University of Oxford

Institute for Research in Agricultural Economics

THE STATE OF BRITISH AGRICULTURE

1953 - 4

by

K. E. HUNT

Oxford

March, 1954

Price 10s.

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INTRODUCTION

The year 1953-4 is a landmark in British agriculture. For the first time for more than a decade consumers, by expressing their preferences on a free market, take over from the Government some part in determining how much profit the farmer will make. And the consumer does not state his intentions in advance, whereas the Government did.

Under the Agriculture Act 1947, the Government still plays a big part in determining the general degree of prosperity of the industry. It is hard to believe, however, that within this general guarantee the detailed situation for different commodities, for different qualities, marketed at different seasons, will not be determined by consumers' preferences and the supply of competitive products. Detailed guarantees may shield the producer in the first year in which these influences are apparent, possibly in the second, but it seems unwise to expect that adjustments will not come, and many farmers make their living from the returns for a few products, often lying within a narrow quality range, marketed on a few occasions during the year. Hence, the general trends and the prevailing influences underlying the agricultural situation are coming to have more significance to everyone connected with farming.

In this series of charts we have tried to summarise some of these important features in graphical form and to set the whole against a brief background sketch of the economic conditions in Britain as a whole and of her place in the world.

Since some guide or target is useful in choosing material and deciding how to present it, we have had in mind the interests of the liaison officers between the Provincial Agricultural Economic Service and the National Agricultural Advisory Service and of those with whom they are most in contact. At the same time, we hope that others connected with the industry may find it useful.

It may well be argued that this subject might be handled effectively in one of two ways, and that this is an unhappy compromise between them. Thus it might take the form of very simple charts with very brief, interpretative, comments on a few selected subjects*, or it might consist of a reference document with charts supplemented by complete statistics, with or without interpretation. The first method could convey a general background impression in a very short time with little effort. Experience with three other previous documents, however, suggests that there is little demand for this type of presentation. Very frequently the comments have included some such phrase as "We need something we can consult when a problem turns up". This seems to require a fairly comprehensive document - simple ones tend to be less repelling at first sight but to disappoint by ommitting the facts needed to throw light on 90 per cent of the problems which do turn up! Whether it should contain more figures than the present one is not clear. One of the reasons for not providing more here is that

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* Some charts included here on meat and on egg supplies are of this nature.

to do so would very greatly increase the time needed to prepare the document and the aim was to issue it within a week or so of the ending of the February 1954 "Annual Review". Even if this is far from the ideal, it is clear that some such document as this would be found useful by a variety of people concerned with agriculture; if readers would criticise this one frankly then a better idea of the best shape for it might emerge.

An attempt to be speedy has led to certain 'roughnesses' in the presentation. Some of these, such as differences in the form of the graphs, have been due to the fact that time has been saved by drawing on charts designed for other purposes. Probably the most irritating point to the reader will be the lack of precise cross-indexing, and the use of the Contents list as the connecting link. We ask our readers' forbearance for them, with the worthwhileness of speed as our excuse.

It should be stressed that these charts and comments do not attempt to forecast economic conditions by the use of statistical methods. They do bear on future conditions, however, in two respects. They record in the final sections the prices which have been guaranteed by the Government under the Agriculture Act 1947 for future periods and they illustrate features of the situation which can reasonably be looked upon as "casting their shadows before them".

Many people have been concerned in compiling the body of information, written and otherwise, on which we have drawn for this document. The author gratefully acknowledes his debt to them. He is particularly indebted to K.R.Clark and F.C.A.Jones for all their work in the preparation of the material and to those who have done the tedious typing of the text and headings.

Though every effort has been made to be factual, the mere selection of certain features for inclusion rather than others, and the choice of certain comments, inevitably introduces some bias. The responsibility for the choice of subjects and for the comments rests on the author.

K.F.Hunt.
27 March 1954.

Computation, graphing and presentation) K.R.Clark
F.C.A.Jones

CONTENTS

REVIEW

For a quarter of a century British farming has been acclimatising itself not only to the vagaries of the economic weather but also to the draughts and stuffinesses of the devices designed to temper it. And it has been small businesses which have had to work out their salvation in this way, for less than 60 thousand of the half million holdings in the United Kingdom are over 150 acres and less than 100 thousand are more than 100 acres.

Twenty years ago free trade in agricultural products had ended and the country had embarked on a series of experiments in search of the best of these devices. Tariffs, import quotas, levy-subsidy schemes, producer marketing boards, commodity commissions and direct subsidies were all among the ways used to help one or other section of a depressed industry. By the outbreak of war, some arrangements might be viewed with modified satisfaction, considering the imperfectness of the real world, some had signally failed and others had stimulated demands for similar support for allied products. These "chain reactions" were in progress in 1939 and it is by no means clear where they would have led - certainly effective machinery for co-ordination would have been needed sooner or later.

In favour of many of these devices it could be argued that they did help producers of the commodity concerned, that they were practicable to administer and that in the conditions of the times they were publicly acceptable. Many questions, however, were hotly debated . . . How can consumers' interests be protected, and producers' efficiency be encouraged, under producers' marketing boards with monopoly powers? . . . How can consumers be brought to value food highly enough to pay for it at the shop rather than at the tax collector's? . . and be taught to discriminate between good and poor quality produce? . . . How can farmers be protected against sudden changes in Governmental policy at short notice? . . . What is the cost to consumers of a quota restriction scheme for imports or a supply stabilisation scheme at home? . . . What progress in rationalising marketing was actually achieved? . . . How can the producer's price be subsidised without dealers dropping their bids to offset it? . . . When the level at which prices are guaranteed are being discussed producers naturally press for the highest price they can get, what can be done to make sure that it is not set so high in consequence that over a run of years more product is called forth than can be disposed of? . . . If assistance schemes must be extended, how can Parliament be given a reasonably effective control over the total assistance to the industry?

To some of these questions the experience of the past 15 years has produced answers, notably those about co-ordination and control of the total assistance, but most of the rest have been pushed into the background rather than solved.

The war period was peculiar in its singleness of purpose for the agriculture industry. Direct food crops and milk about summed up the first priorities of the production programme. The impossibility of controlling food prices without control of food supplies had been a bitterly-learnt lesson of the First World War and comprehensive control was started very early in the Second. For a year or two the *ad hoc*, commodity by commodity, approach of the 1930's continued

in respect of prices and production of the home products. However, out of the lessons of the past, the grave importance of food in wartime and the coherence of purpose of farmers and officials, there grew up a more co-ordinated approach, in which the production priorities and the relative changes in costs of production of all commodities were considered together with the general state of the industry. From this developed in due time what has come to be called the Review procedure (see Contents for outline). In 1947 this was written into the Act of that year as part of the provisions for guaranteeing the prices and assuring the markets for the main products of British agriculture set out in Part I of the Act, viz. . .

> "The .... provisions of this Part of this Act shall have effect for the purpose of promoting and maintaining, by the provision of guaranteed prices and assured markets for the produce mentioned in the First Schedule of this Act, a stable and efficient agricultural industry capable of producing such part of the nation's food and other agricultural produce as in the national interest it is desirable to produce in the United Kingdom, and of producing it at minimum prices consistently with proper remuneration and living conditions for farmers and workers in agriculture and an adequate return on capital invested in the industry."

While this was developing, other less flexible features had been emerging elsewhere in the food and agricultural sections of the economy. A system of long-term contracts was built up between the British Government and Governmental agencies in exporting countries. Between differences in our bargaining power and differences in the internal and foreign policies of the supplying countries, the adjustments in prices made from time to time were of very different significance. By the end of the 1940's there seemed to be little pattern or order in the prices at which we were buying foods from abroad. The supplies available abroad played a part, too. Changing domestic demand in the supplying countries, the devastation of war and, here and there, agricultural upheavals of political origin, had resulted in many foods becoming scarce which had formerly been plentiful on world markets.

Within Britain, the practice had grown up of selling basic foodstuffs to consumers at less than they had cost the Government. These losses, usually with the addition of some relatively small direct payments to agriculture, came to be referred to as the 'food subsidies'- a term charged with emotion lately. Producers and consumers thus came to look at each other through a kind of economic periscope. British and overseas suppliers had no direct look at each other, either. Moreover, after some 14 years of food control and 6 or 7 years of experiment before that, there were many consumers, parents of growing families, who had never known what it was to know the whole cost of the food they ate. At the same time, wage, salary and divident policies together with family allowances and other social payments had greatly changed the distribution of income . All the old associations of income level, social history and buying habits, if they existed, must have been disrupted with consequent effects on the demand for food and other goods and services.

Thus the early 1950's saw a combination of features without parallel. The price pattern for imported products was

muddled; supply prospects varied greatly from product to product; home agricultural prices had no particular relationship to those of imported products; neither was closely related to retail prices. Only a little straightening -out was feasible before the machinery of control began to be dismantled and the trade put in private hands. The face of the economic world had changed a good deal since the last time private traders had operated with their own money. In several commodities, too, the bulk stocks which the Government had built up to bridge the period of decontrol hung over the market and made merchants cautious. Finally, they were mostly deprived of the futures markets which, before the war, had registered the state of supply and demand throughout the world. Though some were re-opened by the end of 1953, their operators had to feel their way.

