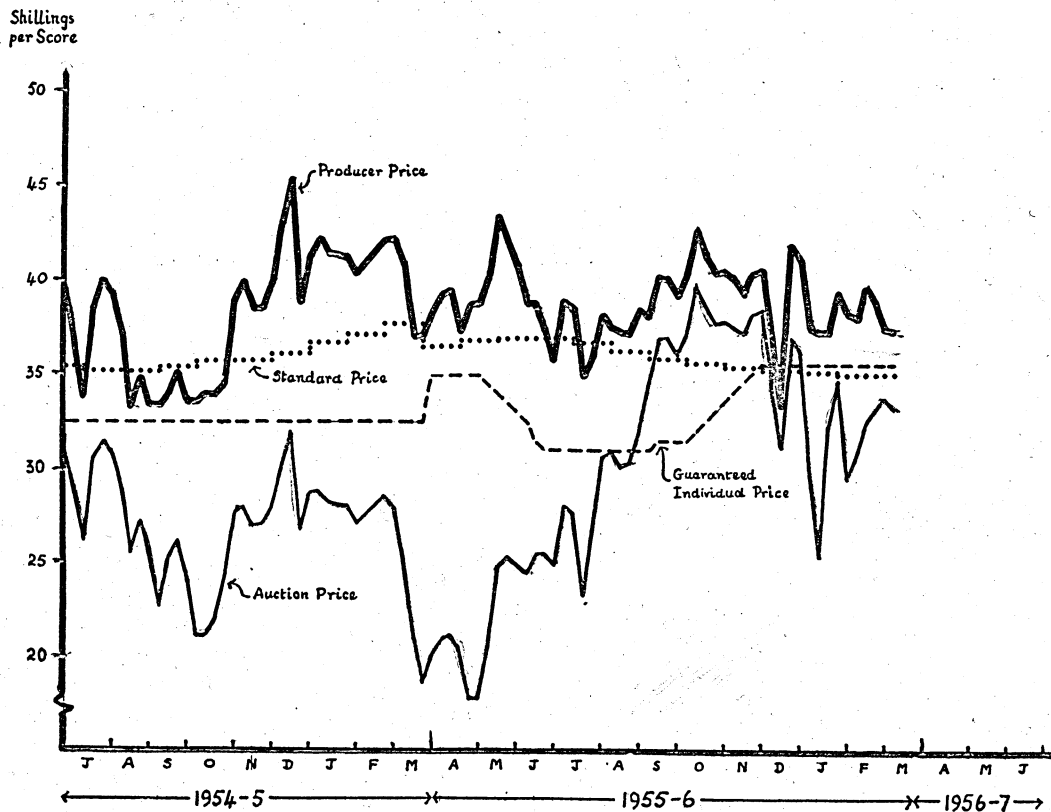
Cmd. 9406, 9721.

Because so much of the costs of pig production depends on the cost of feeding stuffs, the standard price is adjusted every month by the changes in the cost (averaged over 24 weeks) of a standard ration of feeds ; this averaging produces only a slow change in the standard price. (Appendix Table 7A.)

The Fatstock Marketing Corporation began operations in the spring of 1954 by negotiating long-term contracts with the bacon curers to provide a steady supply of bacon pigs direct from producers. The prices which the curers agreed to pay, in order to be spared the trouble of buying their pigs in the open market, have not been published, but they are believed to vary somewhat with the realised price of British bacon. The negotiated price is presumably reported to the certifying authorities for inclusion in the average market price from which the deficiency payment is calculated. Early in 1954 it was clear that a record number of pigs would be marketed in the latter half of that year, produced from the 814,000 sows returned on U.K. farms in June. A low level of prices was quickly established, considerably below the level even of the individual minimum prices, guaranteed on each sale in the auction markets. The percentage addition to the market price designed to bring these up to the level of the individual price amounted at times to one-third or more of the current market price. This market addition was calculated only for sales in the auction markets, but by special arrangement the Fatstock Marketing Corporation drew upon the certifying authorities week by week a similar payment on all pigs it sold to bacon factories.

In the eighteen months from July 1954 to December 1955, the total supply of pigs has varied from just over 250,000 a week in November 1954 and April 1955 to less than 150,000 a week in August 1955 ; these figures exclude the two peaks in sales just before Christmas 1954 and 1955 which are balanced by the heavy fall in sales immediately after the festival. The falling volume of sales from May 1955 inevitably followed from the decisions taken by thousands of producers in the latter half of 1954 to reduce the number of breeding sows. In both markets, those for bacon pigs and those for pork pigs, market prices were low during the period of high sales from November 1954 to May 1955 ; in both markets prices began to rise in May as sales declined. Over this period total receipts to producers were maintained by the high level of the market addition paid directly for pork pigs and, at an equivalent rate but collectively, to the F.M.C. on bacon pigs. When market prices for pork pigs began to rise, this payment on bacon pigs was gradually reduced and finally lapsed in September 1955 (Chart VI) ; although bacon prices and, therefore, the commercial receipts of the F.M.C. were rising over these months, payments to the F.M.C. of guarantees fell sharply and the level of prices to farmers established in June could only be maintained by drawing on the reserve fund accumulated by the F.M.C. in the earlier months when it had not paid out to producers the full equivalent of its total realisation on the pigs handled. This reserve fund was exhausted at the end of the year, and the F.M.C. was forced to reduce its prices to the suppliers of pigs just as bacon and pork pig prices were both beginning to rise after the seasonal fall in the autumn.

Chart VI FAT PIGS: STANDARD AND MARKET PRICES.



At this stage criticism became voluminous. The F.M.C. was charged by the bacon curers with failure to supply them with the promised pigs ; the producers of bacon pigs complained that the price paid by the F.M.C. (which included all guarantees) was falling below the level of the guaranteed minimum prices they could obtain in the pork market ; the public complained of the rising price of bacon which followed from the reduced output ; the F.M.C. complained that the producers were selling in the pork market pigs promised to them for the curers. It is not surprising, therefore, that the guaranteed individual prices were abolished in March 1956, together with the market addition ; only one deficiency payment has been paid since then. This represents the deficiency between the market receipts (in all markets) over the last twelve months with the current standard price, modified by a "stabilising adjustment" to keep the total payment within certain limits.

Chart VII U.K. PORK SUPPLIES AND PRICES.

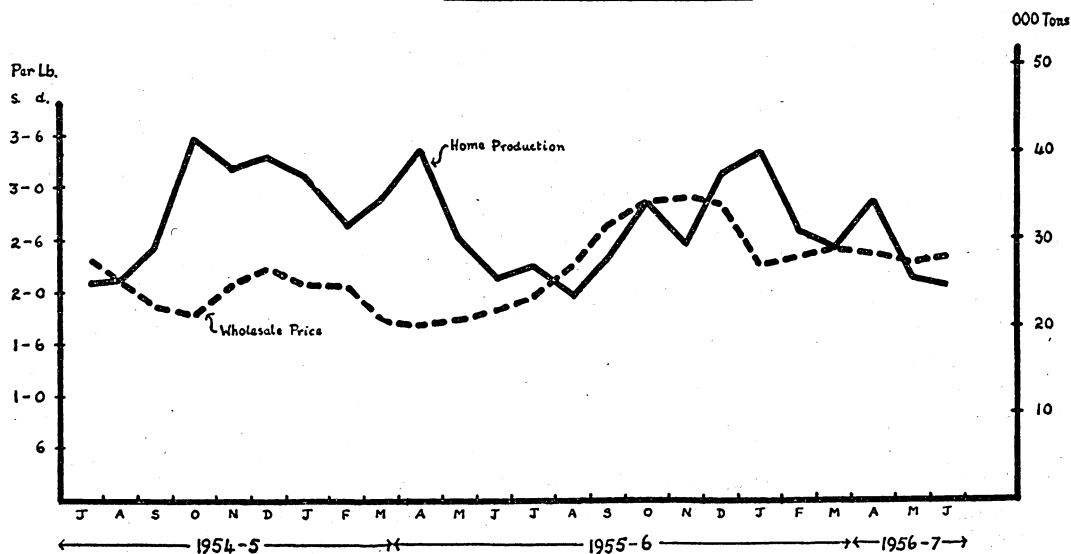
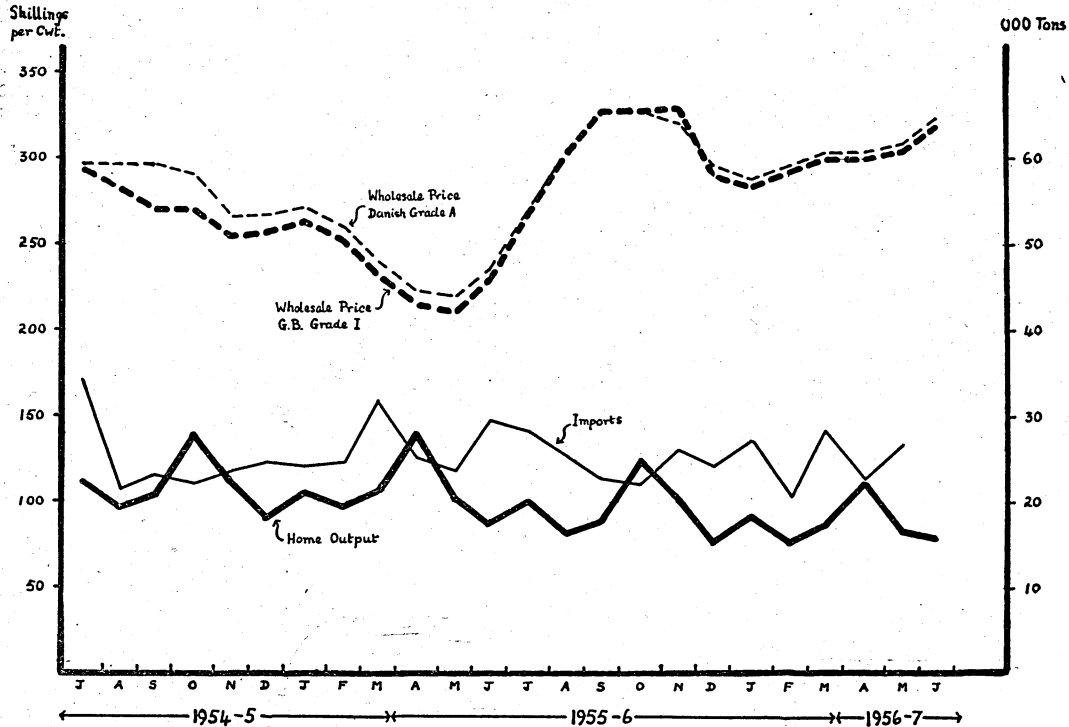




