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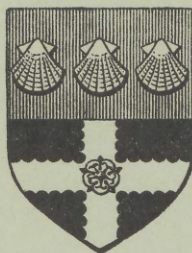
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FARMERS' MACHINERY SYNDICATES
IN ENGLAND AND WALES, 1955-1962

By

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FARMERS' MACHINERY SYNDICATES

IN ENGLAND and WALES, 1955 - 1962

- I Basic organisation
- II Growth of the movement 1955 - 1962
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Appendix: Machinery Syndicates in Scotland

FARMERS' MACHINERY SYNDICATES
IN ENGLAND and WALES, 1955 - 1962

A Farmers' Machinery Syndicate consists of a small group of neighbouring farmers who have joined together to share the ownership and use of one or more items of machinery or equipment. The first formal scheme to encourage syndicates was established in Hampshire in 1955 by the county branch of the National Farmers' Union and similar schemes were later introduced in other counties. By the end of 1962 there were schemes in 37 of the 59 county branches of the N.F.U. of England and Wales and 293 syndicates had been formed.

An account of the foundation scheme and its first thirteen syndicates was published in 1959.[‡] The purpose of this second report is to record the growth of the movement up to the end of 1962, to examine its organisation and procedures in relation to the difficulties farmers associate with sharing machinery, to consider the advantages that can result from membership of syndicates, and to suggest ways in which the scope of the movement might be extended, its administration simplified and its publicity made more effective.

The department is indebted to the many farmers and officials who provided the data on which the report is based. The Agricultural Central Co-operative Association and the Welsh Agricultural Organisation Society supplied the statistical data. Some 31 county secretaries of the N.F.U. answered questions concerning the administrative procedures. Two separate groups of farmers completed postal questionnaires. The first, consisting of 292 farmers who were not members of syndicates, gave details

[‡] Farmers' Machinery Syndicates in Hampshire 1955-1958 - Miscellaneous Studies No.16. Department of Agricultural Economics, University of Reading, June 1959.

of their experiences and opinions of sharing machinery generally and of the syndicate form of sharing in particular. The second group, consisting of 167 farmers who were members of syndicates, gave details of the difficulties and the advantages they personally had experienced as a result of their membership.

I BASIC ORGANISATION

The syndicate movement in England and Wales consists of the syndicates themselves, credit companies which sponsor the syndicates and a federation of these companies. The aim of the movement is to improve the economic efficiency of farm mechanization by facilitating the joint ownership and use of machines and by providing credit to finance their purchase. Special credit is provided by one of the main banks on the joint and several liability of the members of each syndicate. But the bank also requires special credit companies organised on a county basis, as intermediaries between itself and the syndicates. In effect, the bank lends to a county company in respect of each syndicate and the company then lends to the syndicate.

Syndicate Credit Companies

Each county company is non-profit making, and is without share capital and limited by guarantee. Its affairs are conducted by a small board of unpaid directors, who are local farmers appointed by the county branch of the N.F.U. Its secretary is usually the N.F.U.'s county secretary. Its responsibilities are fivefold: to publicise the facilities offered by the movement and to encourage and advise groups of farmers interested in setting-up syndicates, to advise the bank on the technical soundness of proposed syndicates, to administer the loans received from the bank and passed on to the syndicates, to ensure that syndicate machines are properly

maintained, and to assist established syndicates in any difficulty or dispute that might arise.

Thus the directors are prepared to assist a prospective syndicate in completing its application forms and working out the details of its sharing, until the stage is reached when they can inform the bank that the syndicate is sound from a technical point of view. The directors are concerned to ensure that each machine and the arrangements for sharing it are suitable for the total work load and the whole range of conditions it will encounter, taking account of the number of members and the distances between their farms. They are not concerned with assessing the financial status or credit-worthiness of members. This is a matter dealt with solely by the bank by means of enquiries to members' own banks.

In their administrative and supervisory responsibilities, the directors are assisted by standard rules and borrowing terms which must be accepted by each syndicate before a loan can be granted to it. The rules state the purpose of the syndicate, name its members, enumerate the duties of its secretary, specify the procedures to be followed in the event of a member's retirement or death or should the need arise for a valuer, arbitrator or receiver. They also establish the overall authority of the company in regard to changes in the membership and to the sale of machines during the time that any loan remains outstanding. The borrowing terms set out the details of the loans and the conditions of repayment, interest rate and machine inspection under which they are granted.

The Syndicates

Success in sharing the ownership and use of machines depends on the ability of each syndicate to organise its sharing to suit its particular circumstances. Thus each syndicate must decide for itself who its

members shall be, which machines and models shall be shared, in what proportions members shall contribute to the purchase prices, running costs and any other expenses, and what shall be members' entitlements to the use of each machine. These matters are the subject of formally recorded regulations²² agreed by each syndicate for each machine. These regulations also record the syndicate's decisions on other essentials of its internal organisation, such as who shall drive each machine, maintain it, store it, provide fuel or other materials or extra labour, and how financial adjustment shall be made between members for these items.

The financial affairs of each syndicate must be conducted by its secretary (usually one of the members but sometimes an accountant) through a bank account in the syndicate's name. The secretary must keep proper books of accounts and minutes of all formal meetings and decisions. He is also responsible for arranging for each machine to be inspected periodically by a qualified engineer and for ensuring that the engineer's reports are forwarded to the credit company. It is from these reports that the directors judge whether the machines are being properly maintained. The company has the right to terminate a loan should the condition of the machine be unsatisfactory or should the syndicate fail to comply with suggestions made by the directors to improve the standard of maintenance.

Initially, syndicates were restricted to mobile field machines and the loans were limited to a maximum of 80% of the purchase price and to a repayment period of four years. In 1958, fixed equipment including land and buildings as well as machinery and plant was included. In 1959, the loan repayment period for syndicates sharing such fixed equipment as grain drying and storing plants was increased to five years, and in 1962 the maximum loan for these syndicates was increased to 90% of the purchase price and the repayment period further increased to seven years,

²² These are often referred to as "Local Rules" or "Operating Rules"

subject on each point to special recommendation by the county company concerned.

Loan repayment is by equal half-yearly instalments and interest is due at each repayment date on the amount of loan outstanding over the previous six months. The annual rate of interest is related to the Bank Rate. The bank charges the companies a $\frac{1}{2}\%$ on Bank Rate and to this the companies add an administration levy, usually of 1%, making the total paid by syndicates usually $1\frac{1}{2}\%$ on Bank Rate. Syndicates also pay an initial service charge of 1% of the total loan. This too is set against their company's administrative costs. Any breach of these borrowing terms or of the rules, entitles the company to give a period of notice terminating the loan.

Nevertheless, the conditions imposed upon syndicates by their company's rules and borrowing terms are not onerous but merely the minimum necessary to ensure financial and legal stability. The loans are unsecured and will normally have no repercussion on any credit the members may require from other sources, whilst the day to day organisation and management of the actual sharing is left entirely to the judgement of each syndicate itself.