The trading operations of the Ministry of Food had provided an elegantly simple method of implementing the Government's guarantee of prices and markets to British farmers, irrespective of the prices and supplies of imported produce and the preferences of consumers. When the Ministry ceased to trade, private traders could be expected to bring about an equilibrium between foreign and home supplies and demand, though conditions might be a little irregular to start with. This is very different , though, from implementing the guarantee to the farming industry. For the problems which have to be solved to do that , it might be wiser to look back to the 1930's and to study the debates, commendations, and criticisms of those days, than to look with too much satisfaction at the successes- against quite different problems- in the 1940's and 1950's. And this view does not depend on assumptions about world surpluses of food being just round the corner!

One hopeful feature of the scene, new since the prewar days, is the procedure for dividing up any differences of opinion into small parcels which, in the form of the "Review Procedure" has grown up between farmers and Government since the early days of the war.

It is a pity that no comparable example of effective consumer participation seems to be in sight.

This co-operation between the farmers and the Government is likely to be tested during the next year or two over the interpretation of the terms of the guarantee in the 1947 Act. To interpret it as a guarantee of a good price for any amount of any product, of any quality, sold at any time, anywhere, would be palpably absurd. But how far from this does the sensible practice lie? Though proposals for combining a guaranteed national average price with freedom of marketing have been condemned in some quarters as a negation of the guarantee, very diverse interpretations have been operated concurrently and amicably right from the start of the Review procedure. Thus, speaking broadly, the general guarantee to the industry applies fully only to farmers, if there are any, whose output is a miniature of the national output. Specialists in one product tend to fare well or badly according as national production of their product is to be expanded or contracted. Egg and, later, milk producers have met the discomforts of this and pig producers the comforts.

Again, oat and barley growers have had to be content with a guaranteed minimum price whereas pig producers have had fixed prices, at least for some years.

Wheat growers also received virtually a guaranteed fixed price provided their seasonal sales followed the national pattern fairly closely, those who marketed early getting less and those later, more. The possible divergence from the general level of the guarantee is increased still further when grade differences are added to seasonal ones, as they are for beef cattle.

Such a situation is a veritable breeding ground for debating points since no absolute standards of right or wrong, justice or injustice, present themselves. Some may always be mere debating points, others may be pressed strongly if bad times threaten, either generally or for a particular section of the industry. Several awkward issues are already in sight, for example soft wheats were used before control ended - and the country can ill-spare dollars for North American wheat. Should the grower, therefore, suffer if millers pay low prices for soft wheat? If there is a glut of cattle in late summer and prices fall, should the farmer take the whole impact, or should the tax-payer share it?

The announcement of the outcome of the February 1954 Annual Review seems to leave all these problems and uncertainties about as they were before. The proposed profitability of the industry is not sharply different from the past. How the various proposals for supporting prices will work out for the individual farmer - and for the Government and taxpayer - is still speculative. However, the Government now has a much smaller say than it had previously in what inputs a farmer will use and what they will cost him. Consequently, a farmer can less afford to look no further ahead than the guarantees cover him. Or perhaps that is illusory, to quote one successful farmer..."The guaranteed prices are the foreman's affair; the farmer must always try to look farther ahead than that"

It is the farmer's money which is at risk, and responsibility for his business decisions rests on him, but he may well find it wise to set alongside his expert knowledge of his own affairs some such information as that to be found in the following pages when making his plans.

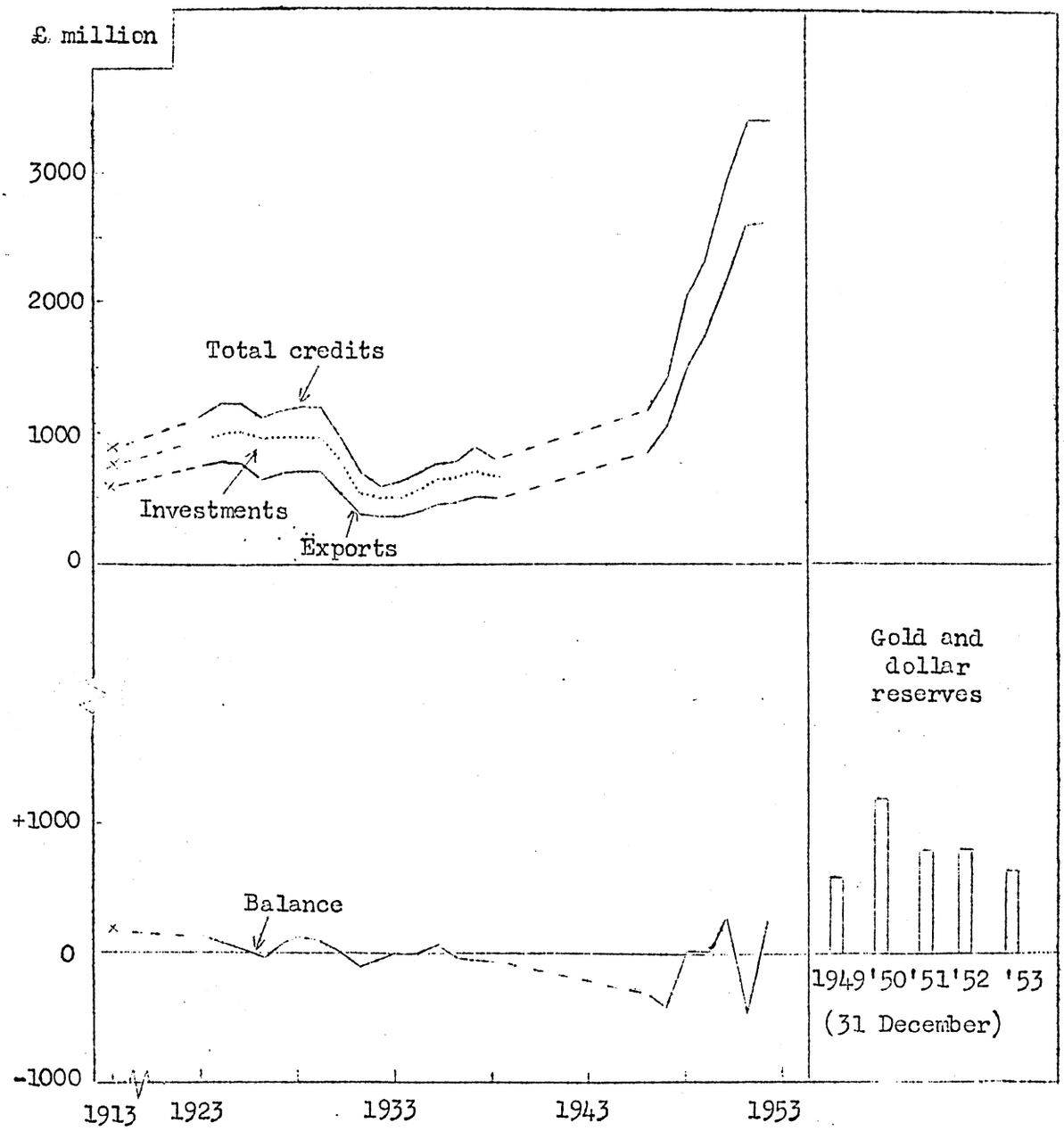


CHART 1&2 TOTAL OVERSEAS CREDITS OF THE UNITED KINGDOM FROM EXPORTS AND "INVISIBLE" EARNINGS, THE BALANCE AFTER PAYING FOR EXPORTS, ETC. AND THE GOLD AND DOLLAR RESERVES, UNITED KINGDOM.

Source: 1913, 1923 to 1938 The Problem of Britain's Overseas Trade, H.S. Booker. 1947-1953 Annual Abstract of Statistics and Official Announcements.

1. How to find enough foreign exchange to buy the imports which she needs has been a recurring theme in the discussions on British economic policy ever since the end of the war.

2. Many overseas investments have been disposed of to help pay for the war, and for other purposes; other invisible earnings have been reduced too, (too small to detail on the chart). Consequently, exports of British manufactures play a much bigger part in providing the means to buy imports than they did before the war.

3. Most of the expenditure abroad is to buy goods for import.

4. Evidently fluctuations which are small compared with the amount spent may be critically important compared with the level of reserves.

5. The balance was tending to become smaller even before the critical years after the Second World War. When a favourable balance has been achieved lately it still seems precarious.