Chart VIIa U.K. BACON SUPPLIES AND PRICES



**EGGS**

Since the spring of 1953 there has been a free wholesale and retail market in eggs. A support price has been offered for home-produced eggs at levels fixed at the annual price review and adjusted in accordance with changes in the cost of a standard ration of feedingstuffs, averaged over 32 weeks.

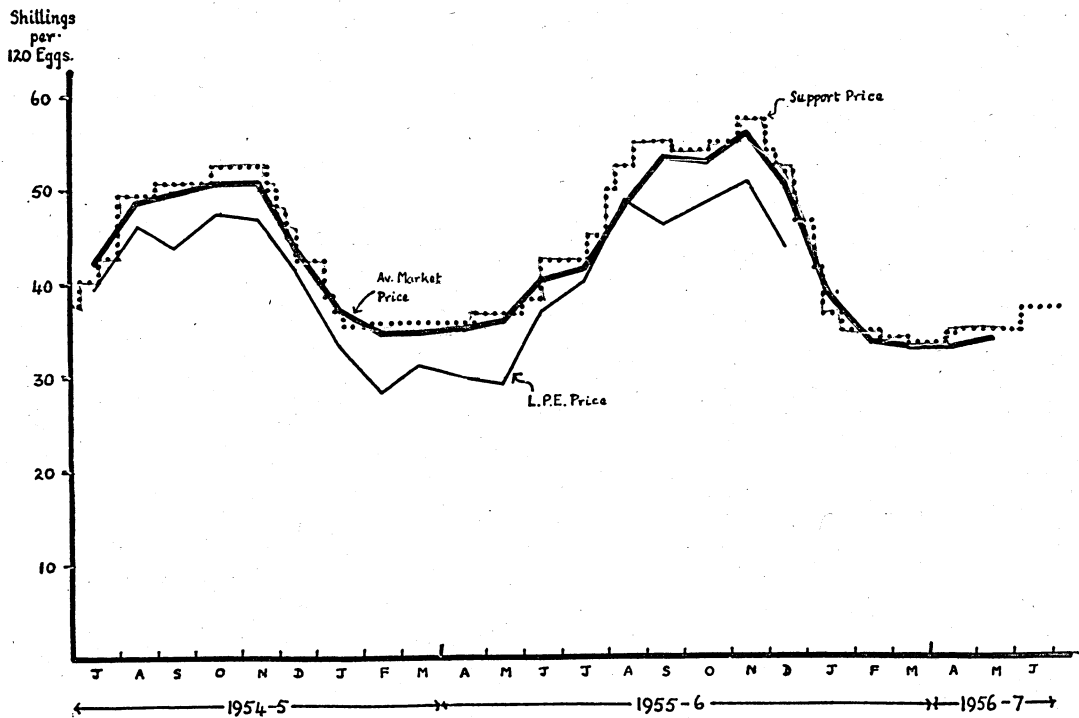
**Table XVIII. Guaranteed Prices for Eggs.**

	1954/5	1955/6	1956/7
Annual price, per 12 large and standard :	s d	s d	s d
Hen	4 0	4 1½	4 1
Duck	2 9	2 9	2 4½
Addition for Special Review in Feb./March			
Hen and duck per 12		½	1.13
Basic Feed Price per cwt. . . . .	29 1	29 8	29 8

Cmd. 9406, 9721.

The packing stations, of which there are 666 in the United Kingdom (Cmd. 9805, p. 9) are required by the Ministry to buy all eggs offered to them at the prescribed minimum price which has varied seasonally from 3/5d. per dozen in the spring to 5/9d. in the late autumn. The packing stations can (a) sell the eggs to the Ministry at the support price plus a payment for estimated trade costs, the Ministry re-selling for cold storage or as frozen egg to the bakery trade ; (b) sell to the trade and claim from the Ministry the estimated costs plus the difference between the average packer-to-wholesaler price and the support price. This wholesale price was estimated weekly by the Ministry and formed the basis for the weekly subsidy paid to the packers. As 95% of the packers were wholesalers also, it is difficult to deduce how the Ministry obtained records of this price and the enquiries held by the Committee of Public Accounts did not fully elucidate this point. Both the Auditor-General and the Committee also criticised various constituents in the margin allowed for costs at the packings stations. (Trading Accounts and Balance Sheets ; 1953/4. H.C. 298 of 1954/5 ; 1954/5, H.C. 138 of 1955/6 ; Committee of Public Accounts, Session 1955/6, First Report, H.C. 15, p. 13 ; Sixth Report, H.C. 348, p. 34.)

Chart VIII EGGS: SUPPORT AND MARKET PRICES.



The support mechanism has been in force almost continuously since its inception in 1953 ; (Chart VIII) and the average weekly payments to packing stations have varied from nothing in December 1955 to 15s. 9d. per 120 in May 1954 (Appendix Table 8A), and totalled £20-25 million in each of the two years ending in March 1955 and March 1956. It has been estimated

that the annual throughput at the packing stations amounting to rather more than 400 million dozen eggs represents about two-thirds of the commercial home production ; another third is sold outside the support scheme. Imports amounted in 1954 and 1955 to 120 and 83 million dozen eggs respectively, and so play a comparatively small part in the total trade.

It is clear, therefore, that the support scheme has maintained total receipts from the egg market for a volume of supply which, without it, would have brought a sharp fall in the producers' price ; put in another way, the current level of supply can only be absorbed at retail prices which, on existing margins, give a level of producer prices continuously below the support price. It is interesting to note that the Ministry believed that demand for eggs is inelastic at the lowest prices, and that the cheapest method of implementing the support price was to buy eggs for freezing (and for eventual re-sale at a much lower value) and thus to lift the level of wholesale prices above the support price : " in the periods when we bought these eggs, we should have been down well below the support and we would have had to pay, not in respect of the eggs we bought but in respect of all eggs, because it only takes a small margin of surplus to turn the price down over the whole supply range " (Minutes of Evidence, q. 1671, Committee of Public Accounts, Session 1955/6, H.C. 15-I, 22-I, 124-I.) But the Ministry was unable to carry out the programme continuously, presumably because the market for frozen egg is very limited ; for most of the period, it was paying a subsidy to the packing stations.

### WOOL

The wool marketing scheme combines the security of an annual minimum price, determined by the Government at the annual price review, with the averaging over a period of years of market prices in excess of this amount. The Wool Marketing Board, the sole seller of fleece wool from the 117,300 registered producers, pools all receipts and pays to producers the guaranteed price adjusted to the type and grade of each clip. If the market price yields a surplus over the guaranteed minimum price plus marketing costs, it is added to the reserve and drawn in any year in which market receipts fall below the prescribed minimum price. If the reserve fund is inadequate for this purpose, the deficiency is met from Government funds :—

Table XIX. Wool Marketing Board.

Year to 30th April	1953/4	1954/5	1955/6	1956/7
	d. per lb.	d. per lb.	d. per lb.	d. per lb.
Guaranteed price .. .. .	54.00	54.00	58.43	56.25
Realised price .. .. .	53.1	54.7	52.7	—
Marketing costs : allowed .. .. .	4.75	4.75	*	*
spent .. .. .	4.25	4.24	4.22	—
	£m.	£m.	£m.	£m.
Deficiency .. .. .	1.75	1.30	1.84	—
Balance in Special A/c end of year	3.13	2.05	—0.07†	—

\* Included in guaranteed price.