The Federation of Syndicate Credit Companies

The decision to establish a Federation was not taken by the companies until 1962. Its functions include the promotion of new companies, the co-ordination of established companies, the reviewing of current experience to ensure that farmers' requirements are being met in the best possible way, the provision of publicity and advisory services at a national level, and representation of the common interests of the movement in negotiations with government departments, the banks, trade organisations and any other body or individual. Previously these functions

were undertaken by the Agricultural Central Co-operative Association (A.C.C.A.), and the Association has therefore become the secretary to the Federation.

New companies have been assisted by the A.C.C.A. by the provision of detailed instructions concerning the registering of each company, together with all the appropriate documents including a standard Memorandum and Articles of Association. Established companies have been assisted by the provision of standard application forms for use in setting-up syndicates. The A.C.C.A. has represented the movement in negotiations with government departments, notably concerning matters of taxation, production and improvement grants and the rating of syndicate owned buildings, and with the banks concerning loan terms. The A.C.C.A. has also collected statistics about syndicates and since 1959 it has called an annual meeting of the company chairmen and secretaries to discuss the growth, development and general administration of syndicates.

II GROWTH OF THE MOVEMENT, 1955 - 1962

A syndicate may consist of only two members or several members, who may be sharing a single machine or several machines, of which the purchase price may range from less than a hundred pounds to several thousands of pounds. The individual members may be farming any size of farm from the very small to the very large and they may belong to one syndicate only or to several.

Numbers of companies and syndicates

Table I gives the numbers of companies and syndicates formed each year and the cumulative totals at the end of each year. Table II gives the number of syndicates formed each year in each company, with for convenience each company designated by its county name.

TABLE I Number of companies and syndicates formed each year

YEAR	COMPANIES		SYNDICATES	
	Newly Formed	Cumulative Total	Newly Formed	Cumulative Total
1955	1	1	3	3
1956	-	1	2	5
1957	1	2	5	10
1958	7	9	13	23
1959	6	15	43	66
1960	6	21	33	99
1961	9	30	100	199
1962	7	37	94	293

With the exception of two companies in Wales (one formed in 1961 and one in 1962) all the companies are in England. Thus the movement has spread into nearly three-quarters of the N.F.U. administrative areas of England. Its adoption tended to be earliest in the south and is now complete there. It was slowest in the hill counties of the north, the grazing counties of the midland and the fenland counties and it is in these areas that there are still counties without companies.

The number of syndicates formed varies greatly between companies and this is not simply a reflection of the length of time each has been operating. The two leading companies (Hampshire and Herefordshire) have between them formed a third of the total, each averaging eight new syndicates a year. In contrast, seven companies have each averaged less than one new syndicate a year and five companies have still to form their first syndicates.

Some N.F.U. county secretaries have suggested that the limited appeal of the schemes in their areas, could in part be explained by the general pattern of their farming (e.g. hill farming, livestock grazing,

TABLE II

Numbers of syndicates formed each year in each company

[illegible]

intensive arable or market gardening) or by the size structure of their farms (e.g. isolated hill farms, a predominance of small farms or of large farms). Some felt that part of the explanation was that ample contractors' services were available or that existing sharing arrangements were adequate. Others felt that the main reason was the inveterate conservatism and independence of many farmers. However, the fact that the greatest concentration of syndicates is in Hampshire and its neighbouring counties (excluding Berkshire), suggests that example and leadership are of particular importance in the growth of syndicates. Certainly the presence of syndicates in a district can in itself stimulate further growth and the most effective advocates are often farmers who are themselves members of several syndicates. Direct contact between farmers, both members and non-members, enabling them all to acquire a close knowledge of syndicates and also to exchange details of their various plans for mechanization, is in fact likely to be a principal way in which new syndicates will be started and older ones expanded.

Members per syndicate

The preponderance of the two-men and three-men syndicates is shown in Table III. Moreover, since two-men syndicates were not accepted before 1959 the proportions given tend to understate their importance in the current growth of the movement. Thus of the 94 syndicates formed in 1962, 51% are two-men syndicates.

The seven syndicates with thirteen or more members each, are ones sharing grain drying and storing or milling and mixing plants or with land-drainage machines of a contractor's size and type. Apart from this, there is no special relationship between the numbers of members in syndicates and the types of machines being shared.

TABLE III Distribution of 285 syndicates according
to the number of members per syndicate

No. of Members per Syndicate	No. of Syndicates	% of Syndicates	% of Membership
2	123	43	25
3	78	27	24
4	40	14	16
5	18	6	9
6	11	4	7
7	2))
9	2))
10	1))
11	3))
13	1))
14	2))
16	1))
17	2))
23	1))
Total	285	100	100

Acreages of members' farms

Table IV shows that more than half the membership is made up of farmers in the medium acreage groups (100 - 300 acres).

TABLE IV Distribution of the membership of 271 syndicates
according to the acreages of members' farms

Size of Farm	Membership	
Acres	No.	%
Less than 50	42	5
50 - 100	144	16
100 - 150	185	20
150 - 300	323	35
300 - 1000	209	23
1000 and more	11	1
Total	914	100

The numerical preponderance in the country as a whole of farms in the smaller acreage groups, raises the question whether farmers with small acreages have considered the syndicate organisation and thought it lacking in some respect (for example, that it might not meet their needs for extra labour and power in the way that the contractor does) or whether, as seems more likely, the majority of them have not yet given syndicates serious consideration.

There are syndicates in which the jointly owned machine (perhaps a hedge-cutter, rotovator or elevator) is used by members independently of each other. But there are syndicates in which the machine (a combine, baler or forage harvester) is used co-operatively, the members also sharing labour and ancillary equipment. Sometimes members work together to make larger or better balanced work-teams and sometimes one member supplies for the syndicate machine an operator and perhaps a tractor, for which the other members pay him in either kind or cash. When small and large farms are in the same syndicate it is usually the large farms which provide this extra labour and power, and each of the small farms pays for whatever it receives, more often in cash than in kind. In some syndicates with grain drying and storing plant or with a contractor's type of ditcher, the syndicate employs directly the extra labour required and each member pays in cash for his share of it, in the same way that he pays his share of the repair bills, fuel and other expenses. It is reasonable, therefore, to conclude that there is nothing in the form of the syndicate organisation itself that precludes farmers of small acreages.

At the other end of the acreage range, it is significant that nearly a quarter of the membership consists of farmers in the larger acreage groups (i.e. over 300 acres) for many farmers with large acreages seem to dismiss the syndicate system without second thought. In fact, there are many instances when large farms can share machinery to advantage and the

evidence from syndicates is that the whole range of farm machinery is being shared by the larger farms.

Except for very large farms sharing equipment such as a grass-seed cleaner or a lorry weighbridge, there is no particular tendency for syndicates to be restricted to farms from the same acreage group. Small farms and large farms are often found in the same syndicate. For example, 42 members with under 50 acres each are co-partners in 32 syndicates which have 120 other members with larger farms. Only one of these 32 syndicates consists solely of very small farms, a syndicate of two sharing a hedge-cutter. Of the remaining 31 syndicates, 23 have each only one very small farm, 7 have each two very small farms and one has three very small farms. This latter consists of six members in all, sharing a baler. Other machines being shared by very small farms range from a grain drying plant to a power saw. Indeed, there is in general no special relationship between the acreage of members' farms and the types of machines they are sharing.