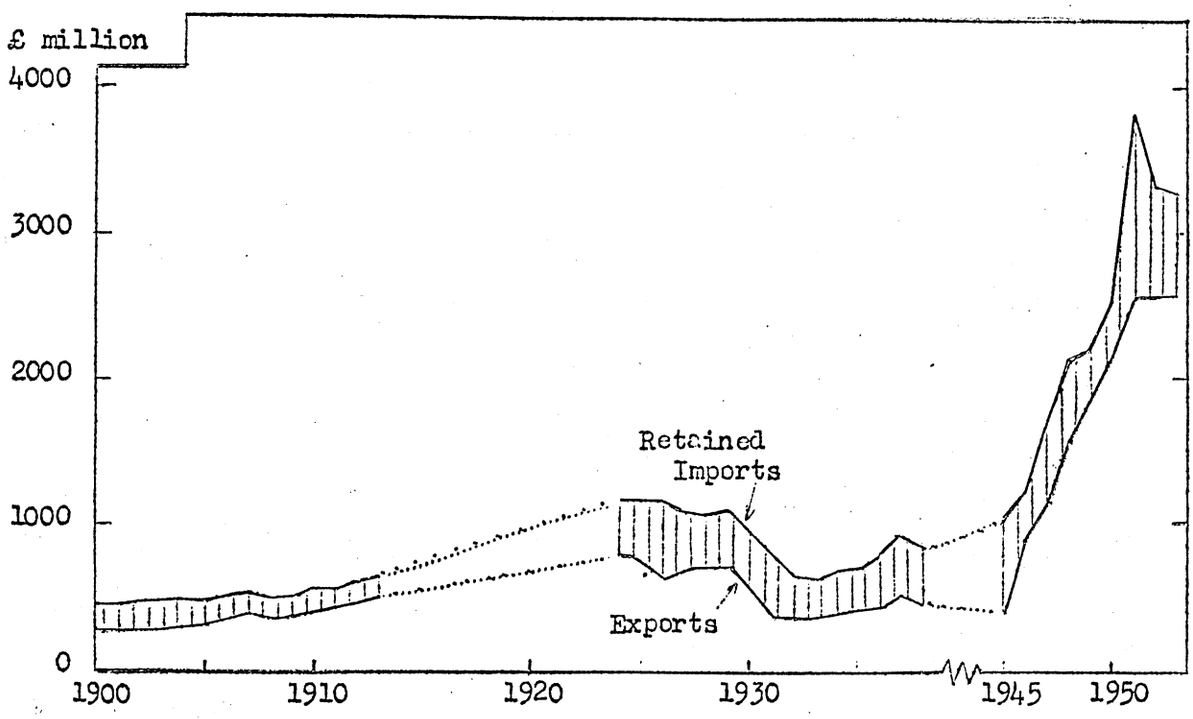


CHART 3 VALUE OF RETAINED IMPORTS OF MERCHANDISE AND OF EXPORTS OF PRODUCTS OF BRITISH MANUFACTURE.
BRITISH ISLES 1900-1914 UNITED KINGDOM 1924-1953

Source: Annual Abstract of Statistics and Monthly Digest of Statistics

1. This chart illustrates the contribution of exports towards paying for imports. It also shows how sensitive the margin between the two is to price changes such as occurred at the time of the Korean war.

2. Apart from any adverse trend in terms of trade Britain is likely to meet increasing competition from other exporters, e.g. Germany and Japan. If the United States has a depression it will be harder to sell goods to her and to countries which have been selling primary products to America, (e.g. tin, cocoa, from Malaya and West Africa). Cocoa prices are about six times the pre-war level.

3. Countries which bought staple goods (e.g. cotton piece goods) are making their own. Contraction of some industries and expansion of others, a process which has been going on in Britain throughout this century, must be expected to continue. However, changes over the last two decades in the social, political and economic situation within the country (e.g. full employment) may slow down the rate at which people change jobs and may result in adjustments being delayed.

1. The amount spent abroad in the past year or two has been about double the 1946 level and 3-4 times the prewar level. Such changes might be the result either of trends in the volume of trade or in the price levels, or both. A rough measure of the former is shown in the upper chart and of the latter in the lower chart; clearly changes in the price level is the more important factor.

2. The tendency for receipts each year to exceed payments by a progressively smaller margin over the years to 1938 has already been noted. One factor in this is indicated in the upper chart - exports had been declining compared with imports for many years.

3. This was possible because prices of imports were falling compared with those of exports for a considerable period, as the lower chart shows.

4. Of late years, a given volume of exports has bought fewer imports, especially in 1950-1 when the Korean war caused big increases in prices of raw materials. Up to the end of 1953 the ratio then moved in Britain's favour but this slowed off at the end of the year and may not be resumed in 1954.

5. Many economists believe, though others contest it, that the ratio will tend over the long term to move against countries who export manufactured goods and import food. They argue that the world population is increasing and so-called under-developed countries are beginning to manufacture goods which they used to import.

6. Summaries such as these conceal many important changes in the make-up of trade. Thus, between 1913 and 1938, British exports of coal and iron and steel were halved, and those of cotton piece goods were reduced to one fifth. Over about the same period the total contribution of the products of such new ... industries as the motor, electrical, aircraft and chemical industries increased from about 7 to about 18 per cent of British exports.

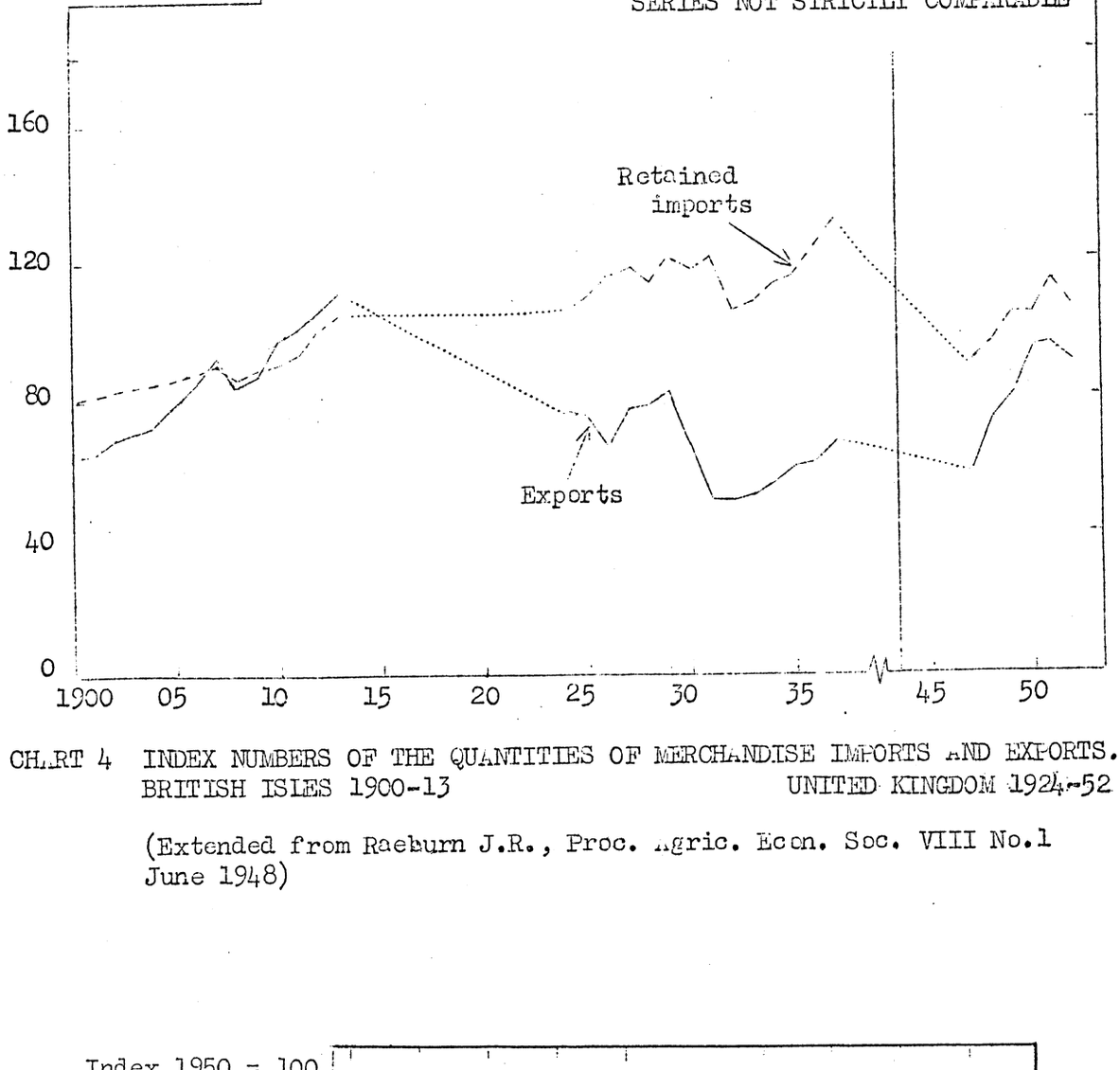


CHART 4 INDEX NUMBERS OF THE QUANTITIES OF MERCHANDISE IMPORTS AND EXPORTS. BRITISH ISLES 1900-13 UNITED KINGDOM 1924-52

(Extended from Raeburn J.R., Proc. Agric. Econ. Soc. VIII No.1 June 1948)

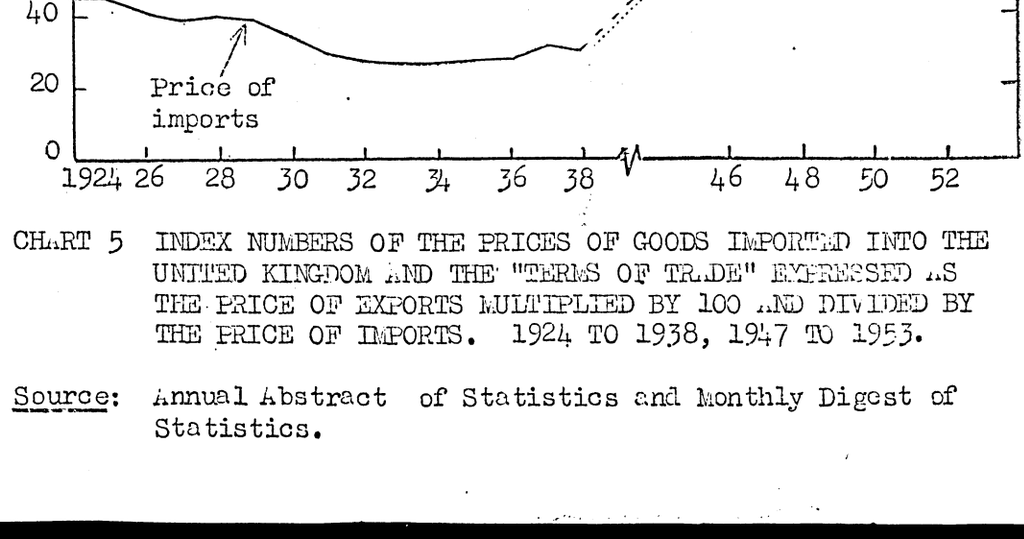


CHART 5 INDEX NUMBERS OF THE PRICES OF GOODS IMPORTED INTO THE UNITED KINGDOM AND THE "TERMS OF TRADE" EXPRESSED AS THE PRICE OF EXPORTS MULTIPLIED BY 100 AND DIVIDED BY THE PRICE OF IMPORTS. 1924 TO 1938, 1947 TO 1953.

