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FARMERS REASONS FOR  
ABANDONING MILK  
PRODUCTION

T. WINTER

Report 160 M

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UNIVERSITY OF NEWCASTLE UPON TYNE  
DEPARTMENT OF AGRICULTURAL ECONOMICS

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## FARMERS' REASONS FOR ABANDONING MILK PRODUCTION

## Introduction

Between 1950 and 1963, the number of registered milk producers in England and Wales fell sharply from 162,000 to 110,000, a drop of 32%. This contrasts with an increase of 19% in the number of herds during the period 1939-1950 which resulted from a switch into milk production on remote farms where the rearing of store cattle and sheep had become relatively unprofitable; a change facilitated by the operation of pool prices by the Milk Marketing Board.

Despite these fluctuations in the number of herds, total milk production has risen steadily throughout the period, due in the recent years to the increase in both herd size and milk yield. Liquid consumption, on the other hand, has not kept pace with rising production and consequently a fall in the pool price was inevitable, forcing producers to look for ways of effecting compensating reductions in production costs. It is clear that some producers have been more successful than others in this direction and this, together with other characteristics of the farms and their operators, will have had a varying influence on individual decisions whether or not to continue in milk production in the face of falling prices. This investigation, therefore, is concerned with:-

1. The main reasons given by farmers for abandoning milk production.
2. The alternative enterprises which have replaced milk production in different farming systems.
3. The consequential effect of the changes on farm organisation and profits.

CHAPTER I  
SCOPE AND METHOD OF INVESTIGATION

The enquiry was confined to the four northern counties of Cumberland, Westmorland, Northumberland and Durham and relates to the period 1958-1962. In 1958, there were 7,970 registered milk producers, but by 1962, this number had declined to 7,360. The net decrease of 610 or 7.7% was the result of 660 farmers abandoning milk selling and 50 commencing production. Systems of farming in these four counties vary considerably. Milk production predominates in Cumberland and Westmorland, whilst in Northumberland dairying is concentrated mainly in the south east and the Tyne Valley, the rest of the county being devoted to livestock production with some arable cropping. In Durham, it is possible to distinguish two main types of farming; in the east, dairying and cash cropping provide the main sources of income, whilst in the west, stock rearing is traditionally the chief enterprise. Both in the western part of Durham and in areas of Northumberland where rearing and fattening cattle are prevalent, there were a number of farmers who changed to milk production during the war and immediate post-war years.

Against this background it is not surprising that the proportionate decline in number of registered milk producers since 1958 was lower in the two predominantly dairying counties.

Table 1 Decline in the Number of Registered Producers in the Four Northern Counties from 1958 to 1962

County	1958	1962	Decrease	% Decrease
	No. of Producers			
Northumberland	1010	870	140	13.8
Durham	1910	1760	150	7.8
Cumberland	3430	3210	220	6.4
Westmorland	1620	1520	100	6.2
<b>TOTALS</b>	<b>7970</b>	<b>7360</b>	<b>610</b>	<b>7.7</b>

For many, the change to milk production from relatively unprofitable enterprises was made reluctantly and only small improvements in returns from enterprises other than dairying could have been expected to lead these producers to switch back.

All farmers known to have discontinued milk selling since 1958 were circularised with a postal questionnaire designed to discover reasons for the change and the effect of new enterprises on the farming systems and profits. About 300, or nearly 50%, returned completed questionnaires, and most of the non-respondents were visited, information thus being obtained from a total of over 500 farms.

Attention will be directed mainly to those farms where other enterprises were substituted for milk production. There were, however numerous other reasons why farms were recorded as having discontinued milk production. Four main categories of lapsed contracts can be identified:-

- Group I Milk production continuing after temporary break, change of title between close relatives, etc.
- Group II Land taken for building or otherwise mainly withdrawn from agriculture.
- Group III Retirement, death or removal.
- Group IV Substitution of other enterprises for milk selling.

The geographical distribution of the farms in these groups is shown in Table II.