Syndicates per farmer

Table V is based on an analysis of the membership lists of 28 companies. If it is assumed that membership of more than one syndicate occurs to the same extent in the companies for which details are not available, then the total number of farmers belonging to syndicates up to the end of 1962 was about 735.

TABLE V Distribution of the membership of 261 syndicates according to the number of syndicates to which each farmer belongs

No. of Syndicates per Farmer	No. of Farmers	% of Farmers
1	462	75
2	109	18
3	34	5
4	8	1
5	4	1
6	2	-
7	-	-
8	1	-
TOTAL	620	100

Having regard to the benefits enjoyed by farmers as a result of syndicate membership (these are discussed in Chapter IV.), the small extent to which members belong to more than one syndicate prompts the question whether there might not be some features of the scheme which discourage such multiple memberships. It is true that sometimes members extend their sharing by adding further machines to their existing syndicates; but suggestions for increasing the appeal of the scheme, to members as well as non-members, by extending its scope and simplifying its administration are considered in detail in Chapters V and VI. Nevertheless, it seems that a main reason why present members are not involved to a far greater extent, is that despite their own favourable experiences they have not yet appreciated the full potential of syndicates and the many opportunities there are for using them.

Machines per syndicate

Table VI gives the distribution of 270 syndicates with 443 machines according to the number of machines per syndicate. For this purpose ancillary items (e.g. buckrake tines, special tractor hitches and trailer silage-sides) have not been counted as machines, nor has account been taken of items which, though separately owned by individual members, are nevertheless used on other members' farms in conjunction with the syndicate-owned machines. Examples of these latter items are tractors used with syndicate balers, and tractors and trailers used with syndicate forage harvesters. Also 15 syndicates have been omitted from the analysis because they are sharing complex grain drying and storage installations and milling and mixing plants.

TABLE VI Distribution of 270 syndicates with 443 machines according to the number of machines per syndicate

No. of Machines per Syndicate	No. of Syndicates	% of Syndicates	% of Machines
1	177	66	40
2	48	18	22
3	25	9	17
4	10	4	9
5	6	2	7
6	3	1	4
7	1	-	1
TOTAL	270	100	100

Syndicates with more than one machine often have items that are related. For example, syndicates sharing forage harvesters often share trailers and those sharing rootcrop harvesters often share root drills or steerage hoes or gappers. A number of syndicates are sharing two identical machines which are used together so that members can have the benefits of high rates of working and well balanced work teams. For example, some syndicates have two forage harvesters and others two manure spreaders. Thus usually each syndicate is specific to a particular task or enterprise (e.g. baling, corn harvesting, sugar beet growing) and no syndicate as yet provides the whole range of its members' machine requirements.

Value of machines per syndicate

The total initial value of plant and machinery being shared by the 285 syndicates is £340,084. The average initial value per syndicate is thus £1,196 which is equal to £346 per membership. The average initial loan per membership is therefore £277 and if account is taken of those who belong to more than one syndicate, the average initial loan per farmer is £383.

TABLE VII Distribution of 285 syndicates according to the initial value of each syndicate's machines

Initial Value of Machinery per Syndicate	No. of Syndicates	% of Syndicates
£		
Under 500	144	50
500 - 1000	67	23
1000 - 1500	10	4
1500 - 2000	18	6
2000 - 2500	14	5
2500 - 3000	9	3
3000 - 3500	6	2
3500 - 4000	2	1
4000 - 4500	2	1
4500 and over	13	5
TOTAL	285	100

The thirteen syndicates whose machines cost more than £4,500 include three which are each sharing a number of different machines such as combines, balers and tractors, one sharing a grass and clover seed-cleaner, one sharing a complex milling and mixing plant and eight sharing complex grain drying and storing installations. In one case, after several additions to the drying and storing facilities, the initial value of the syndicate's plant now exceeds £24,000. At the other extreme there are five syndicates each sharing machinery of less than £100 initial value (e.g. power saws, a small hedge-trimmer and a small crop-sprayer.)

Types of machines

Table VIII shows that virtually the whole range of farm machinery and equipment is covered by syndicates. It is of particular interest that several of the more seasonal machines (e.g. forage harvesters, combines and balers) are high on the list of those most frequently occurring.

TABLE VIII Machines occurring most frequently in 285 syndicates

Machine	No. of Syndicates	Machine	No. of Syndicates
Forage Harvester	47	<u>Grain Handling Equipment:</u>	
Farmyard Manure Spreader	38	Drier and Storage	6)
Combine Harvester	38	Drier (alone)	7)
Hedge Cutter	36	Storage (alone)	1)
Rotovator	19)	Cleaner (alone)	3)
Other Cultivators	12)	Milling & Mixing	3)
Baler	29	<u>Root Crop Equipment:</u>	
Sugarbeet Harvester	19)	Root Drill	5)
Potato Harvester	8)	Thinner/Gapper	4)
Contractor's Ditcher	4)	Steerage Hoe	3)
Farmer's Ditcher	22)	Potato Planter	3)
<u>Harvesting Equipment:</u>		Transplanter	1)
Mower	5)	Loader/Elevator	10
Tedder	16)	Fertilizer Spreader	9
Crimper	2)	Weed Sprayer	6
Trailer	23	Pea Harvesting Equipment	4
Tractor	21	Corn Drill	4

Machines which occur in only one or two syndicates range from such highly specialised equipment as a grass and clover seed cleaner, a hop-picking machine and an irrigation plant, to such small general equipment as a power saw and a cement mixer. Other items occurring only occasionally include a steam cleaner, cattle weigh-crush, mobile sludge tank, lorry weighbridge, grass seeder and tractor scoop.

III SYNDICATES AND THE DIFFICULTIES OF SHARING

The questionnaire to farmers who were not members of syndicates was designed to establish why they were not members. For some, the chief reason was that their own machines were used to the full, for others that their existing sharing arrangements were adequate, and for a few that they were not sure that sharing would reduce their machinery costs. But

for the majority, the chief reason was the difficulties they associated with sharing machines. The nature of these difficulties as indicated by 240 non-members, is summarised below.

<u>Nature of difficulty</u>	<u>Farmers mentioning</u>	
	<u>No.</u>	<u>%</u>
Machines less well looked after	125	52
Loss of timeliness affecting yields	119	50
Risk of disagreement	101	42
Loss of independence	97	40
Arranging the machines' programmes	96	40
Organising the basis of sharing	71	30
Finding acceptable partners	87	36
Finding others willing to share	71	30

The questionnaire to farmers who were members of syndicates was designed to examine how far the syndicate organisation succeeds in resolving the difficulties which non-members associate with sharing. Members were asked about the difficulties they had experienced in setting up their syndicates and in sharing their machines, and whether the difficulties in sharing had occurred "often" or only "sometimes". The answers given by 163 members are summarised in the discussion which follows.