Source: Annual Abstract of Statistics and Monthly Digest of Statistics.

1. If the country is generally prosperous the agricultural industry is likely to receive more for the goods it sells from day to day on the free market and to find it easier to secure favourable terms for any guarantees about prices and markets which it negotiates.

2. The charts opposite illustrate some features of the British economy during the past few years. In the main, they draw a picture of an expanding economy but all industries have not shared equally in the expansion. Textile production has contracted markedly since prewar. The chart on the bottom left illustrates one feature of this, namely the number of spindles engaged in the cotton and rayon spinning industries. It has been estimated that for the textile group of industries as a whole production in 1952 was only 82 per cent of the 1948 level.

3. The top left chart shows that the chemical industry was amongst those showing the most rapid expansion. The production of the ship-building, vehicle manufacturing and electrical goods industries was also one quarter higher in 1952 than in 1948.

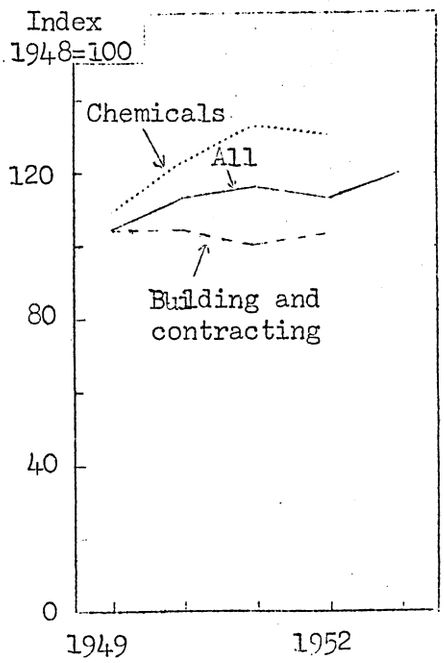
4. Retail sales as a whole, as shown by the chart on lower right, have been rising steadily over the last few years to 1952, indicating that consumers feel themselves reasonably well off since they must by now have met the most pressing of their immediate postwar needs. Looked at more closely, however, the trends since 1950 have varied from commodity to commodity. For example, food and chemists' goods increased steadily from 1950 through 1951 to 1952. For household goods 1951 was appreciably better than 1952; for clothing the difference was not quite so great. Independent clothiers, as distinct from the outfitting sections of the big departmental stores, found sales in 1951 a little, and those in 1952 a good deal, smaller than those in 1952.

5. Sales of radios and electrical goods continued to increase through 1951 so that in 1952 they were one third larger than 1950.

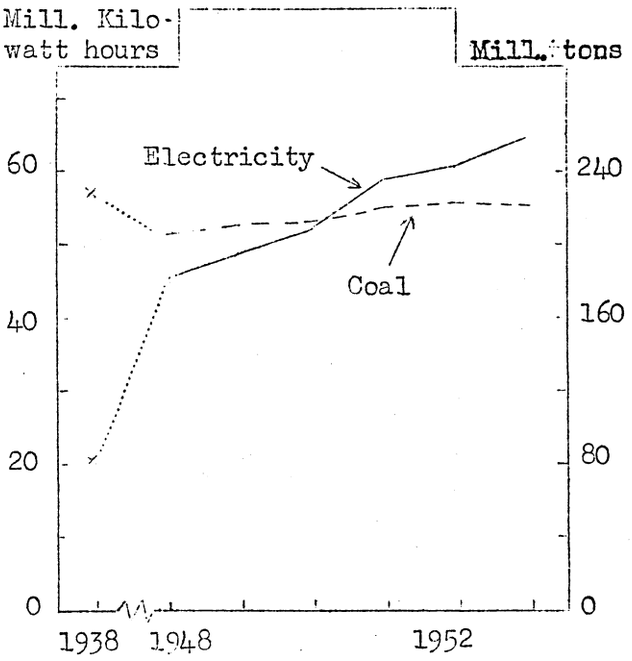
6. These diverse trends have probably many causes but some of them, e.g. the increase in sales of radios, are pointers to the need for caution in drawing conclusions about the prospects for food. There are certain broad relationships between consumption and income which seem to hold true over very wide ranges of conditions. For example, families,- and nations,- with higher incomes tend to eat rather more food, of rather higher quality and better prepared, than do those with lower incomes. But the proportionate difference in their use of other consumption goods,- clothes, household goods, amusements,- is much greater than for food.

7. However, notwithstanding this general tendency, two families with the same income may spend it in different ways, and one family with the same income on two occasions may also spend it in different ways, if some powerful influence affecting its spending habits has intervened.

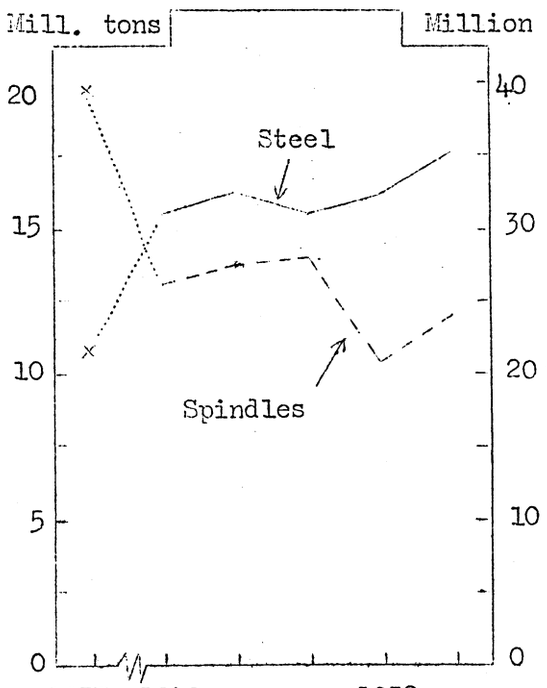
8. Though the broad general tendencies probably continue we ought to be prepared for the supply difficulties and the price changes since 1939 to have their effects on consumers' habits. For families living in a rent-controlled house, rent may be a minor item, for others it may dominate the household budget. Either, having managed in a rationed economy, may prefer to spend extra income on household goods or entertainment rather than food.



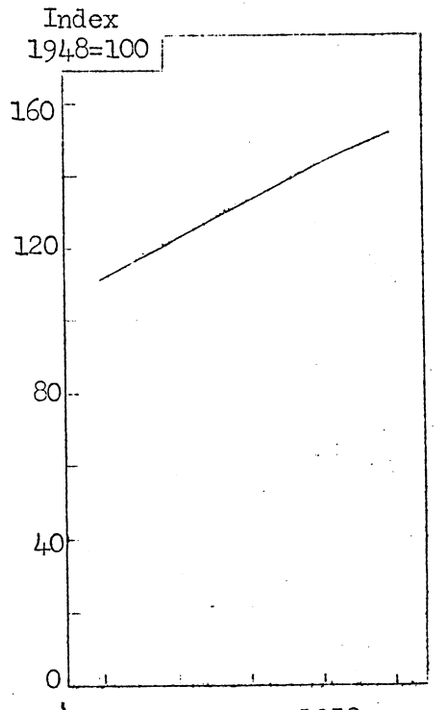
INDEX NUMBERS OF INDUSTRIAL PRODUCTION



PRODUCTION OF COAL AND OF ELECTRICITY, GREAT BRITAIN.



PRODUCTION OF STEEL INGOTS AND CASTINGS, AND NUMBER OF SPINDLES ENGAGED IN THE TEXTILE INDUSTRIES ON COTTON, RAYON AND MIXTURES.



RETAIL SALES BY LARGE - SCALE RETAILERS, GREAT BRITAIN.

CHART 6 SOME INDICATIONS OF RECENT INDUSTRIAL CONDITIONS IN BRITAIN.

Source: Statistical Abstract and Monthly Digest of Statistics.

1. There was an increase of about 2.7 million people (5½ per cent) in the United Kingdom between 1939 and 1952 - equivalent to the need for an extra 6½-7 million acres of land, provided their demand can be made effective.

2. Their demand is, generally speaking, likely to be made effective if production per worker is high (which should permit high wages) and there is little unemployment.

3. The upper chart shows how great has been the decrease in the number of unemployed people, even compared with 1939. If we consider the people who came within the scope of the prewar statistics there was, so to speak, a net movement of about 1.8 million people from one sector of the economy to another. Of these 1 million had been unemployed and 0.4 million each came from the defence industries and distributive services. Out of each of these the export industries took about 0.9 million, public administration (the 'civil service') 0.7 million, the armed services 0.4 million and basic industries 0.3 million.