Table 2 Distribution by Counties of Farms for which a Questionnaire was Completed

	Northumberland	Durham	Cumberland	Westmorland	Totals	%
Group I	4	10	10	5	29	5
Group II	9	26	14	3	52	10
Group III	18	36	78	29	161	32
Group IV	83	85	93	27	288	53
<b>TOTALS</b>	<b>114</b>	<b>157</b>	<b>195</b>	<b>64</b>	<b>530</b>	<b>100</b>

The farms in the first group are only significant in that they are included in the figure of total reduction in the number of herds. Reasons for temporary breaks in milk production were the replacement of all cows due to large numbers of reactors to T.T. tests, temporary difficulties in obtaining suitable labour, or illness. Again, those farms on which milk production ceased because of their land being lost to farming, are only significant for the contribution they made to reductions in the total numbers of herds. They accounted for nearly 10% of the total sample, the land being lost to the following uses:-

	No. of Farms
Housing and Factories	30
Reservoir	1
Playing Field	1
Marshalling Yards	2
Open Cast Coal	2
Fragmented and amalgamated	16
	<u>52</u>

Of the 161 cases where contracts ceased owing to retirement, death or removal, 114 were due to retirement, 31 to death and 16 to taking another farm. The main reason for retirement was old age or ill-health, but there were some cases where difficulty in conforming to statutory standards for T.T. milk production accelerated retirement rather than a change in farming policy. Only 100 of the 161 farms remained separate holdings, the new occupier continuing milk selling on 49 of them.

CHAPTER II  
CHANGE OF FARMING POLICY

Farmers may be influenced to change from milk production to some other enterprise for a number of reasons. Firstly, they may hope to reduce losses or increase profit even though their fixed resources are adequate for dairying. Secondly, it may not be possible to produce efficiently without alteration in fixed resources, which may in part be considered the responsibility of the landlord or for which the farmer may not be able to obtain sufficient capital. Finally, there are a number of personal considerations which may influence a farmer to abandon milk production for some other enterprise.

In the main, the 288 farms which ceased milk selling in favour of some other enterprise made a free choice, though there were cases where this must have represented a forced action decision. Some farmers gave only one reason for the change, while others indicated two or more considerations. These are listed below:-

	No. of Farmers stating reasons
<b>A. Profitability</b>	
1. Milk production was losing money	11
2. Milk production was making very little money	57
3. Other enterprises were more profitable even though milk production was showing a reasonable margin	32
	100
<b>B. Inadequacy of Existing Resources</b>	
1. Buildings unsuitable for T.T. milk production	121
2. Shortage of accommodation for workers	4
3. Part of farm taken for building purposes	8
4. Unsatisfactory water supply	15
5. Suitable labour difficult to obtain	83
6. Disease prevalent in herd	6
7. Unsatisfactory Tuberculin Test	8
8. Milk production unit too small	7
	252
<b>C. Personal and Social Reasons</b>	
1. Old age or poor health	30
2. Dislike of cows	2
3. Dislike of bureaucratic interference	6
4. Seven day per week labour requirement	136
5. Other commitments divorced from the farm	17
	191
<b>D. Other Reasons</b>	
1. Contract cancelled	1

### Profitability

Profitability was by no means the main factor which influenced the decision of these 288 farmers to change their policy. Only 100 mentioned concern about falling profits from milk and for many of them it was not the primary consideration. Of this group, 11 farmers considered that they had actually lost money in milk production, whilst a further 57 said that they had made only small profits. The remaining 32 who had made reasonable profits from dairying expected other enterprises to be more profitable in the future. These were mainly large farmers who usually expanded beef production or cash cropping to the exclusion of the dairy enterprise.

### Inadequacy of Resources

In this category, the most important reason for abandoning dairying was inadequate buildings for T.T. milk production. Farms where buildings proved unsuitable without considerable improvement, which landlords appear to have been reluctant to make, were often situated in parts of Cumberland and Westmorland where previously stock rearing had been the main enterprise. These had changed over to dairying because it appeared to be more profitable than rearing, but had had to revert when faced with the need to modernise for T.T. production. The frequency with which difficulty to obtain suitable labour was mentioned appears to have been mainly due to the unwillingness of many workers to undertake exacting dairy work, but also to the inability of some workers to take charge in the absence of the farmer. Only on larger farms is it possible to arrange a rota system in order to reduce the number of hours worked.