† A sum of £0.6m. remaining from under-payments to producers in previous years has been put to a special savings account.

Reports of the Wool Marketing Board.

The year ending in April 1956 was the last of the five-year period over which market prices were averaged. The Board decided, however, not to distribute to producers the small surplus that remained from under-payments to producers in previous years, but to carry it over to the new accounting period which is now to run for fifteen years from the start of the Board in 1950. The guaranteed minimum price (which now includes an allowance for marketing costs) was reduced by 2d. per lb at the 1956 price review in order to bring it nearer to the current level of market prices, but there were small additions made both in 1955 and 1956 to the guaranteed price from the special price review of these years.

## PART VII

# Marketing

### EGG MARKETING SCHEME

The details of this proposed marketing scheme are given in the booklet "Regulating the Marketing of Eggs in the United Kingdom", published by the National Farmers' Unions of England and Wales and of Scotland, and the Ulster Farmers' Union. A public enquiry was held into the Scheme and the report of the Commissioner was published in July 1956 (Cmd. 9805). The proposed Egg Marketing Board is to consist of 4 members appointed by the Minister in accordance with the provisions of the Agricultural Marketing Act, 1949; 14 regional members of which 4 are to represent Northern Ireland; and two special members for England and Wales and one for Scotland. In addition there is to be a regional committee in each of eleven regions; a Joint Consultative Committee with the packers, wholesalers and retailers; various advisory committees, and a disciplinary committee, headed by an independent Chairman approved by the Minister. The regional members of the Board are to be elected by the registered egg producers in each region, their votes weighted by the numbers of poultry registered. Registration under the Scheme is to be compulsory for all the producers with 25 or more hens or ducks; it will be illegal for them to sell eggs for re-sale except to authorised packing stations, though eggs may be sold at the farm gate for consumption by the purchaser. The structure of the proposed scheme incorporates the guaranteed price determined every year at the annual price review, and the Government subsidy which may be required in certain circumstances for its operation. It is proposed that the Board should announce each week the price at which the packing stations, acting as its agents, should buy eggs from registered producers; the packers in their capacity as wholesalers are then to compete with each other to buy the Board's eggs and to sell them to retailers or other wholesalers. To secure uniform prices over the country, it is proposed that the Board should pay transport costs on all eggs moved from one region to another. Any eggs not bought by packers can be sold by the Board direct to wholesalers, or put into cold storage, or manufactured for the bakery trade. The subsidy is to be paid, as now, to the packing stations to enable them to buy at the prescribed minimum price while selling in a competitive market. If, over the year, producers receive more than 2d. per dozen over the guaranteed price, half of the excess is to be paid to the Treasury; if the producers' price falls lower than 2d. per dozen below the guaranteed price, the Treasury is to compensate the Board for 90% of the deficit.

At the public enquiry, there was much criticism of the compulsion on producers to sell all eggs through the packing stations, apart from farm gate sales. It has, since 1953, been an offence for any producer to sell his eggs for re-sale except to a packing station, a regulation largely unknown and unenforced; the subsidy on eggs has also been paid only through the packing stations. Nevertheless, it is estimated that in 1954 more than a third of the eggs sold never went through a packing station; these unstamped, ungraded eggs often commanded a higher price in the retail market, since many housewives thought, rightly or wrongly, they were fresher eggs. Housewives buying a third of the eggs are thus willing to pay slightly more in order to avoid having their eggs routed through the packing stations, though the promoters of the Scheme

argued in favour of the compulsory sale of all eggs in that way. In view of this fact, the Commissioner, while approving the Draft Marketing Scheme as a whole, urged that the exemption list for producers should be raised to at least 50 hens, and that registered producers should be able to obtain a retail licence to sell their own eggs unstamped and ungraded, for direct consumption. The Minister has informed the promoters of the Scheme that he has approved it subject to these amendments ; as the promoters wish to proceed with it in this amended form, the next step is for the producers to be registered and for the Scheme to be put to the vote.

### PIG PRODUCTION AND MARKETING

The Advisory Committee on the development of pig production in the United Kingdom, under the Chairmanship of Sir Harold Howitt (Cmd. 9588), reported on the measures which, in its view, were required to improve the quality of British pigs. It recommended the setting up of progeny testing stations, and the licensing of Accredited Breeding Herds, using tested stock, from which the commercial farmer could buy his breeding stock with confidence. Further research was recommended on the problems of housing and feeding and an extension of current efforts to develop the use of artificial insemination. The Committee also recommended that, as a basis for future policy, production should be standardised on crossing with only three types of sow, to provide respectively for the markets in bacon, pork and manufacturing pigmeat.

The Reorganisation Committee for Pigs and Bacon, with Mr. C. I. C. Bosanquet in the Chair (Cmd. 9795), recommended the setting up of a Pig Industry Development Authority, to undertake such research and recording projects and also such functions as market research and grade standards ; its finance should be provided by a small levy on all pigs sold. A Sub-Committee of this Authority should be specifically charged with responsibility for supervising the market arrangements, including grading of all pigs, whether for bacon or pork. The Committee recommended the revival of the two pre-war Boards (representing the bacon curers and the pig producers respectively), to be responsible for fixing minimum prices to be paid for bacon pigs. But the Minister decided that these Boards should be formally abolished ; that a Pig Industry Development Authority should administer only the testing stations and other research work, within the existing frame of guaranteed prices and deficiency payments.

## PART VIII

# Administration

### THE AGRICULTURAL LAND COMMISSION

The Agricultural Land Commission was set up under the Agriculture Act, 1947, to manage agricultural land acquired by other Departments, including land taken over by the Treasury in lieu of death duties ; in 1955 the Commission held some 227,000 acres. It was agreed with the Minister, that, in future, the Commission should restrict its investments on its estates to such improvements as would be likely to yield an economic return by way of higher rents, and that commercial holdings should be sold as far as possible. Later the Arton Wilson Report (see below) recommended that the remainder of the Commission's work should be merged into the general organisation of the Ministry, and the Commission disbanded (para. 526).

In exercise of its advisory functions, the Commission issued reports on three areas of land. It considered that the main difficulties in farming in the *Brue Valley, Somerset* arose from lack of maintenance of the droves which hindered access to the grazing land of the valley ; it recommended that the Internal Drainage Boards should have power to make up these droves and to levy a rate on the beneficiaries. The Welsh Sub-Commission investigated the *Monmouthshire Moors*, an area of coast stretching from Cardiff to Chepstow, now used mainly for dairying and grazing. It recommended improvements in the main drainage system and in the embankments ; it decided that the lack of access droves and the inter-mingled holdings, both of which restricted the full use of the land, did not justify outside interference with the existing occupiers. The *Report on Mid-Wales (Cmd. 9631)* surveyed an area of some 290,000 acres of hill land in Cardigan, Radnor and Brecon, which has been characterised by a steadily falling rural population. The Sub-Commission noted the considerable improvements effected on many of these farms through the grants recently given for livestock rearing and marginal land, but they considered that many of these farms were too small to provide a reasonable income for a farm family and that the exodus of young people will certainly continue. The Sub-Commission suggested that the necessary reorganisation of farm units should be encouraged by exercising some control over the disposition of farms falling vacant or put up for sale. The Minister has decided, however, that such administrative action is not desirable (Conclusions on Recommendations, Cmd. 9809) and that the existing grants for capital improvements available to farmers provide the best method of improving the level of income in this area.

### MINISTRY OF AGRICULTURE, FISHERIES AND FOOD

The amalgamation of the Ministry of Food with that of Agriculture and Fisheries took place in the autumn of 1954. Shortly afterwards the Minister appointed a small Committee, with Sir Arton Wilson as Chairman, to review the local organisation of the combined Department. In brief, the Committee, whose report was issued in April 1956 (Cmd. 9732), recommended that the County Committees should be relieved of all routine administration and should concentrate on organising, with the National Agricultural Advisory Service, the advisory work for farmers ; that the administration of grants, subsidies, trading services and of the executive and clerical staff for each county should be concentrated in 35-40 Divisional Executive Offices, each under

a senior official of the Ministry ; that the Agricultural Land Service should be combined with the National Agricultural Advisory Service ; and that there should be a small number of Regional Controllers to supervise and co-ordinate the Executive Offices.

### MILK

Considerable progress has been made with the scheme for the eradication of bovine tuberculosis. In July 1954, 10 counties in the south-west of Scotland and parts of South Wales were declared Attested areas in which all dairy cattle have to be tuberculin-tested and to which no untested cattle may be admitted (S.R.O. 1954 Nos. 764, 763). The south-east of Scotland up to Fife, Cumberland, Westmoreland, parts of Durham, Lancashire and Yorkshire and all central and south Wales were added in October 1955 (S.R.O. 1955 Nos. 1445, 1451, 1450). Similar action is announced for the north of Scotland and of Wales and for parts of south England in 1957 ; and for south-east and south-west England, East Lothian, Roxburgh and Berwick in 1958. The sale of undesignated milk has been, or shortly will be, prohibited in a considerable number of towns and the districts round them (S.R.O. 1955 Nos. 315, 531 ; 1956, No. 1715).