4. If this analysis gives a fair picture, it is noteworthy how directly the overseas market could affect the numbers employed in Britain. The picture of numbers employed in the basic industries increasing yet the main expansion in overseas trade lying in the 'new' industries is also a matter for thought.

5. The lower chart shows the recent trend in the level of wages and in the cost of living. These should be looked at as general indicators of the longer term trends, for there are several places where successive sections of the series are not strictly comparable. Lately actual earnings have been increasing rather more than wage rates.

6. These changes have been reflected in an increase in personal incomes from about £5000 mill. in 1938 to £8500 million in 1946 and £12500 mill. in 1952. In interpreting such changes, however, several other changes must be allowed for. One of these has been noted already - changes in the general level of prices so that £1 now buys only one third to one half of what it did before the war. Another is the size of direct taxes (on income), indirect taxes (e.g. on tobacco), less subsidies, and contributions to national insurance. These totalled about £400 million before the war, but in 1952 they reached £3300 million, i.e. an increase from about 8 per cent to 26 per cent of personal incomes, (National Income and Expenditure 1946 to 1950 (Cmd 8203) and Statistical Abstract No,90, 1953). Still another factor is the change in the distribution of this total income between people of different income levels. One way of looking at this is to say that wages, before tax, trebled, whereas salaries increased only 2½ times between 1938 and 1952. Another way is to assume that £1000 a year now is worth rather less than was £500 a year before the war, but whereas 79 per cent of the disposable income was in the hands of those with incomes, before tax, of £500 or less before the war, 84 per cent was in the hands of those earning £1000 a year in 1952 (National Income and Expenditure 1946-1952).

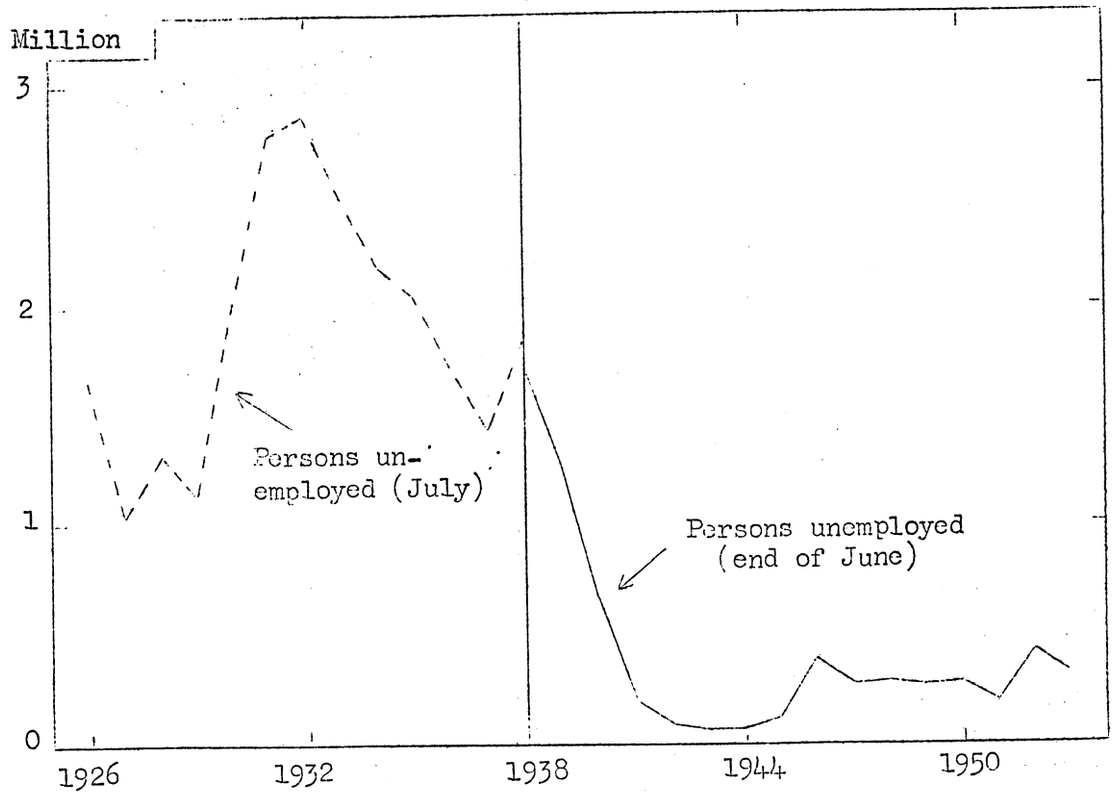


CHART 7: NUMBER OF UNEMPLOYED PERSONS ON THE REGISTERS OF EMPLOYMENT EXCHANGES ON ONE DAY IN JULY OF EACH YEAR 1926 to 1938 AND NUMBERS REGISTERED UNEMPLOYED AT END OF JUNE OF EACH YEAR 1938 to 1953, GREAT BRITAIN. (Series not comparable)

Source: Annual Abstract of Statistics

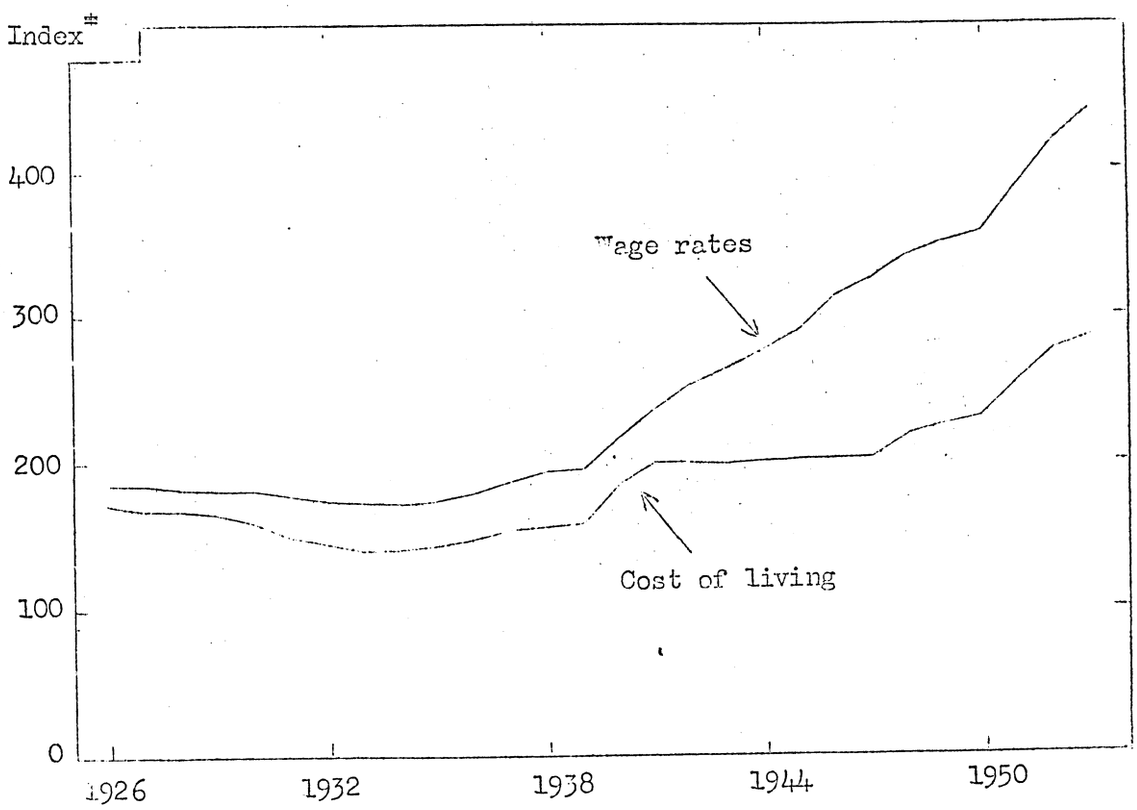


CHART 8: GENERAL COST OF LIVING INDEX AND GENERAL INDEX OF FULL-TIME WEEKLY WAGE-RATES, UNITED KINGDOM, 1926-1953 (Calendar Years)

* Cost of Living Base (July 1914 = 100); Wage Rates Base (1911-13 = 100)

Source: Derived from Ministry of Labour Gazette.