The majority of those who had been forced to make a change because of unsatisfactory water supplies had depended on private sources from wells or springs which had been condemned by the authorities as being unsuitable for T.T. milk production.

### Characteristics Associated With Change

As is shown in Table 3, in Northumberland and Durham changes were more common in areas where dairying is not normally the main enterprise, as compared with Cumberland and Westmorland, where milk production traditionally predominates.

Table 3 Distribution of Farms in Group IV according to County and Type-of-Farming Area

County	Type-of-Farming Area			Totals
	Dairying	Mainly Rearing	Mainly Fattening	
Northumberland	17	43	23	83
Durham	40	33	12	85
Cumberland	69	24	-	93
Westmorland	12	15	-	27
<b>TOTALS</b>	<b>138</b>	<b>115</b>	<b>35</b>	<b>288</b>



Nevertheless, dairying was previously the main source of income on 249 of the 288 farms which adopted other enterprises in place of milk. Indeed, on the small farms under 50 acres, which represented a high proportion of those making changes, the farm income had consisted almost solely of the revenue from milk. A very large proportion of such farmers had, in fact, been forced by the inadequacy of their buildings to discontinue milk selling. On only 39 farms, or 14% of the total, was milk production not the main source of income before the change, it being subsidiary to cash cropping, cattle feeding or sheep rearing and feeding.

Clearly, small scale farmers are in a less favourable position to adjust their milk production practices to counteract rising costs. Nevertheless, many of them would have continued in milk production, despite low profits, had it not been for the inadequacy of their buildings. Other enterprises did not appear to offer any greater profit opportunities.

Changes, however, were by no means confined to such forced action decisions on small farms. The size distribution of farms on which changes were made was as follows:-

Table 4 Distribution of Farms by Size on Farms where Milk Production has now been Replaced by Other Enterprises

Size	No. of Farms	%
20 acres and under	28	10
21 " to 50 acres	38	13
51 " to 100 "	68	24
101 " to 150 "	41	15
151 " to 200 "	41	15
201 " to 300 "	34	12
301 " and over	32	11
<b>TOTALS</b>	<b>282</b>	<b>100</b>

Thus, although 47% of the farms were under 100 acres, there were 30% between 100 and 200 acres, and 23% over 200 acres. The larger farms usually replaced milk production with cash cropping, cattle and sheep feeding or suckling herds, according to the area in which they were situated.

Whilst there was a fairly wide range of size amongst farms abandoning milk production, the size of herd was, on the whole, less than the national average of 25 cows. Fifty-five per cent of the herds ceasing production consisted of less than 20 cows and only one herd in ten had contained 40 cows or more. This is an obvious explanation of the increase in herd size and perhaps of increases in yield per cow also, since many of the small herds may have had lower-than-average yields.

Table 5 Distribution of Herds by Size on Farms where Milk Production has now been Replaced by Other Enterprises

Herd Size	No. of Herds	%
Under 10 cows	63	22.0
10 to 19 "	95	33.2
20 to 29 "	77	26.9
30 to 39 "	25	8.8
40 to 49 "	9	3.1
50 to 59 "	10	3.5
60 to 69 "	2	0.7
70 and over	5	1.8
<b>TOTALS</b>	<b>286</b>	<b>100</b>

#### Substitute Enterprises

On 61% of the farms, dairying was replaced by the rearing of cattle either with suckling herds or by hand feeding, the latter being most common. Suckling herds were found mainly on the larger farms, while many of those adopting hand feeding methods were too small to adopt cattle fattening or sheep production on a sufficiently large scale. On 85 farms, 66 of which were over 100 acres, cattle fattening was either increased or introduced in place of the dairy cows. Finally, land released by the disposal of the dairy herd was used for cash cropping on only 20 farms. These were situated principally in South East Northumberland and South Durham and were comparatively large holdings.