Standards of machine maintenance

Special risks with shared machines are that normal maintenance and minor repairs may be neglected simply because they are not the sole responsibility of any particular person, and that if a machine has several operators minor maladjustments may not be corrected soon enough or well enough and handling peculiarities may not be fully appreciated by them all. To minimise these risks the syndicate organisation makes three provisions. The machine regulations drawn up by each syndicate to govern the sharing of its machines should, firstly, allocate primary responsibility

for each machine's proper maintenance and repair to one particular member, and secondly, should include arrangements for each complex machine to be operated on all the members' farms by the same operator. The third provision, enforced by the county companies, is that each machine must be inspected periodically by an engineer and his report submitted to the company. Should these reports be unsatisfactory the company can make specific recommendations to the syndicate and, as a last resort, can terminate the syndicate's loan on the machine.

When members were asked whether their syndicate machines had been less well looked after than their separately owned machines, 22% admitted that this had been the case "sometimes" and a further 7% that it had been the case "often". Some stressed that this was their experience only in respect of certain highly specialised machines (e.g. ditching machines) which had to deal with very variable crop and soil conditions. However, the experience of members gives emphasis to the importance of conscientious supervision by the companies of both the machine regulations and the machine reports. Indeed such are the fears of non-members about the possibility of lowered standards of machine maintenance, that the future success of the movement must in part depend on its establishing a reputation for standards of machine maintenance that are as high and even higher than those of individual farmers.

Timeliness of work

The question "But what happens when everyone wants the machine at the same time?" is a common paraphrase for the difficulties 'loss of timeliness affecting yields' and 'arranging the machines' programmes'. From a technical point of view, the problem of arranging a machine's programme to cover several fields on several farms, is no different from that of arranging a similar programme covering several fields but on one farm only. The distances between fields are likely to be greater when several farms are

concerned, but with present day speeds of road travel the time taken even when farms are several miles apart is negligible and in any case can often be done when unfavourable weather or crop conditions make field work impossible. The main requirement therefore is that the total work load of each machine should be well within the capacity of the model chosen, and establishing this is one of the major concerns of each company when assessing a syndicate prior to recommending it to the lending bank. Members' requirements of a machine may of course increase in later years and therefore the work-loading of each machine needs to be kept under careful review.

It is also necessary, especially in the case of seasonal machines, to ensure that each member will have his fair share of the use of the machines within any particular period of time as well as in total. This is achieved by the syndicate including in its machine regulations a rota stating the order in which members shall have priority in the use of each machine and the period for which each may retain it at any one time. In practice, however, these rotas have rarely had to be enforced. The general spirit of good neighbourliness and of give and take has proved a sufficient safeguard in itself.

Members were asked whether in their experience yields had been affected because machines were not available when required or because machines had to be taken when other work was more pressing. To the first part 18% and to the second, 9% said that yields had been affected "sometimes". No member found that for either reason had this occurred "often" and some pointed out that yields are sometimes similarly affected when machines are owned and used entirely on one farm. In the matter of arranging their programmes of work, only two members had experienced difficulty. However, perhaps the most telling evidence is the existence of 38 syndicates sharing combines and 29 sharing balers, for many farmers

seem to believe that these two machines in particular do not lend themselves to sharing. Syndicate experience proves that this is not so.

Organising the basis of sharing

Essential requirements of any sharing scheme are that each member's contributions to the costs of each machine should be related to the use he is to make of it and that the basis of these contributions should be clearly stated beforehand. These points must be agreed between members and included in written machine regulations whenever a machine is purchased.

For less costly machines (cultivators and hoes, etc.) the purchase price is often divided between members in simple fractions (e.g. $\frac{1}{2}$, $\frac{1}{3}$, etc.), based on the use each expects to make of the machine. Other costs if they are negligible are divided on the same basis, but if they are considerable are divided according to the actual use each makes of the machine, measuring this in appropriate units of hours, acres or tons. For more expensive machines (balers and combines, etc.) the purchase price is divided between members on a more precise estimate of the use each expects to make of the machine, whilst the running costs are often divided on a dual basis. Firstly, there is a charge at something approaching commercial rates for all work done in excess of each member's estimate, and secondly, the costs remaining after deduction of any charges for excess work are divided in proportion to members' shares in the purchase of the machine. For very expensive machines (grain drying and storage plants, etc.) the purchase price is again divided on the basis of estimates of members' requirements, whilst all work done for or by each member is charged to him at something approaching commercial rates. Thereafter, the surplus of these charges over the cost of running the syndicate, is returned to members in proportion to their contributions to the purchase price.

Only three members had experienced difficulty in deciding the basis of sharing the capital and running costs of their machines. It may therefore be concluded that the provisions in these respects have proved both sufficiently flexible and sufficiently precise.

Risk of disagreement

This difficulty is primarily concerned with the temperamental compatibility of members and with their general willingness to co-operate. Without these personal qualities, no syndicate can possibly succeed however foolproof its organisation and its choice of machines and machine regulations. But assessment of these qualities cannot be built into a formal scheme and must be left to the judgement of the members themselves.

However, the risk of disagreement can be minimised by ensuring that only those machines are selected which are able to deal comfortably with the total work-load and the whole range of crop and soil conditions likely to occur. The choice of suitable machine regulations that ensure good standards of machine maintenance and fair shares at all times for all members, is also important. It is with these points, therefore, that the companies are especially concerned in their assessment of the technical soundness of proposed syndicates and additions to syndicates. The adequacy of these provisions is supported by the fact that only six members had experienced difficulties because of disagreements, and then only "sometimes".

Loss of independence

Sharing, by its very nature, usually involves some loss of independence. Whether this constitutes a serious difficulty depends on whether the inconvenience and cost of any independence lost outweighs the advantages gained by the sharing. However, not a single member referred to loss of

independence as constituting a difficulty. On the contrary, some who had previously been hiring or borrowing said that by joining their syndicates they had achieved greater control and certainty over specific operations. In some areas it was claimed that good neighbourliness and co-operation generally, had improved as a result of syndicates.

Finding willing and acceptable partners

This again is largely a question of compatibility between members, including a similarity in their outlook both on farming and on co-operation in general and on the joint ownership of machines in particular. All these are personal issues on which the farmers alone can be the judges. Therefore, the farmers alone take the decision to form a particular syndicate. Thus whilst the county companies are prepared to give every assistance to farmers interested in forming syndicates, the approaches to possible partners are left strictly to the farmers concerned. The companies have been at pains to avoid exerting any influence that might cause a syndicate to be formed which, because of a lack of the essential personal qualities and motives in some members, might prove to be ill-founded.

However, finding others with whom to share was the only difficulty of any significance which members had experienced in setting up their syndicates, being admitted by 13% of them. In part, this difficulty is a matter of neighbouring farmers of like mind and like machinery requirements coming together to discuss the possibility of joint action in the first place. This aspect is discussed later in the report^{xx} when a specific suggestion to help overcome the difficulty is put forward.

^{xx} See Page 38.