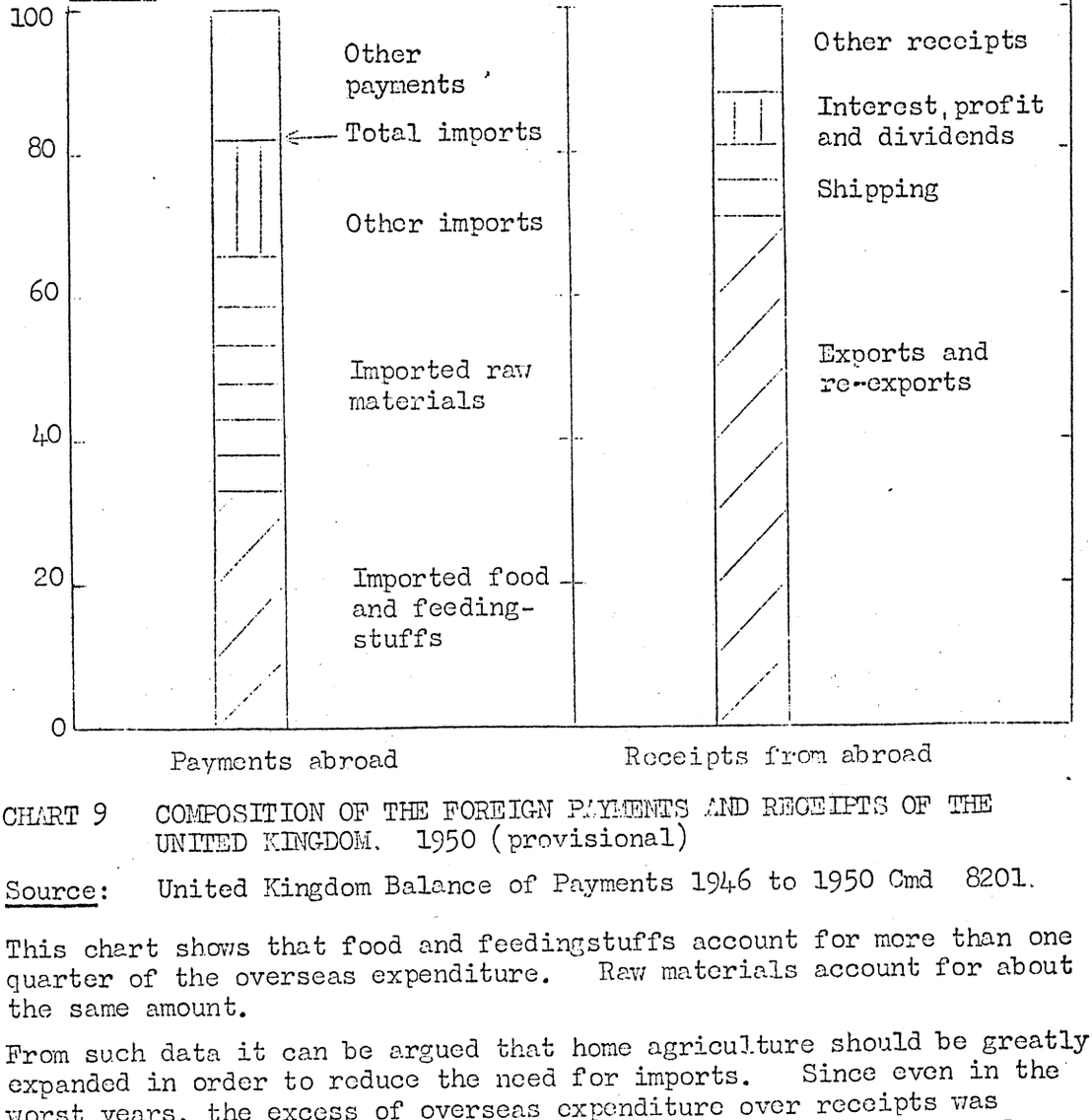


CHART 9 COMPOSITION OF THE FOREIGN PAYMENTS AND RECEIPTS OF THE UNITED KINGDOM. 1950 (provisional)

Source: United Kingdom Balance of Payments 1946 to 1950 Cmd 8201.

1. This chart shows that food and feedingstuffs account for more than one quarter of the overseas expenditure. Raw materials account for about the same amount.

2. From such data it can be argued that home agriculture should be greatly expanded in order to reduce the need for imports. Since even in the worst years, the excess of overseas expenditure over receipts was only one half, sometimes, only one third, of the value of food and feedingstuffs imports, this is an attractive possibility.

3. However, when it is stated as briefly as this, several assumptions are omitted. Since they may apply only in certain circumstances it would be well to state them explicitly. Essentially, it assumes that by using more thought, skill, labour and capital it would be possible substantially to increase the production of food and feedingstuffs in Britain, which is undeniable. But it assumes further, that, if these had been used to produce goods for export, either no markets could have been found for them, or that the net increase in income from abroad would have paid for a net increase in food imports which was less than the increase in home production. The assumption needs to be stated in this rather cumbrous way because if the quantity of exports is increased we must be prepared for them to fetch, on average, a rather lower price per unit, and conversely, that if we are to take more imports we must be prepared to have to pay a rather higher price per unit for them. It is also assumed that the British industries whose export trade would be curtailed if we no longer imported foodstuffs from the former buyers could make the necessary adjustments smoothly.

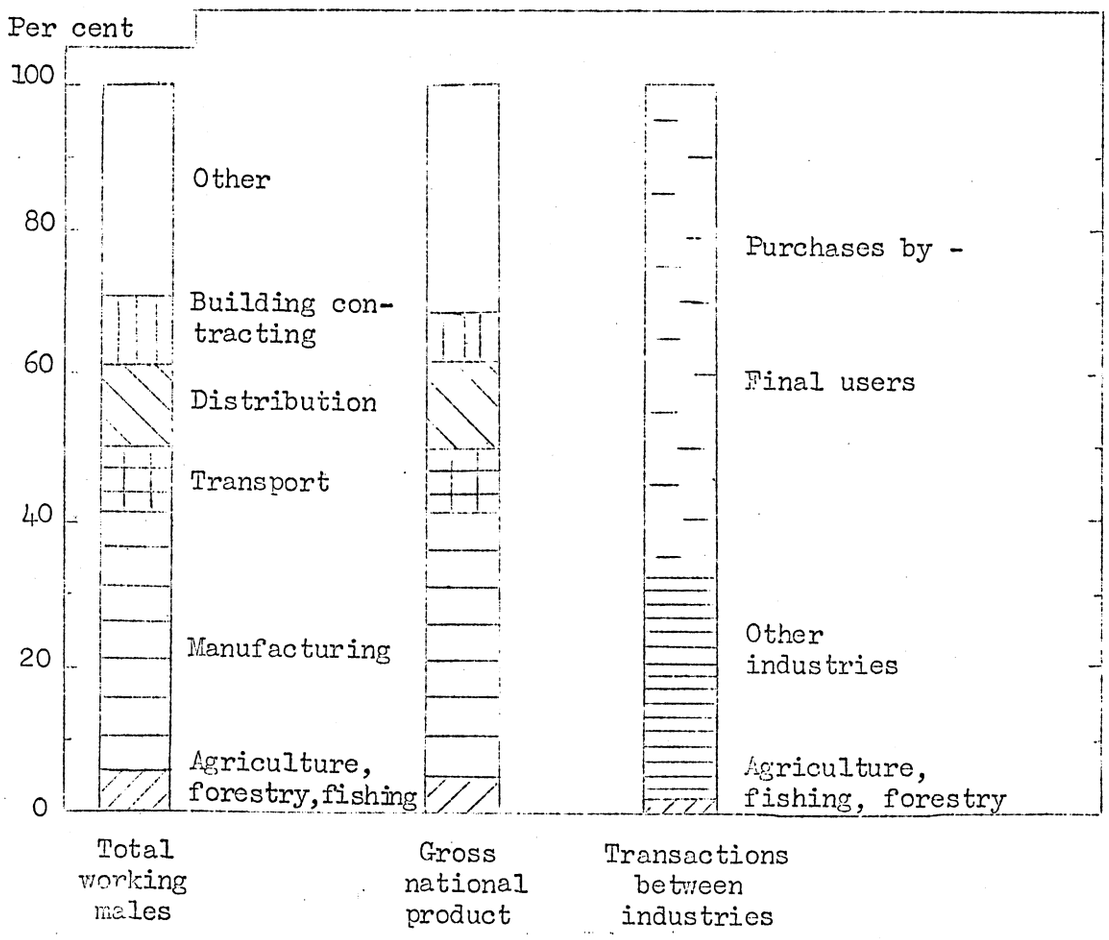


CHART 10 THE CONTRIBUTION OF AGRICULTURE, FORESTRY AND FISHING TO EMPLOYMENT, PRODUCTION AND THE MARKET FOR GOODS AND SERVICES, ABOUT 1950, UNITED KINGDOM.
(Figures for total working population are for Great Britain)

Sources: Annual Abstract of Statistics No. 90 1953.
National Income and Expenditure, 1946-1952.

1. This chart shows that agriculture, fishing and forestry accounts for about 6 per cent of the total employed population, 5-6 per cent of the gross national product. This may be looked on as a measure of what the country produces, in the widest sense of the term "produce".

2. The importance of the agricultural industry as a market for goods is also an item of interest. This is also shown on right hand side of the chart but farming, forestry and fishing really appear on this at two points. At the foot of the column is shown the purchases by the industry for its productive purposes. It must also be kept in mind that farmers and their families are among the final users of the products of industry and their purchases therefore figure in the upper section of the bar. It might be reasonable to reckon, perhaps, one thirtieth of the purchases by final users as being purchases by the farming, etc. community though there are no figures available.

3. The arbitrariness of drawing a dividing line on either side of a group of industries, like agriculture, forestry and fishing, must be kept in mind. It is convenient for statistical purposes to classify separately those employed in such industries but, if they were not employed, then neither would there be work in the rural grocer's shop which serves them, and so on.