### LIVESTOCK REARING LAND, HILL LAND AND MARGINAL PRODUCTION GRANTS

Farmers can now receive grants in aid of a wide range of improvements if they qualify as occupiers or owners of hill land, livestock rearing land or marginal land. The precise definitions of these types of land vary, but, broadly speaking, farms which produce milk or crops for sale to any appreciable extent are not eligible. Grants up to 50% of cost may be provided for improvements to buildings, roads, fences, water supplies or electricity supply ; under the 1956 price review, the grant can in certain circumstances rise to 85% of the cost of approved works on marginal farms. In addition there are the subsidies of £10 per head for cows and heifers kept on hill land throughout the year ; of £2 per head for hardy cattle summered on hill pastures ; of 5s. per breeding ewe; and of 2s. 6d. per breeding ewe in flocks not self-maintained on hill farms. Farms which qualify for these grants can also draw on the other types of general assistance—grants for drainage and ditching up to half the cost, subsidies on the application of lime and of nitrogenous and phosphatic fertilisers, grants for ploughing grassland and installing water supplies, payments of £8 10s. per head for steer calves and of £7 10s. per head for other beef type calves. The Table on page 12 shows that the total of these grants is expected to reach some £60 million annually for the past and current year. The Hill Farming Act 1946 and the Livestock Rearing Act 1951 (under which these grants and subsidies were made) were extended for a further seven years from November 1956; up to March 1956, expenditure of some £14 millions had been approved from the £20 millions appropriated for these improvement schemes.

### LONG-TERM ASSURANCES

In the 1956 price review, the Government undertook to consider whether more effective long-term assurances on prices could be given to agriculture so as to help its forward planning. The following arrangements, published in a White Paper (Cmnd. 23), operate from the next price review, although some delay will occur before alterations can be made in the relevant sections of the Agriculture Act, 1947.

(1) The guaranteed price of any commodity included in the Agriculture Act, 1947, will not be reduced below 96 per cent. of the previous year's guaranteed price; for livestock and livestock products, there is a further guarantee that the total reduction within three years will not exceed 9 per cent.



(2) The total value of production grants plus guarantees (guaranteed prices of the review products multiplied by the relevant output, presumably calculated at average yields) will be maintained at not less than 97½ per cent. of the corresponding value of the previous year, plus or minus the aggregate cost changes in the intervening period.

(3) Greatly increased grants will be provided for permanent fixed equipment and improvements on farms, up to £50 millions over the next ten years, in addition to the existing provisions. The grants will be available for all farms that are economic or which could be made so with the improvement proposed, and for merging and regrouping of uneconomic holdings into economically viable units.

The main effects of these proposals is thus to limit the present unlimited powers of the Government to alter prices at each annual review, and they provide for sellers of the review products—milk, eggs, fatstock, wool, cereals, potatoes and sugar beet—a guaranteed minimum aggregate income obtained by no other section of the community. Yet a 2½ per cent. fall in the present aggregate value of £1,150 represents some £29 millions, which may reasonably be regarded as the maximum cut which any Government is likely to want to make in any one year, short of a catastrophic deterioration in the national income accruing to the other sections of the community.

## Statistical Appendix

The charts were drawn on figures available in August, 1956; those given below have been revised in accordance with those available in December.

Table 1. Cereals.

Per cwt.	Wheat		Barley		Oats	
	(1)	(2)	(3)	(4)	(5)	(6)
	Average Market Price	Standard Price	Average Market Price	Standard Price	Average Market Price	Standard Price
	s d	s d	s d	s d	s d	s d
1954/5						
July .. ..	30 5	28 10	24 0	25 6	22 3	24 0
August .. ..	20 11	28 10	23 3		20 0	
September .. ..	19 8	28 10	23 9		19 6	
October .. ..	19 9	30 4	22 10		19 8	
November .. ..	19 9	30 4	23 8		21 6	
December .. ..	21 11	31 10	26 9		26 0	
January .. ..	24 11	31 10	28 6		27 9	
February .. ..	25 0	31 10	29 10		28 2	
March .. ..	23 8	33 1	29 4		27 7	
April .. ..	24 3	33 1	27 10		26 4	
May .. ..	21 4	33 10	26 3		26 4	
June .. ..	21 5	33 10	25 9		27 7	
1955/6						
July .. ..	22 2	27 11	25 1	24 8	28 6	23 3
August .. ..	20 1	27 11	22 9		22 5	
September .. ..	20 1	27 11	21 9		21 7	
October .. ..	20 10	29 5	22 4		23 3	
November .. ..	22 1	29 5	22 3		23 5	
December .. ..	22 9	30 11	22 3		22 7	
January .. ..	23 9	30 11	23 3		23 0	
February .. ..	24 4	30 11	23 4		22 6	
March .. ..	24 8	32 2	24 3		22 1	
April .. ..	25 9	32 2	26 1		23 4	
May .. ..	26 10	32 11	27 7		25 3	

Source : (2), (4), (6) M.A.F.F. Press Notices.  
 (1), (3), (5) M.A.F.F. monthly index price, England and Wales.

Note that for barley the price in Col. 3 is higher than that from which the deficiency is calculated, which excludes sales at prices higher than 1/- less than the annual average market price. Also the market prices in Cols. 1, 3, 5 refer only to England and Wales, while the deficiency payments are calculated from a weighted average market price for all three countries of the U.K.

Table 2. Fat Cattle.

Per live cwt.	(1)		(2)		(3)	(4)		(5)	
	Steers and Heifers Light, Grade A					Collective Payment	Producer Price (1) or (2) +(3)		Dead wt. Payment  Per lb.
	Average Auction Price		Guaranteed Individual Price						
<i>Week Ending</i>		s	d	s	d	s	d	d	
1954/5 1954/55									
July	4	156	6	136	0	4	160	6	
	11	144	2	134	6	4	148	2	
	18	126	9	133	6	4	137	6	
	25	129	8	132	6	4	136	6	
August	1	135	11	131	0	4	139	11	
	8	132	5	130	0	4	136	5	
	15	129	3	129	0	4	133	3	
	22	120	5	128	0	3	131	6	
	29	120	7	127	0	3	130	6	
September	5	119	5	126	0	3	129	6	
	12	121	9	125	0	3	128	6	
	19	127	4	124	0	3	130	4	
	26	127	7	123	0	3	130	7	
October	3	123	8	122	0	3	126	8	
	10	118	7	121	0	3	124	0	
	17	121	1	120	0	2	123	7	
	24	121	0	119	0	2	123	6	
	31	125	3	118	6	2	127	9	
November	7	124	7	118	0	2	127	1	
	14	129	5	118	0	2	131	5	
	21	128	9	119	0	2	130	9	
	28	132	7	120	0	2	134	7	
December	5	135	10	121	6	2	137	10	
	12	140	10	123	6	1	142	4	
	19	140	2	127	0	1	141	8	
	26	145	1	127	0	1	146	7	
January	2	150	10	127	0	1	152	4	
	9	157	3	128	0	1	158	3	
	16	163	9	129	0	1	164	9	
	23	156	3	129	6	1	157	3	
	30	153	10	130	0	1	154	10	
February	6	156	11	131	0	—	156	11	
	13	162	5	132	0	—	162	5	
	20	166	6	132	6	—	166	6	
	27	167	8	133	6	—	167	8	
March	6	166	9	134	6	6	167	3	
	13	166	9	134	6	6	167	3	
	20	165	4	135	0	6	165	10	
	27	166	9	135	6	6	167	3	
1955/6 1955/56									
April	3	167	10	127	0	5	172	10	
	10	167	11	127	6	5	172	11	
	17	169	3	128	0	5	174	3	
	24	169	2	128	6	5	174	2	
May	1	166	9	128	6	—	166	9	
	8	167	2	128	6	—	167	2	
	15	171	9	129	0	—	171	9	
	22	176	0	129	0	—	176	0	
	29	179	8	129	6	—	179	8	
June	5	178	5	130	0	—	178	5	
	12	173	3	130	0	—	173	3	
	19	168	1	129	0	—	168	1	
	26	162	6	128	0	—	162	6	

Fat Cattle contd.