IV THE ADVANTAGES OF SYNDICATES

The primary aim of the movement is to improve the economic efficiency of farm mechanisation by facilitating the joint ownership and use of machinery. This aim depends principally on the fact that joint ownership usually brings about a reduction in the unit-costs of machine work and very often frees capital for investment in other activities. Joint ownership may also bring advantages of a less direct nature concerning the timing and quality of the work involved and the efficiency of the labour and other machinery used. However, which advantages will be enjoyed by the members of any particular syndicate and to what extent they will be enjoyed, will be determined for each member by the circumstances of the syndicate and of the individual himself. The secondary aim of the movement is to provide credit to facilitate the purchase of the machines. This credit is not specifically secured but is granted on the joint and several liability of the members of each syndicate. It is therefore credit additional to any other borrowing a member might already have, and its significance to each member will again depend upon his personal circumstances.

Unit cost of machine work

It is convenient to divide the costs of operating a machine into those associated with its ownership and those associated with its use. The latter can be further divided into running costs and costs of repairs and maintenance. The running costs include labour, fuel and materials such as baler twine, and are related directly to each unit of work done. The costs of repairs and maintenance are related to the amount of work the machines does in total and to the standard of care and maintenance the machine receives. Thus, provided equivalent standards of care and maintenance are achieved, the costs of using a machine should be the same whether it is owned by one person or by several.

The costs of owning a machine include interest on the capital invested in it, depreciation in its capital value, charges for insurance and road tax, and the cost of housing the machine when not in use. Each of these items is of a "fixed" nature in relation to time and independent of whether the machine is used only a little or a great deal or whether it is owned by one person or by several. When there are several owners, each will have to meet only a share of these fixed costs. Therefore, for each of the joint owners the average ownership costs per unit of work done will be less than if for the same amount of work he owned the same machine on his own. The level of this average will also depend for each joint owner upon the extent to which he uses the machine in relation to his share in it. The more he uses it, the lower will be his costs per unit of work.

Availability of capital

When a machine is owned by several farmers, each will invest in it only his share of the purchase price. This will be a smaller investment than if he owned the same machine on his own and may even be smaller than if he had owned alone a smaller or older model. Whenever this is so the capital no longer invested in the machine will be available for investment elsewhere. In fact, the large majority of members considered that syndicates had enabled them to reduce the amount of their capital invested in machinery. For these farmers the special credit to assist the purchase of the shared machines will, in effect, have further increased the amount of capital made available for alternative investment.

However, joint ownership may involve a farmer in a larger investment in machinery than he had previously incurred. This would be so when the farmer had previously hired or borrowed or just not used the machine, so avoiding investment in the purchase of it. It might also occur when the farmer had previously owned a smaller or older machine. In this latter case, the

special credit may still free some of the farmer's other capital for alternative investment or it may be of importance to him as the source of the extra capital required for the joint purchase. The farmer who had previously hired or borrowed the machine or had just not used it, may also find the special credit of importance as the source of the extra capital required. Again, the big majority of members considered it an advantage that extra capital had been made available to them by syndicates.

Use of the latest machines

The use of the latest machines may lead to work being done more efficiently from a technical point of view, more quickly or with better timeliness. In consequence the risks of crop losses and damage may be diminished and the quality of such products as hay and silage may be improved. The faster rate of output of some new machines may also enable individual farmers to increase their production of particular crops or, as in the case of one farmer with a share in a potato harvester, to sell their products on an earlier and better market. New machines may also enable improved work methods to be introduced and ancillary equipment to be used more efficiently. Not all these benefits will apply on every farm, but 87% of members considered it an advantage that syndicates made the latest machines available.

Additional labour and power

In some syndicates members exchange labour and tractors and ancillary equipment in the course of sharing their joint machines. This additional labour and power is often brought on to members' farms at busy times of the year, such as at sowing and harvesting, and it may make some members less dependent on casual and overtime labour. The combining of labour and equipment from several farms may also enable better balanced and therefore more efficient work teams to be used. Almost two-thirds (58%) of members

considered that one advantage from their membership had been a reduction in the pressures on their labour forces at busy times of the year.

But on some farms - particularly small farms with labour forces consisting of only the farmer or the farmer and just one hired man - the provision of labour for work on other members' farms is likely to be difficult. On the other hand, on farms with labour forces which are larger or are not so heavily committed, the provision of labour for work on other members' farms will be easier and may even, when the labour is paid for in cash, improve the efficiency of their labour utilisation. There is scope, therefore, for exploiting individual circumstances in these matters when farms with 'scarce' labour and farms with 'spare' labour are members of the same syndicate.

Reliability of work programmes

Work programmes agreed between members are directly under the control of the members themselves. For individual farmers these programmes may well be more reliable than were previous ones under borrowing or hiring arrangements. When this is so, it will be possible for the member to plan the work of his farm with greater certainty and efficiency and thereby to reduce the risks of crop damage and losses, and of wasted time.

V SCOPE OF THE MOVEMENT

Consideration of the advantages that can result from syndicate membership suggests that their facilities ought to be available to every farmer who can benefit from them. Yet in some respects the schemes as at present generally applied tend to discriminate against certain sections of the farming community. Adjustments on three points in particular could widen the scope of the movement very considerably.

A central company

In England and Wales the movement's facilities are only available to members of the N.F.U. in those counties which have the special companies. Thus in 22 of the 59 N.F.U. county branches, these facilities are not yet available. Furthermore, some counties seem reluctant to set up companies when their farmers show little initial interest in forming syndicates, and one county (Berkshire) which had formed a company but had only one syndicate after four years, has put its company into 'cold storage' until there is interest from at least three new syndicates. Yet without an active company in these counties the interest of their farmers is likely to remain very limited.

It is therefore suggested that farmers in counties without active companies should be offered the movement's facilities through a central company (or its equivalent[⌘]), which should be established for the purpose by the Federation. The service provided by a central company would probably, because of its remoteness and lack of local knowledge, not be quite as satisfactory or as personal as that provided by the county companies, although help in its advisory and supervisory duties could probably be given by the co-operation committees of the N.F.U. county branches and by neighbouring syndicate companies. If subsequently there were sufficient syndicates in a particular county to justify a separate company there, then these syndicates could be transferred from the central company to a new county company.

Second-hand machines

Very few second-hand machines have been accepted in syndicates, for in general companies have restricted their syndicates to new machines on

[⌘] It is possible that in future the intermediary bodies will no longer need company status (see Page 34.).

the grounds that these are less liable to breakdowns. It follows from this policy that if the economic advantages of joint ownership are to be fully exploited by groups of small farms, the number of members in their syndicates will have to be relatively large. Yet the fewer the members the easier it is for them to organise their sharing and the more certain they are of complete success. If second-hand machines were accepted, the fact that they involve a lower capital investment would enable a syndicate with just two or three members to be as economically efficient as the syndicate with new machines. Moreover, should a breakdown occur its effect would be unlikely to be severe because the work loading of the second-hand machine would be a relatively low proportion of its maximum capacity.

Insistence on new machines also means that should a farmer wish to share a machine he already owns, his machine cannot be taken over by a syndicate. In consequence, faced with first having to sell his own machine he may decide not to join the syndicate or to delay joining until he would normally be replacing his machine. Such a decision may even mean that the syndicate is not formed at all, in which case all the interested farmers will have been penalised.