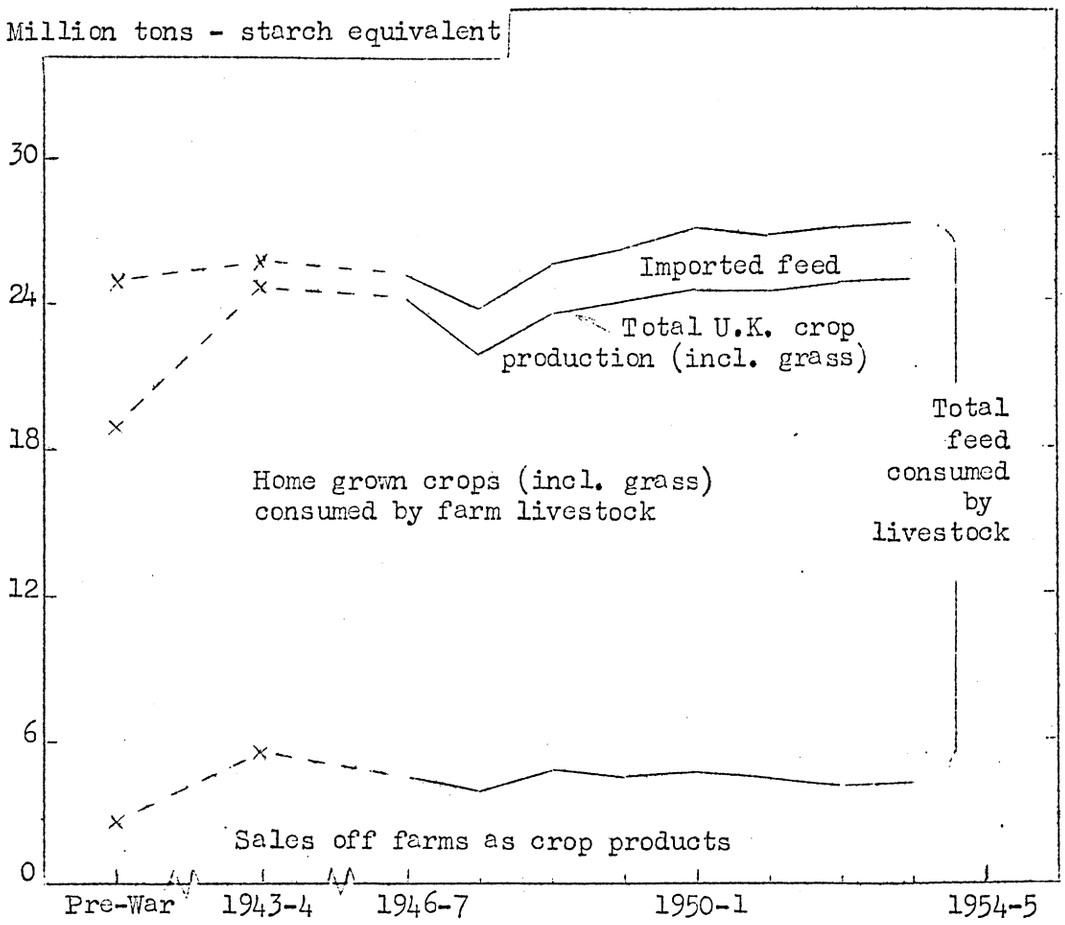


CHART 11 SUPPLIES OF HOME GROWN AND IMPORTED CROP PRODUCTS, (including grass) UNITED KINGDOM. PRE-WAR TO 1953-4 (1953-4 partly forecast).

Source: K.E. Hunt see Farm Economist Vol.VII No.2 p.89. (Not official statistics).

1. Since there are no official estimates of the production of grazing, estimates of the total supplies of feedingstuffs cannot be obtained directly. Some of the figures on which this chart is based are obtained from assumptions about the feed requirements of livestock of various ages.

2. Most of the crops produced in Britain are used for the production of livestock products. Even at the height of the War, when a policy of growing direct food crops had been pushed as far as possible, probably no more than a quarter of the crop material grown on British soil went directly to humans.

3. Imported feedingstuffs make up only a small proportion of the total supply, though when the special qualities of such feeds as the oil-cakes are taken into account the significance of imported supplies is enhanced. Before the War imports supplied about one-third to one-fourth of total supplies; lately they have supplied perhaps one-eighth.

1. The chart opposite is a cumulative, or band, chart. Reading from the foot, the height from the baseline to the first graphed line represents the acreage under "green crops". The distance from this first line to the second one represents the acreage under "other crops and bare fallow". This second line therefore traces the changes in the total acreage under "green" crops, plus that under "other crops and bare fallow", namely "Total tillage". This arrangement continues up the chart.

2. The crops included as "green" crops are noted on the chart. In the main they are thoserequiring much labour, especially before mechanical weeding and harvesting came into use. Cereals make up the bulk of the other crops. Rotational grassland is that which is ploughed up periodically in a definite rotation even if it is a long one. "Arable" land for this purpose consists of tillage (i.e. the ploughland crops) plus rotational grassland. All of it will come under the plough sometime in the rotation.

3. One important reason for the predominance of fodder in the total production from British soil is immediately obvious from the chart, namely the large area of grassland.

4. The most striking feature of the history which the chart summarises is the steady, long-term, downward trend in the area of arable land. This was broken for a few years in the First World War but the trend was soon resumed. It was broken even more abruptly in the Second World War and this time the arable area practically regained its level in the Golden Age of the 1860's. After the War, however, the downward trend was resumed.

5. The trend in the area of crops and grass needs to be looked on with some reserve. Undoubtedly there have been losses of land to build roads, houses and airfields but comparison with the trend in the total agricultural area suggests that some part of the loss in the area under crops and grass may merely be due to land which formerly was looked on by the farmer as "permanent grass" coming to be called "rough grazing". There is no clear definition for either.

6. The policy in both World Wars has been to plough up grassland. Tillage crops have been preferred to grass because much of the latter was in bad condition and even moderate tillage crops yield more crop material than poor grass. But there was another reason; tillage crops are more flexible than grass. Wheat and potatoes certainly, and barley and oats to some extent, can be diverted to human consumption or to feed almost any kind of livestock anywhere. Grass is suited only to the herbivorous beasts living on the farm where it grows. Moreover, tillage crops can readily be stored but most grass must be eaten in summer, even with the most skilled selection of varieties and fertiliser treatments.

7. Since present methods of grassland management are better than prewar ones there may be no loss of crop material from the reduction in tillage and increase in grass area but an increased tendency towards summer production of livestock products may result. As far as can be judged from the published statistics hay supplied 20 per cent, silage $1\frac{1}{2}$-2 per cent and dried grass 1-$1\frac{1}{4}$ per cent of the "winter" feed in 1950-1 so that, taking the national view, silage and dried grass play little part in "spreading" feed supplies through the year.

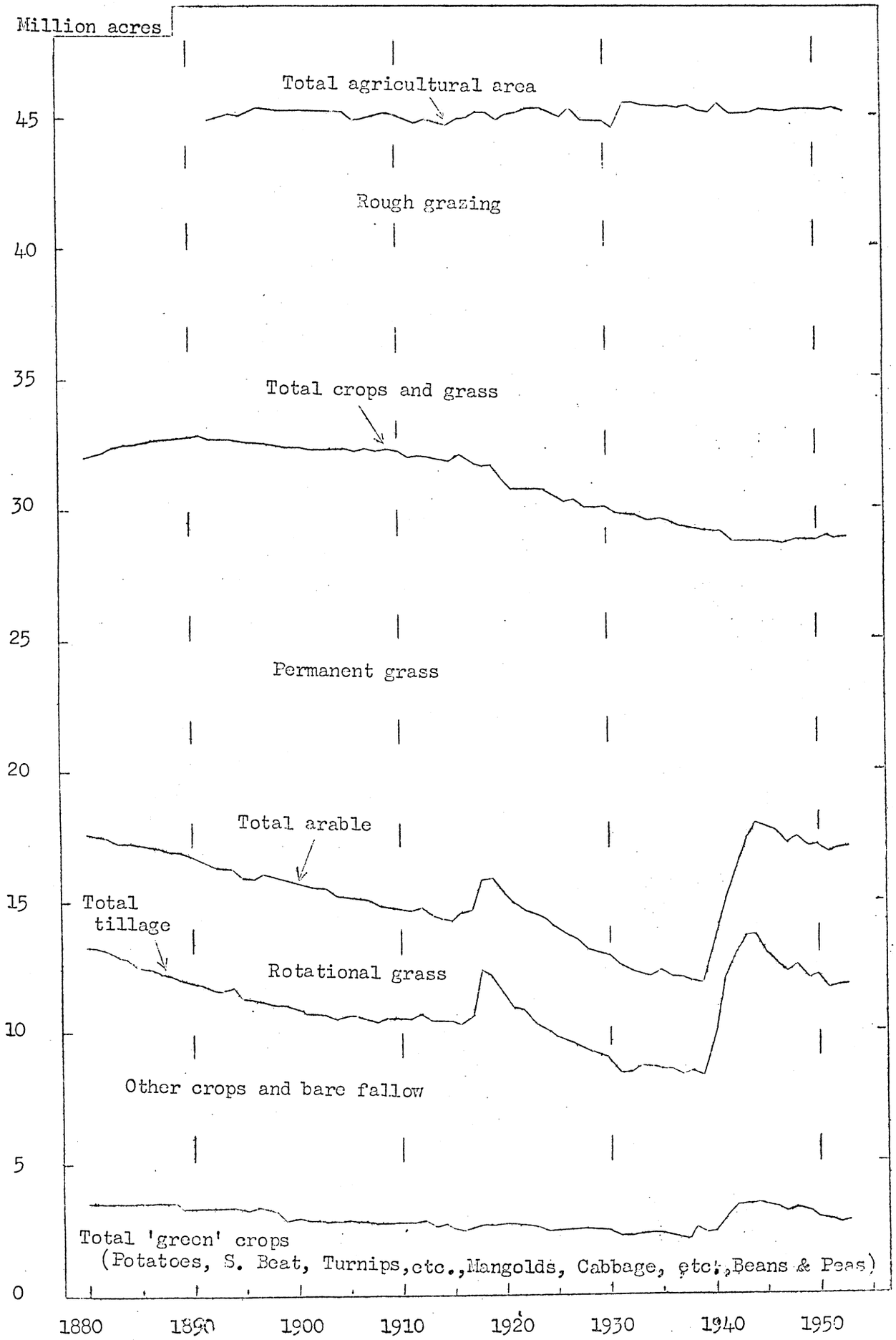


CHART 12 UTILIZATION OF LAND OF AGRICULTURAL HOLDINGS, GREAT BRITAIN 1880-1953.