			(1)	(2)	(3)	(4)	(5)
July	3	..	155 3	127 0	—	155 3	—
	10	..	161 4	125 6	—	161 4	—
	17	..	155 7	124 6	—	155 7	—
	24	..	150 5	123 6	—	150 5	—
	31	..	150 4	122 0	—	150 4	—
August	7	..	149 4	121 0	—	149 4	—
	14	..	145 8	120 0	—	145 8	—
	21	..	143 8	119 0	—	143 8	—
	28	..	139 7	118 0	—	139 7	—
	September	4	..	144 0	117 0	—	144 0
October	11	..	145 5	116 0	—	145 5	—
	18	..	143 9	115 0	—	143 9	—
	25	..	141 2	114 0	—	141 2	—
	2	..	139 7	113 0	—	139 7	—
	9	..	141 1	112 0	—	141 1	—
November	16	..	141 4	111 0	—	141 4	—
	23	..	140 10	110 0	—	140 10	—
	30	..	141 9	109 6	—	141 9	—
	6	..	138 0	109 0	—	138 0	—
	13	..	138 4	109 0	—	138 4	—
December	20	..	140 1	110 0	—	140 1	—
	27	..	143 0	111 0	—	143 0	—
	4	..	142 2	112 6	—	142 2	—
	11	..	143 5	114 6	—	143 5	—
	18	..	147 2	118 0	—	147 2	—
January	25	..	149 10	118 0	—	149 10	—
	1	..	150 11	118 0	—	150 11	—
	8	..	145 9	119 0	—	145 9	—
	15	..	146 4	120 0	—	146 4	—
	22	..	143 4	120 6	—	143 4	—
February	29	..	141 11	121 0	—	141 11	—
	5	..	140 10	122 0	—	140 10	—
	12	..	140 10	123 0	—	140 10	—
	19	..	139 2	123 6	—	139 2	—
	26	..	138 1	124 6	—	138 1	0.1
March	4	..	137 7	125 6	—	137 7	0.1
	11	..	132 7	125 6	—	132 7	0.3
	18	..	131 2	126 0	—	131 2	0.6
	25	..	133 0	126 6	—	133 0	0.6
	1956/7						
Week Beginning							
March	26	..	131 6	—	3 0	134 6	—
April	2	..	135 4	—	3 0	138 4	—
	9	..	136 3	—	3 0	139 3	—
	16	..	133 4	—	3 0	136 4	—
	23	..	130 8	—	6 6	137 2	—
	30	..	130 7	—	6 6	137 1	—
May	7	..	129 6	—	6 6	136 0	—
	14	..	130 11	—	6 6	137 5	—
	21	..	132 11	—	10 0	142 11	—
	28	..	130 7	—	10 0	140 7	—
	June	4	..	129 4	—	10 0	139 4
11		..	130 5	—	10 0	140 5	—

Source : M.O.F. and M.A.F.F.

Notes : (1) For the year 1956/7, there will be no individual guarantees ; the guaranteed price applies to steers and heifers with a minimum killing out percentage of 54 and to young cows with a minimum killing out percentage of 56.

(2) Standard price, all grades, per live cwt.:

1954/5 133/2  
 1955/6 138/8 (plus 1/10½ in April/May 1955 and 2/6 in February/March 1956).  
 1956/7 151/0

Table 3. U.K. Beef Supplies and Prices.

	(1) Home Output	(2) Imports	(3) (4) Wholesale Prices†			
			Eng. Long Sides		Argentine Chilled	
			s	d	s	d
1954/5	000 tons		per lb.			
July* .. .. .	79.5	28.7	2	1½	1	11¼
August .. .. .	73.6	20.8	2	0	1	11
September .. .. .	74.1	22.2	1	11½	1	10½
October* .. .. .	90.8	13.1	1	10½	—	—
November .. .. .	77.9	25.1	1	11	1	9¾
December .. .. .	67.1	19.6	2	0¾	1	11
January* .. .. .	79.6	30.2	2	4	2	1½
February .. .. .	60.5	38.3	2	5	2	1¾
March .. .. .	51.8	27.7	2	5½	2	1
1955/6						
April* .. .. .	57.1	21.2	2	6½	2	2¾
May .. .. .	43.5	12.7	2	6¾	2	2
June .. .. .	42.8	11.8	2	6	2	1½
July* .. .. .	48.6	21.1	2	3¼	1	9½
August .. .. .	46.0	30.6	2	2	1	9¼
September .. .. .	52.6	36.1	2	2½	1	9½
October* .. .. .	72.2	37.4	2	1½	1	11¼
November .. .. .	59.8	39.7	2	0¾	1	7½
December .. .. .	55.1	37.5	2	1½	1	9½
January* .. .. .	70.8	47.0	2	1	1	7¾
February .. .. .	59.2	31.5	2	0¾	1	8¾
March .. .. .	54.4	42.3	1	11¼	1	5
1956/7						
April* .. .. .	67.7	19.6	2	0¾	1	9
May .. .. .	52.1	30.3	1	10¾	1	4¾
June .. .. .	53.8	33.9	1	11¼	1	8

\* Five week month. † Average of daily top prices at Smithfield.

Source : (1) Digest of Statistics ; includes meat from imported fatstock.  
(2), (3), (4) C.E.C. Intelligence Bulletin.

Table 4. Fat Lambs : Standard and Market Prices.

Per lb. d. c. wt. Unshorn			(1) Average Market Price	(2) Guaranteed Individual Price	(3) Collective Payment	(4) Producer Price	(5) Dead wt. Payment
			d Lambs A.	d Light	d	d (1) or (2) + (3)	d
<i>Week Ending</i>							
1954/5							
July	4	.. ..	32.25	33.5	6.5	40.0	—
	11	.. ..	29.5	32.5	6.5	39.0	—
	18	.. ..	26.65	31.5	6.5	38.0	—
	25	.. ..	30.75	31.0	6.5	37.5	1.75
August	1	.. ..	32.5	30.75	6.5	39.0	0.75
	8	.. ..	31.5	30.5	6.5	38.0	1.0
	15	.. ..	30.5	30.25	6.5	37.0	1.25
	22	.. ..	30.5	30.0	6.5	37.0	1.25
	29	.. ..	31.0	29.75	6.5	37.5	1.0
September	5	.. ..	31.75	29.5	6.5	38.25	0.75
	12	.. ..	32.0	29.0	6.5	38.5	0.25
	19	.. ..	33.25	28.75	5.25	38.5	0.25
	26	.. ..	33.75	28.5	5.25	39.0	0.25
October	3	.. ..	33.5	28.5	5.25	38.75	—
	10	.. ..	33.25	28.0	5.25	38.5	—
	17	.. ..	34.25	27.5	5.0	39.25	—
	24	.. ..	35.25	27.25	5.0	40.25	—
	31	.. ..	35.75	27.25	5.0	40.75	—
November	7	.. ..	36.25	27.5	5.0	41.25	—
	14	.. ..	36.25	27.75	4.75	41.0	—
	21	.. ..	36.5	28.0	4.75	41.25	—
	28	.. ..	37.25	28.5	4.75	42.0	—
December	5	.. ..	38.5	29.0	4.75	43.25	—
	12	.. ..	38.75	29.25	4.0	42.75	—
	19	.. ..	38.5	29.5	4.0	42.5	—
	26	.. ..	38.25	29.5	4.0	42.25	—
January	2	.. ..	40.75	30.0	4.0	44.75	—
			Hoggets A. Heavy.				
January	9	.. ..	37.75	28.5	3.5	41.25	—
	16	.. ..	36.75	28.75	3.5	40.25	—
	23	.. ..	35.0	29.0	3.5	38.5	—
	30	.. ..	35.25	29.25	3.5	38.75	—
February	6	.. ..	36.25	29.5	3.25	39.5	—
	13	.. ..	36.75	29.75	3.25	40.0	—
	20	.. ..	36.50	30.0	3.25	39.75	—
	27	.. ..	35.50	30.0	3.25	38.75	—
March	6	.. ..	35.0	30.25	3.5	38.5	—
	13	.. ..	34.5	30.5	3.5	38.0	—
	20	.. ..	34.75	30.75	3.5	38.25	—
	27	.. ..	35.0	31.25	3.5	38.5	0.25
1955/6							
April	3	.. ..	35.17	30.75	4.5	39.67	0.25
	10	.. ..	34.87	31.0	4.5	39.37	0.25
	17	.. ..	35.39	31.23	4.5	39.89	0.25
	24	.. ..	35.76	31.5	4.5	40.26	0.25
May	1	.. ..	35.82	31.75	4.5	40.32	0.25
	8	.. ..	36.25	31.75	4.5	40.75	0.25
	15	.. ..	37.63	31.75	4.5	42.13	0.25
	22	.. ..	37.36	31.75	4.5	41.86	0.25
	29	.. ..	36.74	31.5	3.5	40.24	0.5

Fat Lambs contd.