The reliability of a second-hand machine depends not only on its age and the extent of its previous use but also on the standard of care and maintenance it has received. This standard is reflected in the machine's general condition which can be verified by an engineer's inspection, something already done for syndicates' present machines in their second and later years. Therefore, for the benefit of small farms in particular, it is suggested that second-hand machines should be accepted into syndicates on the evidence of a qualified engineer's report as to their satisfactory condition. Each report could also include a valuation of the machine and an estimate of its remaining useful life. The repayment period for any

loan required could be restricted to an appropriate proportion of this future life and the work loading of the machine could be restricted to a suitable proportion of its original capacity.

Credit

The usual procedure has been for syndicates to take the full amount of credit available to them. There have been very few syndicates in which less than the maximum has been borrowed, or members have borrowed different proportions of their shares, or there has been no borrowing. Thus, at present, companies do not in general provide at all for those like the 11% of non-members who were on principle against borrowing capital (at least for this purpose) and only rather imperfectly for those like the 18% of members who apparently had no need to borrow (at least from this source, since they did not consider the extra capital provided by their membership to be an advantage). Furthermore, some syndicates sharing low-priced machines have had to take loans which for the individual members have been so small that they do not justify the administrative costs and trouble involved. For example, in several syndicates sharing such machines as a sprayer, hoe or hedge-cutter, the average loan per member is less than £25 and this is repaid in eight instalments over four years!

No administrative or other difficulty has arisen in the existing non-borrowing syndicates or in those with members borrowing different proportions of their shares. It is therefore suggested that these types of syndicate should in future be acceptable to all companies. The only additional provision required would be that such syndicates should make suitable contributions to the administrative costs of their companies.

VI ADMINISTRATION

Although both officials and members have in general found the administrative procedures straightforward and effective, 12% of members considered the procedure for setting-up a syndicate was too complicated and 8 of the 48 non-members who claimed to know the scheme in detail considered the organisation generally too complex. Thus it is possible that the movement's growth is being retarded to some extent by the amount and intricacy of its administrative procedures. Moreover, whilst the N.F.U. county officials willingly accept their work for the movement as a legitimate part of their general service to farmers, several of them point out that even with outside help on the routine loan-administration they are already nearing the maximum number of syndicates their staffs can handle. Should special staff have to be employed, the cost of administering syndicates would inevitably increase appreciably.

Setting-up procedure

The members of a proposed syndicate must complete in duplicate a set of four forms. The first, a "Schedule of Members", includes descriptions of their types of land and farming and the proximity of their farms; the second, an "Agreement to Purchase" particular machinery, also includes an agreement to borrow a percentage of the purchase price and an application for this loan; the third, the detailed "Borrowing Terms" must be signed by each member; and the fourth consists of the "Rules". Apart from their number and length, these forms duplicate each other on quite a few points and on one or two other points are difficult to understand. In addition, the syndicate's own regulations governing the use and upkeep of each machine are merely referred to in the "Rules" and not stated in detail, so that at times syndicates are formed despite inadequately prepared or inadequately recorded machine regulations.

It is therefore suggested, that the present four forms should be condensed into two only. The first would be the "Agreement" between the farmers, stating the membership of the syndicate, its general purpose and the business relationship existing between members (i.e. very roughly, the present first and fourth forms together). The second new form would be concerned with the machines shared, stating the details and terms of any borrowing and giving in full the syndicate's own regulations for each machine. This second form would therefore contain a skeleton set of machine regulations for completion by the syndicate, and this would materially assist syndicates in their choice of adequate regulations to suit their particular circumstances. Under these arrangements not only would the setting-up procedure be simplified for all concerned, but it would not then be possible for a syndicate to be formed without first having submitted to its company a set of regulations for each of its machines.

Administrative charges

A syndicate's contributions to the administrative costs of its company are collected in two ways, each based on the amount of loan the syndicate has taken. Firstly, there is the service charge of 1% of the total loan. This is paid in full at the time the loan is granted but is brought into the company's income and expenditure account in annual instalments over the whole period of the loan, the unexpired part being held by the company in a reserve account. Secondly, the loan interest rate charged to the syndicate by the company is set above the rate being charged to the company by the lending bank. This extra, which is usually 1%, is brought into the company's income and expenditure account as it is received.

This procedure can be criticised on three scores. The first is that since the contributions from both methods of collection are brought into

the company's income and expenditure account on an annual basis, there is little or no gain from using both methods together. The second is that the amount of loan taken by a syndicate is not a suitable measure of the amount of administrative work necessitated by that syndicate. The administrative work is determined by the number of members and machines and the number of different proportions into which their shares are divided. For example, a syndicate sharing a £2,000 combine equally between two members involves far less administrative work than a syndicate sharing a £700 baler and a £300 forage harvester between four members each with different shares in each machine. Yet, assuming each syndicate had borrowed the same percentage of the purchase price of its machines, the first would contribute to its company's administrative costs just twice as much as the second. The third criticism concerns the confusion that arises from part of the administrative charges being combined with the loan interest charges. Syndicate loans are provided without special collateral and in fact at a preferential rate of interest, but these points are often forgotten and instead - because of the addition of the administrative levy - the impression gained by the farmer is that syndicate loans are relatively expensive.

It is therefore suggested that each syndicate's contribution to the administrative costs of its company should be collected by a single charge clearly called an administrative charge. This should be based on the number of members and machines in the syndicate and should be collected in full when the syndicate is first formed or when further machines are purchased. In this way, irrespective of the value of machines or the amount of the loan taken, syndicates would contribute to their companies' administrative costs in accordance with the administrative work they necessitated; and with the administrative charge completely divorced from the loan-interest payments, there would be no confusion as to how much a syndicate was paying for administrative services and how much for credit.

Loan repayments and interest charges

A syndicate's loan repayments and interest charges are collected by its company at six-monthly intervals. On each occasion the company prepares a demand notice showing for each machine on which a loan is outstanding, each member's share of the repayment and of the interest. This interest is classed for purposes of Section 200 of the Income Tax Act 1952 as 'annual interest' and must, therefore, be paid to the company after deduction by the farmers of income tax at standard rate. Thus the demand notice also includes the amount of tax each member must deduct and the amount of the net interest he must pay immediately. The syndicate's secretary collects each member's share of the repayment and the net interest plus a certificate from each in respect of the tax he has deducted. The members' shares are paid into the syndicate's bank account and the syndicate's cheque for this total sent to the company together with the tax deduction certificates. The company is able to reclaim immediately by application to its own Inspector of Taxes, the tax deducted by members; and finally, each farmer's Inspector of Taxes recovers on the farmer's annual assessment to income tax, the tax he originally deducted.

Quite clearly this roundabout procedure causes everyone - company officials, syndicate secretaries and members, accountants and tax inspectors - a great deal of unproductive work. In addition, syndicate secretaries are not always able to deal promptly with these matters, with the result that extra interest is incurred and companies are involved in sending time-wasting and often irritating reminders. The administration of loans is the major time and labour consuming task for the company once the particular syndicate has been formed, and even when accountants are employed the company still has to pay for the work. Some simplification of the procedure with, if possible, the avoidance of tax deduction at source from the interest payments, is therefore needed.