Table 6 Distribution of 274 Farms by Location and Main Enterprise Replacing Dairying

County	Substitute Enterprise					Totals
	Suckling Herd	Rearing (other than Suckling)	Fattening Cattle	Cash Cropping	Sheep	
Cumberland	16	44	25	1	1	87
Westmorland	3	18	5	-	1	27
Northumberland	16	33	24	7	-	80
Durham	10	27	31	12	-	80
<b>TOTALS</b>	<b>45</b>	<b>122</b>	<b>85</b>	<b>20</b>	<b>2</b>	<b>274</b>

Table 7 Distribution of 274 Farms by Size of Holding and Main Enterprise Replacing Dairying

Size of Holding	Substitute Enterprise					Totals
	Suckling Herd	Rearing (other than Suckling)	Fattening Cattle	Cash Cropping	Sheep	
Under 25 acres	-	25	2	1	-	28
25 to 49 "	-	21	6	1	1	29
50 to 99 "	5	44	11	2	1	63
100 to 199 "	16	24	35	5	-	80
200 acres & above	24	8	31	11	-	74
<b>TOTALS</b>	<b>45</b>	<b>122</b>	<b>85</b>	<b>20</b>	<b>2</b>	<b>274</b>

## Effect on Profit

Examination of the financial effects of changes showed that a surprisingly large number of farmers were realising lower profits. Out of a sample of 274, 36% stated that they were making less money than before, and a further 42% that there had been little significant change. Where higher profits were made, this was mainly on farms where cash cropping was increased and to a lesser extent where fattening cattle or suckling herds had replaced dairy cows. Few farms substituting these enterprises showed lower profits, whereas 63% of the farms on which rearing store cattle had been adopted in place of milk production showed lower profits. This trend may perhaps be explained by the preponderance of small scale farmers making such changes, many of whom had scarcely better resources for their new systems than for dairying.

Some of the larger farms where profits fell after the change over were not seriously concerned but were content to accept lower profits in exchange for being freed from the drudgery of milk production.

Table 8 Distribution of Farms According to the Main Enterprise Replacing Dairying; Location and Change in Level of Profit

Enterprise replacing dairying	CUMBERLAND			WESTMORLAND			NORTHUMBERLAND			DURHAM			TOTAL		
	Number of farms where profits were:-														
	Higher	Lower	About Same	Higher	Lower	About Same	Higher	Lower	About Same	Higher	Lower	About Same	Higher	Lower	About Same
Suckling Herd	7	2	7	-	-	3	4	2	10	2	-	8	13	4	28
Rearing (other than suckling)	4	28	12	-	14	4	2	18	13	3	17	7	9	77	36
Fattening Cattle	10	4	11	2	1	2	7	5	12	5	5	21	24	15	46
Cash Cropping	1	-	-	-	-	-	7	-	-	7	1	4	15	1	4
Sheep	-	1	-	1	-	-	-	-	-	-	-	-	1	1	-
<b>TOTALS</b>	<b>22</b>	<b>35</b>	<b>30</b>	<b>3</b>	<b>15</b>	<b>9</b>	<b>20</b>	<b>25</b>	<b>35</b>	<b>17</b>	<b>23</b>	<b>40</b>	<b>62</b>	<b>98</b>	<b>114</b>

Table 9 Distribution of Farms According to Size and Change in Level of Profit

Farm Size	Higher Profits		Profits about same		Lower Profits	
	No. of Farms	%	No. of Farms	%	No. of Farms	%
Under 50 acres	4	6	22	19	38	38
50 to 99 acres	12	20	23	20	31	32
100 to 199 acres	18	29	38	34	24	25
200 acres and above	28	45	31	27	5	5
TOTALS	62	100	114	100	98	100

Table 9 shows the relationship between farm size and change in profits and emphasises the difficult position of the small farmer. On 53% of farms under 100 acres, profits decreased, while only 12% showed increases.

It may perhaps be argued in conclusion that the number of registered milk producers will continue to decline. While other enterprises show more attractive returns, farmers will give up dairying for work less demanding on either themselves or hired labour. Only on farms large enough to adopt modern techniques is it likely to be possible to organise shift work. It seems inevitable that many more of the smallholdings will be forced out of milk production through lack of resources, though many would continue if it were possible to replace or modernise existing buildings to T.T. standards.

Finally, the foregoing analysis underlines the well-known substitution position between fattening beef and dairying. Often a switch either way can be made between keeping cows on the yard and parlour system and beef production.

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