			(1)	(2)	(3)	(4)	(5)
			Lambs A. Light.				
June	5	.. ..	37-12	35-75	3-5	40-62	1-25
	12	.. ..	35-69	35-25	3-5	39-19	1-5
	19	.. ..	33-95	34-75	3-5	38-25	2-5
	26	.. ..	39-10	33-75	3-5	37-25	1-25
July	3	.. ..	32-22	32-75	3-5	36-25	0-5
	10	.. ..	34-72	31-75	3-5	38-22	—
	17	.. ..	35-26	30-75	3-5	38-76	0-25
	24	.. ..	34-40	30-25	3-25	37-65	0-25
	31	.. ..	34-20	30-0	3-25	37-45	0-25
August	7	.. ..	33-87	29-75	3-25	37-12	0-25
	14	.. ..	33-32	29-5	3-25	36-57	0-25
	21	.. ..	32-75	29-24	3-0	35-75	0-5
	28	.. ..	30-83	29-0	3-0	33-83	0-25
September	4	.. ..	32-27	28-75	3-0	35-27	—
	11	.. ..	33-30	28-25	3-0	36-30	—
	18	.. ..	32-78	28-0	2-75	35-53	—
	25	.. ..	32-39	27-75	2-75	35-14	—
October	2	.. ..	32-36	27-75	2-75	35-11	—
	9	.. ..	32-95	27-25	2-75	35-70	—
	16	.. ..	33-20	26-75	2-5	35-70	—
	23	.. ..	33-05	26-50	2-5	35-55	—
	30	.. ..	32-98	26-50	2-5	35-48	—
November	6	.. ..	32-71	26-75	2-5	35-21	—
	13	.. ..	32-49	27-0	2-5	34-99	—
	20	.. ..	33-34	27-25	2-5	35-84	—
	27	.. ..	34-93	27-75	2-5	37-43	—
December	4	.. ..	35-13	28-25	2-5	37-63	—
	11	.. ..	34-85	28-5	2-75	37-60	—
	18	.. ..	34-77	28-75	2-75	37-52	—
	25	.. ..	35-00	28-75	2-75	37-75	0-25
January	1	.. ..	37-50	29-25	2-75	40-25	—
			Hoggets A. Heavy.				
January	8	.. ..	32-0	27-75	3-25	35-25	—
	15	.. ..	31-0	28-0	3-25	34-25	—
	22	.. ..	29-5	28-25	3-25	32-75	0-5
	29	.. ..	29-0	28-5	3-25	32-25	0-5
February	2	.. ..	29-75	28-75	3-5	33-25	0-5
	12	.. ..	31-5	29-0	3-5	35-00	0-25
	19	.. ..	32-25	29-25	3-5	37-75	0-25
	26	.. ..	32-50	29-25	3-5	36-00	—
March	4	.. ..	33-75	29-50	3-75	37-50	—
	11	.. ..	34-75	30-0	3-75	38-50	—
	18	.. ..	36-0	30-25	3-75	39-75	—
1956/7							
Week beginning							
March	19	.. ..	37-75	—	3-75	41-50	—
	26	.. ..	36-25	—	6-75	43-0	—
April	2	.. ..	36-75	—	6-75	43-5	—
	9	.. ..	37-25	—	6-75	44-0	—
	16	.. ..	35-25	—	6-75	42-0	—
	23	.. ..	34-75	—	6-75	41-5	—
	30	.. ..	36-0	—	6-75	42-75	—
May	7	.. ..	35-75	—	6-75	42-5	—
	14	.. ..	34-50	—	6-75	41-25	—
	21	.. ..	33-0	—	6-75	39-75	—
	28	.. ..	30-25	—	6-75	37-00	—

Source : M.O.F. and M.A.F.F.

Notes : Standard price, all grades, per lb. d. c. wt. :—

1954/5 : 2s. 10½d.

1955/6 : 3s. (plus 0-64d. in April/May 1955).

1956/7 : 3s. 2d. (plus 0-51d. in April/June, 1956).

Table 5. U.K. Mutton and Lamb Supplies and Prices.

	(1) Home Output	(2) Imports		(3)		(4) Wholesale Prices†		(5)	
		Mutton	Lamb	Eng. Lamb	N.Z. Lamb	per lb.			
						s	d	s	d
1954/5			000 tons						
July* .. ..	22.1	7.0	29.4	2	7	2	3½		
August .. ..	22.0	3.4	11.4	2	6½	2	4½		
September .. ..	20.2	4.6	12.6	2	7½	2	5		
October* .. ..	22.4	2.4	6.2	2	8½	2	5½		
November .. ..	16.1	8.7	39.4	2	8½	2	5		
December .. ..	11.1	3.4	19.7	2	10	2	6½		
January* .. ..	12.1	5.8	31.2	2	9½	2	5½		
February .. ..	9.2	2.2	25.0	2	9½	2	4½		
March .. ..	8.2	4.1	40.5	—		2	2		
1955/6									
April* .. ..	9.8	4.4	19.7	3	5½	2	1½		
May .. ..	8.9	5.8	20.9	3	1½	2	2½		
June .. ..	12.0	2.6	17.1	2	8½	2	2½		
July* .. ..	16.8	8.0	25.4	2	11½	2	3½		
August .. ..	16.6	6.6	18.0	2	6½	2	4½		
September .. ..	18.4	5.1	20.4	2	6½	2	5½		
October* .. ..	24.4	3.3	22.2	2	6	2	6½		
November .. ..	20.0	3.8	21.0	2	5½	2	3½		
December .. ..	16.8	4.9	31.3	2	6½	2	2		
January* .. ..	19.2	8.9	33.3	2	5½	2	4½		
February .. ..	13.0	3.5	24.9	2	7½	2	3½		
March .. ..	10.1	8.5	46.5	2	11½	2	2½		
1956/7									
April* .. ..	10.0	6.0	27.8	3	6½	2	2½		
May .. ..	9.7	3.9	22.5	3	0	2	1½		
June .. ..	13.6	5.4	22.2	2	7½	2	1		

\* Five week month. † Average of daily top prices at Smithfield.

Source : (1) Digest of Statistics; includes meat from imported fatstock.  
(2), (3), (4), (5) C.E.C. Intelligence Bulletin.



Table 6. Fat Pigs : Standard and Market Prices.

Per score live weight.		(1)	(2)	(3)	(4)	(5)	(6)
		Auction Price	Per Cent. or Market Addition	Guaranteed Individual Price	Collective Payment	Producer Price (1 + 2) + (4) or (3) + (4)	Standard Price All Grades
		6 sc. to 6 sc. 19 lbs.					
		s d	%	s d	s d	s d	s d
<i>Week ending : 1954/5</i>							
July	4 ..	30 9	25	32 6	1 1	39 6	35 5
	11 ..	28 6	25	fixed	1 1	36 8	35 5
	18 ..	26 2	25	price	1 1	33 9	35 5
	25 ..	30 5	25		10	38 10	35 2
August	1 ..	31 5	25		10	40 1	35 2
	8 ..	30 9	25		10	39 3	35 2
	15 ..	29 0	25		10	37 1	35 2
	22 ..	25 7	25		10	33 4	35 2
	29 ..	27 3	25		10	34 11	35 2
September	5 ..	25 1	30		10	33 5	35 2
	12 ..	22 8	30		10	33 4	35 2
	19 ..	25 4	30		1 1	34 0	35 5
	26 ..	26 3	30		1 1	35 3	35 5
October	3 ..	24 1	30		1 1	33 7	35 5
	10 ..	21 2	35		1 1	33 7	35 5
	17 ..	21 3	35		1 6	34 0	35 8
	24 ..	22 0	35		1 6	34 0	35 8
	31 ..	24 6	35		1 6	34 7	35 8
November	7 ..	27 9	35		1 6	39 0	35 8
	14 ..	28 0	35		2 1	39 11	35 8
	21 ..	26 11	35		2 1	38 5	35 8
	28 ..	27 0	35		2 1	38 6	35 8
December	5 ..	28 0	35		2 1	39 11	35 8
	12 ..	29 11	35		2 9	43 1	36 2
	19 ..	31 8	35		2 9	45 6	36 2
	26 ..	26 8	35		2 9	38 9	36 2
January	2 ..	28 8	35		2 9	41 5	36 2
	9 ..	28 10	35		3 4	42 3	36 8
	16 ..	28 3	35		3 4	41 6	36 8
	23 ..	28 2	35		3 4	41 4	36 8
	30 ..	28 0	35		3 4	41 2	36 8
February	6 ..	27 1	35		3 8	40 3	37 2
	13 ..	27 7	35		3 8	40 11	37 2
	20 ..	28 1	35		3 8	41 7	37 2
	27 ..	28 7	35		3 8	42 4	37 2
March	6 ..	27 11	35		4 7	42 3	37 8
	13 ..	25 4	35		4 7	40 9	37 8
	20 ..	21 5	35		4 7	37 1	37 8
	27 ..	18 7	35		4 7	37 1	37 8

Fat Pigs contd.