Unfortunately, submissions to the Inland Revenue to obtain extra-statutory exemption from this deduction of tax at source, have so far been unsuccessful.

As a partial solution, some companies have arranged for the loan repayments to be paid by bankers' orders. But the interest charges, being based on the Bank Rate which changes without notice, cannot be calculated in advance and cannot therefore be treated in this way. However, interest paid direct to a bank already enjoys exemption from the deduction of tax at source and is paid in full when it is due. It is therefore suggested that each syndicate should have its bank account with the lending bank so that the lending bank can make its loans direct to the syndicate, as in fact is the case in the Scottish scheme.^{xx} The loan repayments could then be paid by bankers' orders on the members' own bank accounts, whilst the interest would be automatically debited in full to the syndicate's account and would be paid by members in the same way that other trading expenditure by the syndicate is now paid. If necessary, a special provision could be included in the borrowing terms to the effect that members would clear any deficit on the syndicate's bank account at six-monthly intervals.

This procedure would eliminate virtually all the loan administration work now done by or on behalf of companies and would thereby considerably reduce their administrative costs. It would not diminish the need for the intermediary bodies between the bank and the syndicates, for their other responsibilities would remain as necessary as at present. But it could well prove that the intermediary bodies would not then have to have company status, in which case the administrative costs would be further reduced as there would be no special annual audit or annual returns to make. If the intermediary bodies were merely county committees (perhaps sub-committees of the existing County Co-operation Committees) then the setting up of syndicate facilities in the counties as yet without

^{xx} See Appendix - Page 43.

Syndicate Credit Companies, would be much simpler. In any event, the freeing of the intermediary bodies from the routine loan-administration would enable them to concentrate on their publicity, advisory and supervisory duties.

VII PROMOTION

The promotion of syndicates consists of publicising the aims, facilities and organisation of the movement, and of giving advice and assistance to groups of farmers interested in forming syndicates. Since its inception the movement has received a great deal of publicity in the farming press, on radio and television and in other ways. But companies differ in the amount of publicity that they consider it is desirable to give such an essentially personal relationship as sharing machinery. Some companies have considered it sufficient merely to inform farmers by regular notices in the county N.F.U. journals that the movement exists and its facilities are available to them. Other companies have given the movement more extensive publicity, arranging for special articles in the county journals and sponsoring evening talks and also open-days (e.g. for syndicates such as those sharing grain-drying and storage plants). Similarly in the matter of advice and assistance to new syndicates, some companies appear to have done more than others; although it is the circumstances of each syndicate which determine the type and amount of help required. For some syndicates the company need to do little more than issue the application forms. For others, it is necessary for a director of the company to discuss the proposed plans with the farmers and sometimes for a machinery officer of the N.A.A.S. or a dealer's representative to be called in to advise on the suitability of particular machines.

An indication of the effectiveness of past publicity was obtained from non-members. In Warwickshire where previously there had not been

a company and in Berkshire where there had been a company for three years but only a single syndicate, 16% of farmers had not heard of syndicates and 17% though having heard of them knew 'nothing at all' about the methods of organisation, whilst 52% knew about them 'only vaguely' and 15% knew about them 'in detail'. In Hampshire, despite publicity over seven years, 3% of farmers had not previously heard of syndicates and 11% had heard but knew 'nothing at all' of the methods, whilst 55% knew 'only vaguely' and 31% knew 'in detail'. If the three counties are taken together, only one in five farmers knew the syndicate scheme in detail and were in a position to assess its usefulness to them.

The question is whether this present state of knowledge about syndicates is adequate or whether, as was suggested by some members and officials, the lack of knowledge by farmers is one reason why the number of syndicates has not increased more quickly. A substantial proportion of non-members (42%) referred to a lack of information about syndicates or to a lack of interest or leadership locally in explaining why they did not belong to syndicates, whilst 14% said that they had not previously known about syndicates. It does not necessarily follow that these non-members would have joined syndicates had they and everyone else known more about them, but these views do suggest that the position is not a satisfactory one. On the other hand, it may be argued that given even a hazy awareness of syndicates, farmers will know enough to make all the enquiries necessary of officials and other farmers should they wish to know more. However, if it is accepted that more publicity is desirable then the questions of by whom and by what methods remain to be decided.

Forms of publicity

Many members and officials agreed that the best publicity was a personal recommendation from a trusted fellow farmer. Next in importance were informal talks by members of successful syndicates, with the emphasis given to the

economic advantages that can result from membership and to the simplicity and flexibility of the system. A publicity pamphlet with a similar treatment and emphasis was also advocated, whilst television was considered a particularly powerful medium.

Other suggestions included the staging of open-days for groups of three or four syndicates sharing different types of machine or with their sharing organised in different ways. Another suggestion was the promotion of 'pilot' or 'model' syndicates in areas where there appears to be little spontaneous interest or where there is some specific problem, such as a preponderance of small farms. Responsibility for these syndicates might be taken by the N.A.A.S., by particular estate owners and agents or by those in charge of smallholdings schemes.

Part to be played by the N.A.A.S.

The contribution that the N.A.A.S. can make to the promotion of syndicates is very considerable, for it has both the opportunities and the appropriate resources. District Advisory Officers, in particular, can in the course of their advisory work and especially their farm management work, do a great deal to direct the attention of farmers to the economic advantages that can result from joint ownership of machines. They can even put suitable farmers with similar machine requirements directly in touch with each other. Specialist machinery officers also have an important contribution to make in advising syndicates on the suitability of different machines, their appropriate work-loadings and the choice of machine regulations. Also, farmers' evening meetings, day conferences and field demonstrations are all specialities of the N.A.A.S., and each has its place in bringing the syndicate movement more fully to the notice of farmers.

Already the N.A.A.S. has done much to help in particular counties, albeit some county secretaries considered their N.A.A.S. officers could be better briefed about syndicates. Nevertheless, together with this desire for a closer liaison with the N.A.A.S. in the promotion of syndicates, there was general agreement that the N.F.U. is the more appropriate body to sponsor the movement.

A register of potential members

In the ordinary way, few farmers will know their neighbours' plans for mechanisation and thus an initial difficulty in sharing (acknowledged by some 30% of non-members and 13% of members) is that of finding others with whom to share. The solution is not just a matter of bringing together neighbouring farmers with similar machine requirements and a similar willingness to share machines under joint ownership. The timing of their coming together is also important. If a farmer has just purchased his own machine, then he will be less likely to be interested in a joint ownership scheme. There must, in fact, be a great many cases where neighbouring farmers could easily share a machine, but instead, leapfrog each other in the timing of their purchases of separate machines.

It is therefore suggested that a register of farmers interested in joining syndicates, should be available in each county. This would give simply names and addresses and the machines that might be shared. A farmer putting his name on the register would be under no obligation to join a syndicate, and the register would not be used to suggest that particular groups could or should form syndicates. It would merely inform farmers of each other's interests. Whether or not the matter was taken up between them would be for the farmers alone to decide.