			(1)	(2)	(3)	(4)	(5)	(6)
			5 sc. 10 lbs. to 6 sc. 19 lbs.					
1955/6			s d	s d	s d	s d	s d	s d
April	3	..	20 0	12 6	35 0	3 4	38 4	36 6
	10	..	20 11	15 0	35 0	3 4	39 3	36 6
	27	..	21 2	15 0	35 0	3 4	39 6	36 6
	24	..	20 5	13 6	35 0	3 4	37 4	36 6
May	1	..	17 9	13 6	35 0	3 9	38 9	36 10
	8	..	17 9	13 6	35 0	3 9	38 9	36 10
	15	..	20 7	16 0	34 6	3 9	40 4	36 10
	22	..	24 9	15 0	34 0	3 9	43 6	36 10
	29	..	25 4	13 0	33 6	3 10	42 2	36 11
June	5	..	24 11	12 0	33 0	3 10	40 9	36 11
	12	..	24 6	10 6	32 6	3 10	38 10	36 11
	19	..	25 6	9 6	31 6	3 10	38 10	36 11
	26	..	25 6	8 0	31 0	3 10	37 4	36 11
July	3	..	24 11	7 0	31 0	3 10	35 9	36 11
	10	..	29 1	7 0	31 0	3 10	38 11	36 11
	17	..	27 9	7 0	31 0	3 10	38 7	36 11
	24	..	23 4	6 0	31 0	3 7	34 7	36 8
	31	..	26 5	4 0	31 0	3 7	34 7	36 8
August	7	..	30 7	4 0	31 0	3 7	38 2	36 8
	14	..	30 11	3 0	31 0	3 7	37 6	36 8
	21	..	30 2	4 0	31 0	3 4	37 6	36 3
	28	..	30 5	4 0	31 0	3 4	37 9	36 3
September	4	..	32 3	3 0	31 0	3 4	38 6	36 3
	11	..	34 9	3 0	31 0	3 4	41 1	36 3
	18	..	36 11	3 0	31 6	3 1	43 3	35 10
	25	..	37 0	3 0	31 6	3 1	43 1	35 10
October	2	..	36 1	—	31 6	3 1	39 2	35 10
	9	..	37 3	—	31 6	3 1	40 4	35 10
	16	..	39 8	—	32 0	3 8	43 4	35 7
	23	..	38 8	—	32 6	2 8	41 4	35 7
	30	..	37 9	—	33 0	2 8	40 5	35 7
November	6	..	37 10	—	33 6	2 8	40 6	35 7
	13	..	37 6	—	34 0	2 2	39 8	35 4
	20	..	37 3	—	34 6	2 2	39 5	35 4
	27	..	38 2	—	35 0	2 2	40 4	35 4
December	4	..	38 5	—	35 6	2 2	40 7	35 4
	11	..	34 8	—	35 6	1 11	37 5	35 3
	18	..	31 4	—	35 6	1 11	33 1	35 3
	25	..	37 0	3 0	35 6	1 11	41 11	35 3
January	1	..	36 2	3 0	35 6	1 11	41 1	35 3
	8	..	29 9	3 0	35 6	1 9	37 3	35 2
	15	..	25 4	3 0	35 6	1 9	37 3	35 2
	22	..	27 0	6 0	35 6	1 9	37 3	35 2
	29	..	29 8	8 0	35 6	1 9	39 5	35 2
February	5	..	29 6	7 0	35 6	1 9	38 3	35 0
	12	..	30 8	5 6	35 6	1 9	37 11	35 0
	19	..	32 5	5 6	35 6	1 9	39 8	35 0
	26	..	33 1	4 0	35 6	1 9	38 10	35 0
March	4	..	33 8	2 0	35 6	1 9	37 5	35 0
	11	..	33 2	2 0	35 6	1 9	37 3	35 0

Subsequent figures not comparable.

Source : M.o.F. and M.A.F.F.

Notes : Col. 4 is given after adjustment for changes in the cost of the standard ration of feeds.

Col. 5 is the collective payment (Col. 4) plus the higher of Cols. (1) + (2) or (3).

Col. 6 has been obtained by multiplying the dead weight standard price by  $\frac{7}{10}$  (the estimated killing out percentage) and adjusting for changes in the cost of the standard ration of feeds.

Table 7. U.K. Pork and Bacon Supplies and Prices.

	(1)		(2)		(3)	(4)	(5)				(6)	
	Pork		Pork				Bacon		Wholesale Price†			
	Home Output 000 tons	Wholesale Price† Under 100lb per lb.	Home Output ‡ 000 tons	Imports 000 tons			Home Output ‡ 000 tons	Imports 000 tons	G.B. No. I.		Danish A	
	s d					s	d	s	d	s	d	
1954/5												
July*	25.0	2 3½	22.5	34.2	22.5	34.2	292	8	296	0	296	0
August	25.0	2 1¼	19.3	21.5	19.3	21.5	282	0	296	0	296	0
September	29.2	1 10¼	20.8	23.0	20.8	23.0	270	4	296	0	296	0
October*	41.7	1 9¼	27.7	22.1	27.7	22.1	270	0	290	9	290	9
November	38.1	2 1	22.1	23.6	22.1	23.6	253	11	266	0	266	0
December	39.5	2 2¾	18.3	24.5	18.3	24.5	257	2	266	7	266	7
January*	37.5	2 1	21.0	24.2	21.0	24.2	263	4	271	4	271	4
February	31.5	2 0¾	19.5	24.5	19.5	24.5	251	9	260	3	260	3
March	34.6	1 8¾	21.1	31.7	21.1	31.7	232	0	240	0	240	0
1955/6												
April*	40.2	1 8	27.9	25.1	27.9	25.1	213	8	223	4	223	4
May ..	29.9	1 8¾	20.4	23.7	20.4	23.7	210	10	220	0	220	0
June ..	25.6	1 9¾	17.6	29.5	17.6	29.5	231	1	236	1	236	1
July*	27.0	1 11¼	20.1	28.6	20.1	28.6	269	0	269	10	269	10
August	23.6	2 3	16.5	25.5	16.5	25.5	304	6	304	6	304	6
September	27.8	2 7½	17.9	22.9	17.9	22.9	328	0	328	0	328	0
October*	34.3	2 10½	24.7	22.2	24.7	22.2	328	0	328	0	328	0
November	29.3	2 10¾	20.2	26.1	20.2	26.1	329	9	322	0	322	0
December	37.4	2 10	15.5	24.2	15.5	24.2	289	9	297	4	297	4
January*	39.8	2 3	18.3	27.3	18.3	27.3	282	8	288	3	288	3
February	30.9	2 4	15.5	20.9	15.5	20.9	293	0	296	8	296	8
March	29.2	2 5	17.2	28.2	17.2	28.2	300	0	304	0	304	0
1956/7												
April*	35.5	2 4½	22.3	22.7	22.3	22.7	300	0	304	0	304	0
May ..	25.6	2 3½	16.6	26.4	16.6	26.4	303	10	307	10	307	10
June ..	24.9	2 4	15.7	27.9	15.7	27.9	318	10	323	4	323	4

\* Five week month. † Average of daily top prices at L.P.E. ‡ Including hams.  
 Source : (1) and (3) Digest of Statistics.  
 (2), (5) and (6) C.E.C. Intelligence Bulletin.

Table 7a. Pig Ration Cost and Standard Pig Prices.

24 weeks to	Standard Pig Ration per cwt.	Standard Price	
		4 weeks beginning	per sc. d.c. wt.
1954/5 Basic	s d 29 10	—	s d 51 3
June 5	29 0	July 1	50 6
July 3	28 11	July 19	50 3
July 31	28 11	Aug. 16	50 3
Aug. 28	29 0	Sept. 13	50 6
Sept. 25	29 3	Oct. 11	50 9
Oct. 23	29 8	Nov. 8	51 0
Nov. 20	30 2	Dec. 6	51 6
Dec. 18	30 11	Jan. 3	52 3
Jan. 15	31 8	Jan. 31	53 0
Feb. 12	32 5	Feb. 28	53 9
1955/6 Basic	32 5	—	51 4
Mar. 12	33 2	Mar. 28	52 1
April 9	33 8	April 25	52 7
May 7	33 10	May 23	52 9
June 4	33 9	June 20	52 8
July 2	33 5	July 18	52 4
July 30	32 11	Aug. 15	51 10
Aug. 27	32 4	Sept. 12	51 3
Sept. 24	31 11	Oct. 10	50 10
Oct. 22	31 8	Nov. 7	50 7
Nov. 19	31 6	Dec. 5	50 5
Dec. 17	31 4	Jan. 2	50 3
Jan. 14	31 2	Jan. 30	50 1
Feb. 11	31 2	Feb. 27	50 1
1956/7 Basic	31 2	—	49 7
Mar. 10	31 3	Mar. 26	49 8
April 7	31 5	April 23	49 10
May 5	31 4	May 21	50 4
June 2	32 6	June 18	50 11

Source : M.A.F.F. Press Notices.

Table 8. Eggs : Support and Market Prices.