Keeping these registers would be a further duty of the county companies, but N.F.U. group secretaries are well placed to help and could perhaps take primary responsibility for them. N.A.A.S. District Advisory Officers, machinery dealers' representatives and fieldsmen for potatoes, sugarbeet and crops for canning and freezing, could also make an important contribution. The registers could be compiled by sending a questionnaire to each farmer and reminders about them could be published regularly in the county journals.

VIII CONCLUSIONS

This report has outlined the organisation of the syndicate movement in England and Wales, has recorded its growth up to the end of 1962, and has summarized the advantages enjoyed by farmers as a result of their membership of syndicates. It has also discussed the difficulties which many non-members associate with sharing machinery and the special provisions which syndicates make to minimise these difficulties. Finally, it has made suggestions for extending the scope of the movement, for simplifying some of its administrative procedures and for increasing the effectiveness of its publicity and its promotion of syndicates.

The variety in the type and size of machines being shared by syndicates, in the numbers of machines per syndicate, in the numbers of members per syndicate and in the acreages of members' farms, suggests that syndicates are adaptable to a wide range of farming conditions. However, whether a syndicate, some other form of sharing, or separate ownership of a new or second-hand machine will be the best method of mechanisation on any particular farm, will depend on the circumstances of that farm. The choice has to be made separately for each machine and farms will often therefore use different methods for different machines. Nevertheless, consideration of the economic problems of mechanisation in relation to

the size structure of farms and of the advantages resulting from syndicates, has not been as great as could have been expected. Even amongst those who are members, the extent to which the majority are involved in syndicates seems small (75% of members are in only one syndicate and 66% of syndicates share only one machine).

For many non-members a major reason for their lack of interest in syndicates is the difficulties they associate with sharing machines. In particular they fear that sharing may mean a lowered standard of machine maintenance and that yields may suffer because of a lack of timeliness in some work. But the syndicate organisation provides special provisions in respect of these difficulties. These include supervision by the county companies to ensure that machines are suitable for the syndicate's requirements, that the machines are regularly and properly maintained, and that the syndicate's machine regulations provide each member with his fair share of the use of each machine at all times. The experience of members suggests that these provisions are in general adequate. However, publicity about syndicates does not appear to have been very effective and the successes syndicates have had in reducing the difficulties of sharing, are not widely known. Indeed, the lack of detailed knowledge about syndicates on the part of most farmers seems to be a further explanation of the movement's slow growth. It is suggested that for many farmers the most effective form of publicity is likely to involve direct contact with successful syndicates.

Other factors may also be limiting the appeal of syndicates, both to members as well as non-members, and with these in mind suggestions have been made for extending the scope of the movement and for simplifying some of its administrative procedures. These include the acceptance of second-hand machines and of machines already owned by individual farmers, and the more general acceptance of farmers who wish to borrow less than

the maximum loan or even nothing at all. It is also suggested, as a matter of some urgency, that steps should be taken to avoid the need to deduct income tax at source from the payments of loan interest and that the administrative charge should be separated from the payments of loan interest and put on to a more equitable basis.

In the matter of the promotion of new syndicates, it is suggested that there should be special arrangements to make the movement's facilities available immediately in those counties which have not yet formed their own companies. Also, to assist farmers to find suitable partners, every county should maintain a register of those interested in sharing. However, there appears to be some risk that too much emphasis may be given to the credit facilities provided and too little emphasis to the primary aim of syndicates, which is to improve the economic efficiency of farm mechanisation. Syndicates in no way reduce the need for good machine management and it is to be regretted that in some syndicates the machines are still - despite the sharing - considerably under-employed. If the members themselves cannot to advantage use these machines more fully, then additional members ought to have been included or smaller or second-hand machines (in consequence involving smaller investments) ought to have been chosen.

Nevertheless, machinery syndicates have put traditional good-neighbourly lending and borrowing on to a formal business basis. Each member of a syndicate is certain of his full share of the use of each machine but contributes to its costs only in proportion to his share in the ownership of it and his use of it. Yet whilst ensuring this security, the syndicate organisation remains sufficiently flexible to enable the sharing arrangements to suit and even exploit the individual circumstances of each syndicate and to allow both machines and members to be changed as necessary without difficulty.

The prerequisites for a successful syndicate include the temperamental compatibility of its members and the determination of each one of them that their co-operation should work successfully. Given these attributes and sound initial planning for each syndicate, the future contribution that syndicates could make to the economic mechanisation of farming - on all sizes of farms and in respect of the seasonal as well as the many non-seasonal machines - is considerable. However, it will always be necessary to consider ways of improving the movement in relation to the requirements of farmers, and it is in order to bring it still more fully in line with the present needs that the adoption of the suggestions outlined in this report appears desirable.

APPENDIX

MACHINERY SYNDICATES IN SCOTLAND

A scheme was introduced in Scotland at the end of 1961. By March 1963 six syndicates had been formed and six more were under consideration. There are important differences between the English and Scottish schemes and it will be valuable to compare them when the Scottish scheme has been operating longer. Meanwhile, it is appropriate to describe the Scottish scheme briefly.

The Scottish N.F.U. knew that machinery sharing arrangements has been in existence in Scotland for many years, but it was not thought that bank credit had been used. They considered, however, that credit had to be available if syndicates were to flourish. Therefore, in conjunction with the Scottish Agricultural Organisation Society (the S.A.O.S.) a study was made of the English system of syndicate credit. It was concluded that in Scotland something simpler was possible and the matter was put to the committee of the General Managers of the Scottish Banks. The outcome was that each of the banks was willing to consider applications for syndicate loans on a joint and several liability basis, as part of its normal business. Furthermore, the banks did not require a uniform scheme for the control of syndicates, though they felt that a model agreement and model set of rules would be of assistance.

In consequence, special county companies have not been set up in Scotland and each syndicate negotiates the amount and terms of any credit it requires direct with a bank of its own choosing. The model agreement and set of rules have been provided by the S.A.O.S. and are, in fact, very similar to those of the English scheme. Each syndicate must be registered with the S.A.O.S. and must prepare regulations governing the

use, maintenance and disposal of its machines. Assistance in setting up syndicates is available from the S.A.O.S., the Scottish N.F.U. and the machinery advisors of the agricultural colleges. The S.A.O.S. also offer an accountancy service to syndicates and will appoint a valuer or arbiter in cases of dispute.

With respect to financial liability and in the event of dispute, farmers are in similar positions under both the Scottish and English schemes. The practical effect of the differences between the schemes is that in Scotland farmers are left to their own courses of action without supervision by an intermediary between their syndicates and the lending banks. The fact that in Scotland syndicates negotiate their own credit, may mean that their credit facilities can be made to fit individual requirements more exactly than is the present case in England. On the other hand, the technical supervision of the English scheme, particularly of the choice of machines, their work-loading and their maintenance, is likely to be more effective than when these matters are left to the syndicate and the bank alone. The Scottish scheme provides a formal method of sharing together with the necessary credit facilities, but it does not provide the technical supervision of the English scheme. Events may prove that each scheme could benefit from adopting some of the methods of the other.