Per 120	(1)	(2)		(3)
	Average Market Price	L.P.E. Price English Standard		Support Price
	s d	s d		Large and Standard
1954/5			1954/5	s d
July	42 2	39 7	July 1	37 11
August	48 10	46 2	July 13	40 5
Sept.	49 10	44 0	July 27	42 11
Oct.	50 10	47 5	Aug. 10	49 7
Nov.	51 0	47 11	Sept. 5	50 10
Dec.	43 9	41 6	Oct. 17	52 6
Jan.	37 4	33 7	Nov. 28	50 0
Feb.	34 11	28 5	Dec. 5	47 6
Mar.	34 10	31 4	Dec. 12	45 0
1955/6			Dec. 19	42 6
April	35 1	30 1	Jan. 9	38 9
May	36 0	29 6	Jan. 16	37 1
June	40 3	36 11	Jan. 23	35 5
July	41 6	40 1	Feb. 13	35 10
Aug.	48 6	48 9	1955/6	
Sept.	53 7	46 3	May 1	36 8
Oct.	53 0	48 6	June 5	38 4
Nov.	55 11	50 11	June 21	42 6
Dec.	50 5	43 11	July 24	45 0
Jan.	38 8		Aug. 7	50 0
Feb.	34 0		Aug. 14	52 6
Mar.	33 6		Aug. 28	55 0
1956/7			Sept. 26	54 2
April	33 4		Oct. 23	55 0
May	33 11		Nov. 13	57 6
June	36 4		Dec. 4	54 2
July	41 10		Dec. 11	51 8
			Dec. 25	46 8
			Jan. 8	41 8
			Jan. 15	36 8
			Jan. 29	35 0
			Feb. 26	34 2
			Mar. 18	33 9
			1956/7	
			April 15	34 7
			April 22	35 0
			June 10	37 6
			July 8	41 8
			July 5	42 6
			July 22	44 2

Source : (1) M.A.F.F. Index Price.  
 (2) C.E.C. Intelligence Bulletin, monthly average prices.  
 (3) M.A.F.F. press notices; multiplied by 10.

Table 8a. Egg Prices : Payment to Packers.

		1954/5		1955/6		1956/7	
Per 120		Average All Grades		Average All Grades		Average All Grades	
		s	d			s	d
				April 6 ..	6 11	April 4 ..	7 1
				15 ..	6 9	13 ..	6 10
				21 ..	9 2	19 ..	7 1
				28 ..	8 11	26 ..	7 2
April	29 ..	15	11	May 5 ..	8 9	May 3 ..	8 8
May	6 ..	15	11	12 ..	8 8	10 ..	8 8
	13 ..	15	11	19 ..	8 9	17 ..	8 8
	20 ..	15	11	26 ..	8 9	24 ..	8 9
	27 ..	15	9	June 2 ..	8 8	31 ..	8 4
June	3 ..	15	9	9 ..	7 2	June 7 ..	5 7
	4 ..	14	7	16 ..	5 9	14 ..	5 10
	10 ..	13	7	23 ..	6 2	21 ..	5 5
	11 ..	11	7	30 ..	6 2	28 ..	6 11
	12 ..	13	8	July 7 ..	6 2	July 5 ..	6 8
	15 ..	11	2	14 ..	6 0	12 ..	8 2
	16 ..	8	8	21 ..	5 9	19 ..	5 11
	18 ..	3	11	28 ..	4 6	26 ..	4 2
	22 ..	2	0	Aug. 4 ..	2 0		
	25 ..	1	7	11 ..	5 5		
July	4 ..	4	3	18 ..	4 11		
	15 ..	4	2*	25 ..	4 5		
	16 ..	3	8	Sept. 1 ..	8 2		
	18 ..	6	2*	8 ..	9 8		
	— ..	†		15 ..	9 9		
Aug.	12 ..	5	11	22 ..	8 0		
	19 ..	5	11	29 ..	6 10		
	26 ..	5	3	Oct. 6 ..	6 5		
	— ..	†		13 ..	5 9		
Oct.	21 ..	2	9	20 ..	5 3		
	28 ..	1	4	27 ..	4 8		
Nov.	4 ..	5	3	Nov. 3 ..	4 7		
	11 ..	6	5	10 ..	5 6		
	18 ..	3	7	17 ..	5 5		
	25 ..	3	9	24 ..	6 5		
Dec.	2 ..	5	7	Dec. 1 ..	8 4		
	9 ..	6	2	8 ..	8 10		
	9 ..	6	2	8 ..	8 10		
	16 ..	2	4	15 ..	7 1		
	23 ..	—		21 ..	7 7		
	30 ..	—		28 ..	5 2		
Jan.	6 ..	4	10	Jan. 5 ..	11 1		
	13 ..	1	1	12 ..	8 6		
	20 ..	9	6	19 ..	9 0		
	27 ..	7	6	26 ..	12 11		
Feb.	3 ..	7	6	Feb. 2 ..	7 3		
	10 ..	8	2	9 ..	5 11		
	17 ..	9	5	16 ..	5 11		
	24 ..	9	7	23 ..	3 8		
Mar.	3 ..	9	7	Mar. 1 ..	10		
	10 ..	6	1	8 ..	—		
	17 ..	7	1	15 ..	—		
	24 ..	6	11	22 ..	2 7		
	31 ..	6	11	29 ..	7 1		

\* Excluding extra small eggs.  
 † Not available.  
 Source : N.E.M.O. Press Notices;  
 figures are averages of payments  
 made on five grades (Large, Stan-  
 dard, Medium, Small, Extra Small)  
 except where otherwise noted.

Table 9. Potatoes : Support and Market Prices.

Per ton ware	(1) Average Market Price	Support Prices				(5) Scotland
		England and Wales Regions			3	
		1	2			
1954/5	s d	s d	s d	s d	s d	
August ..	208 6	180 0	170 0	165 0	160 0	
September ..	214 6	202 6	195 0	190 0	182 6	
October ..	221 6					
November ..	231 6	235 0	225 0	220 0	215 0	
December ..	246 6					
January ..	246 6	250 0	242 6	237 6	230 0	
February ..	256 6					
March ..	271 6	260 0	252 6	247 6	240 0	
April ..	284 0					
May ..	299 0	272 6	265 0	260 0	252 6	
June ..	314 6					
July ..	442 6					
1955/6						
August ..	323 6	185 0	175 0	170 0	165 0	
September ..	307 0	207 6	200 0	195 0	187 6	
October ..	318 0					
November ..	363 0	240 0	230 0	225 0	220 0	
December ..	372 0					
January ..	378 6	255 0	247 6	242 6	235 0	
February ..	399 6					
March ..	469 6	267 6	260 0	255 0	247 6	
April ..	656 0					
May ..	512 0	277 6	270 0	265 0	257 6	

Source : (1) M.A.F.F. Index price, England and Wales.  
 (2)-(5) M.A.F.F. press notices.

Table 10. U.K. Agricultural and Food Subsidies and Trading Deficits, 1956-57.

A.—AGRICULTURAL SUPPORT SUBSIDIES :										£m
I. Farming Grants and Subsidies :										
(a)	General Fertilisers Subsidy	..	..	..	..	..	..	..	..	18.3
(b)	Lime Subsidy	..	..	..	..	..	..	..	..	9.0
(c)	Grants for Ploughing up Grassland	..	..	..	..	..	..	..	..	6.6
(d)	Field Drainage and Water Supply Grants	..	..	..	..	..	..	..	..	2.6
(e)	Grants for Improvement of Livestock Rearing Land	..	..	..	..	..	..	..	..	1.5
(f)	Marginal Production Assistance Grants	..	..	..	..	..	..	..	..	2.3
(g)	Bonus Payments under the Tuberculosis (Attested Herds) Scheme, 1950	..	..	..	..	..	..	..	..	11.0
(h)	Livestock : Grants for Improvement of Breeding	..	..	..	..	..	..	..	..	0.1
(i)	Calf Subsidy	..	..	..	..	..	..	..	..	11.4
(j)	Hill Sheep and Hill Cattle	..	..	..	..	..	..	..	..	3.9
(k)	Remanet Payments	..	..	..	..	..	..	..	..	—
Total I										66.7
II. IMPLEMENTATION OF AGRICULTURAL PRICE GUARANTEES :										
(a) Cereals :—										
	Wheat and Rye	..	..	..	..	..	..	..	..	24.7
	Barley	..	..	..	..	..	..	..	..	11.2
	Oats and Mixed Corn	..	..	..	..	..	..	..	..	6.2
										42.1
(b)	Home Produced Eggs	..	..	..	..	..	..	..	..	17.8
(c) Fatstock :—										
	Cattle	..	..	..	..	..	..	..	..	11.9
	Sheep	..	..	..	..	..	..	..	..	10.2
	Pigs	..	..	..	..	..	..	..	..	41.3
										63.4
(d)	Milk (excluding school and welfare milk)	..	..	..	..	..	..	..	..	26.7
(e)	Home produced Wool	..	..	..	..	..	..	..	..	1.1
(f)	Potatoes	..	..	..	..	..	..	..	..	1.0
Total II										152.1
Total Cash (I and II)										218.8
Administrative overheads applicable to I and II above										5.6
Total Subsidy (I and II)										224.4
III. Trading Services										
(a)	Home Produced Shell Eggs and Egg Products	..	..	..	..	..	..	..	..	3.4
(b)	Potatoes	..	..	..	..	..	..	..	..	0.9
Total III										4.3
Total Cost of Agricultural Support (I-III)										223.1
IV. Bread Subsidy										15.5
										238.6

H.C. 1956/7. 316 p. 54 Class VIII Votes 2, 3 and 12.