Source: Official Agricultural Statistics.

1. It would be useful to have an overall measure of what the agricultural industry as a whole produces and to see how this changed over the years. For various reasons, it is an awkward figure to obtain.

2. Much of the change in the agricultural industry in the last fifteen years has consisted of increasing the production of one product by decreasing the production of another or of using a product in a different way, (for example, before the war 39 per cent. of the home grown wheat crop was used for feed but in war-time only 9 per cent.) It is difficult to take account of such substitutions and discern how the total contribution of the industry changed. The matter is further complicated by the need to allow for the reduction since before the war in the supply of imported feed.

3. For the purpose of this work, "production" and "output" have distinct meanings. "Output" is confined to that part of production which is sold off the national farm or is consumed in farm households. Thus there is virtually no output of marrow-stem kale for this crop is used for fodder on the farm where it is grown. The potatoes eaten in a farmer's household, and those sold to a retailer for eating in the town, count as "output"; those used on the farm, or sold to another farm for feeding to pigs, do not.

4. Some common measure is needed by means of which the varied products of farming might be added together. There are several available, but the one usually used is the price of each product in a given year. Such prices reflect something of the relative costs of producing the various products and also the relative values placed on them by consumers.

5. Gross output, the top line on the upper chart opposite, is simply the outputs of the various products, valued at 1945-6 prices and summed to give a grand total. Even by 1949-50 this was well above pre-war days.

6. To a consumer interested in eating home grown food rather than imported, gross output may be the statistic which matters. But as a measure of the effort of the farming community or of the return from the resources used by the industry, gross output is obscured by the changes in the quantities of certain "inputs" which the industry uses. There are several possible definitions for "net output" depending on the inputs for which allowance is made. Rightly or wrongly, for the definition customarily used in official statistics, the deductions are confined to the products of agriculture elsewhere, namely feedingstuffs from abroad, imported store livestock and sowing seeds. This is illustrated in the upper chart and net output is expressed as an index on the lower one. Itwas expected that it can be increased to 60 per cent. above the pre-war figure by 1955-6.*

7. As far as can be judged from the available information perhaps 5-8 points of the increase of 50 per cent. in the index since the late 1930's can be ascribed to a reduction in the numbers of horses. The increase in crop yields which might be expected to result from the extra fertiliser now being used compared with the pre-war amounts could readily account for the rest.

8. There are, however, offsetting factors which do not appear in the above official calculation. We have grown crops which can contribute more directly to output on land which formerly grew horsefeed, but we must import oil products in substitution to give the power. We have used more machinery and more fertilisers.

* In the white paper on the 1954 Annual Review the date was deferred by two or three years.

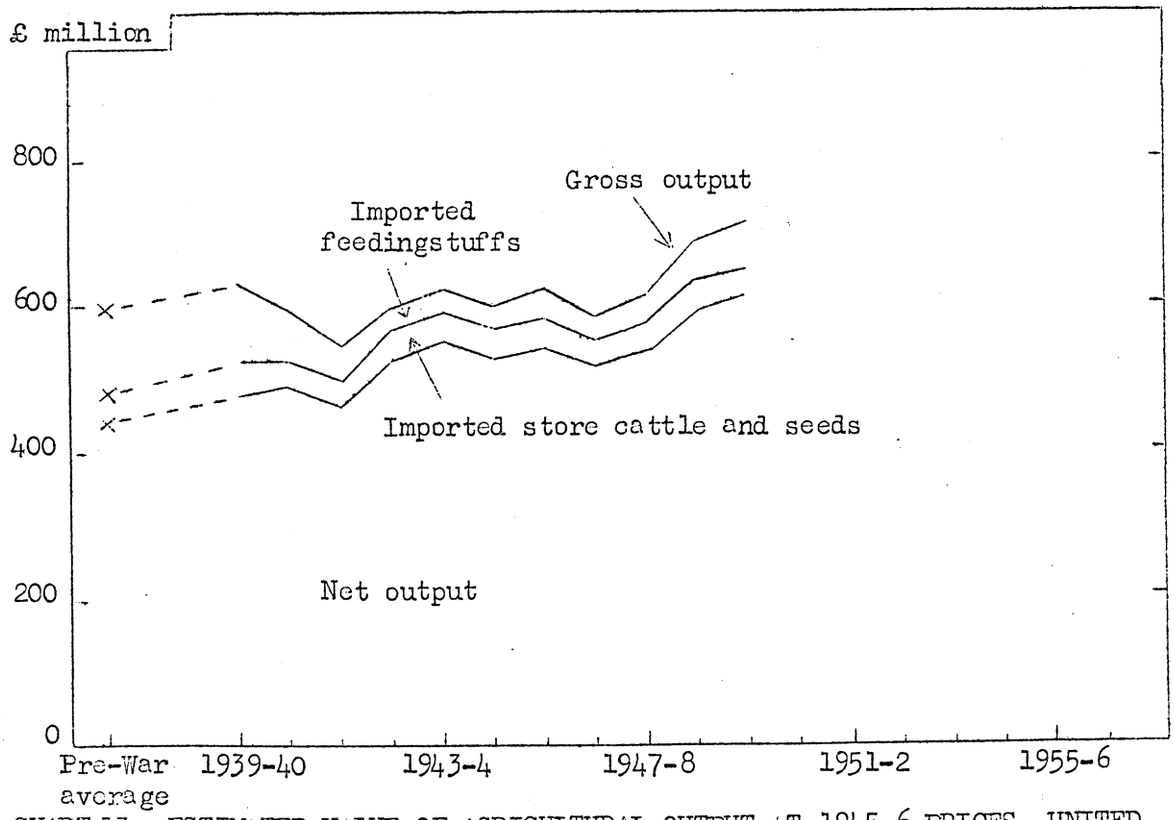


CHART 13a ESTIMATED VALUE OF AGRICULTURAL OUTPUT AT 1945-6 PRICES, UNITED KINGDOM

Source: Official Agricultural Statistics, U.K. Pt.II 1943-4 to 1949-50

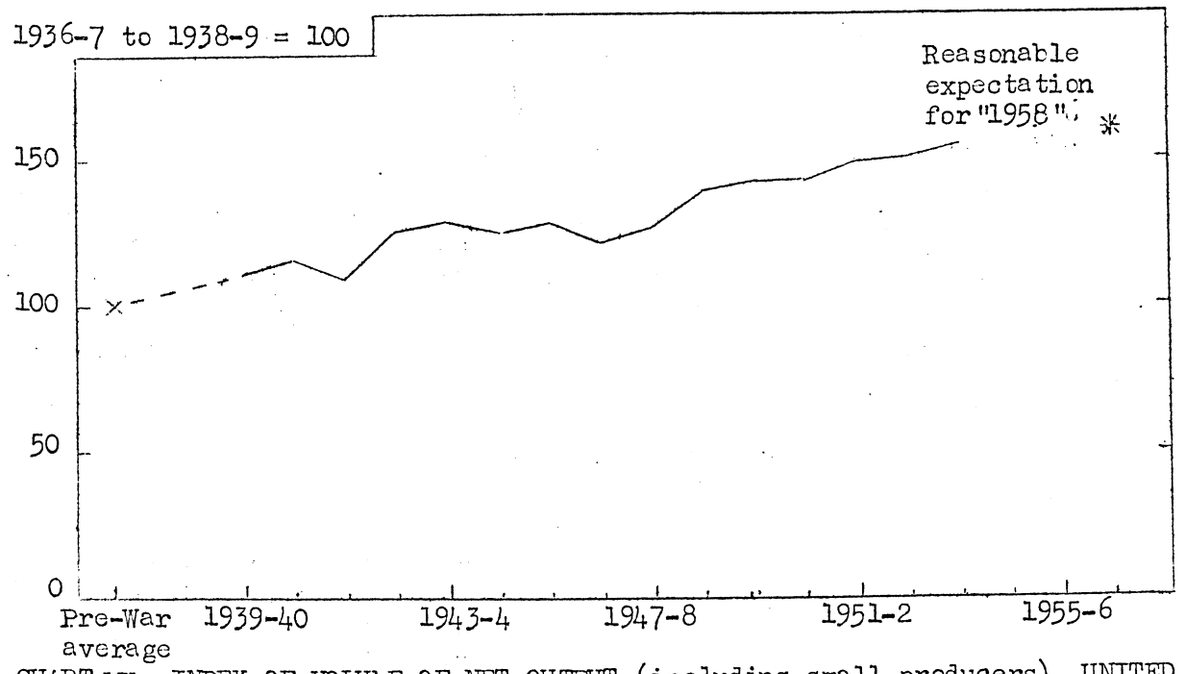


CHART 13b INDEX OF VOLUME OF NET OUTPUT (including small producers), UNITED KINGDOM.

Source: Official Agricultural Statistics and Annual Review and Fixing of Farm Prices.

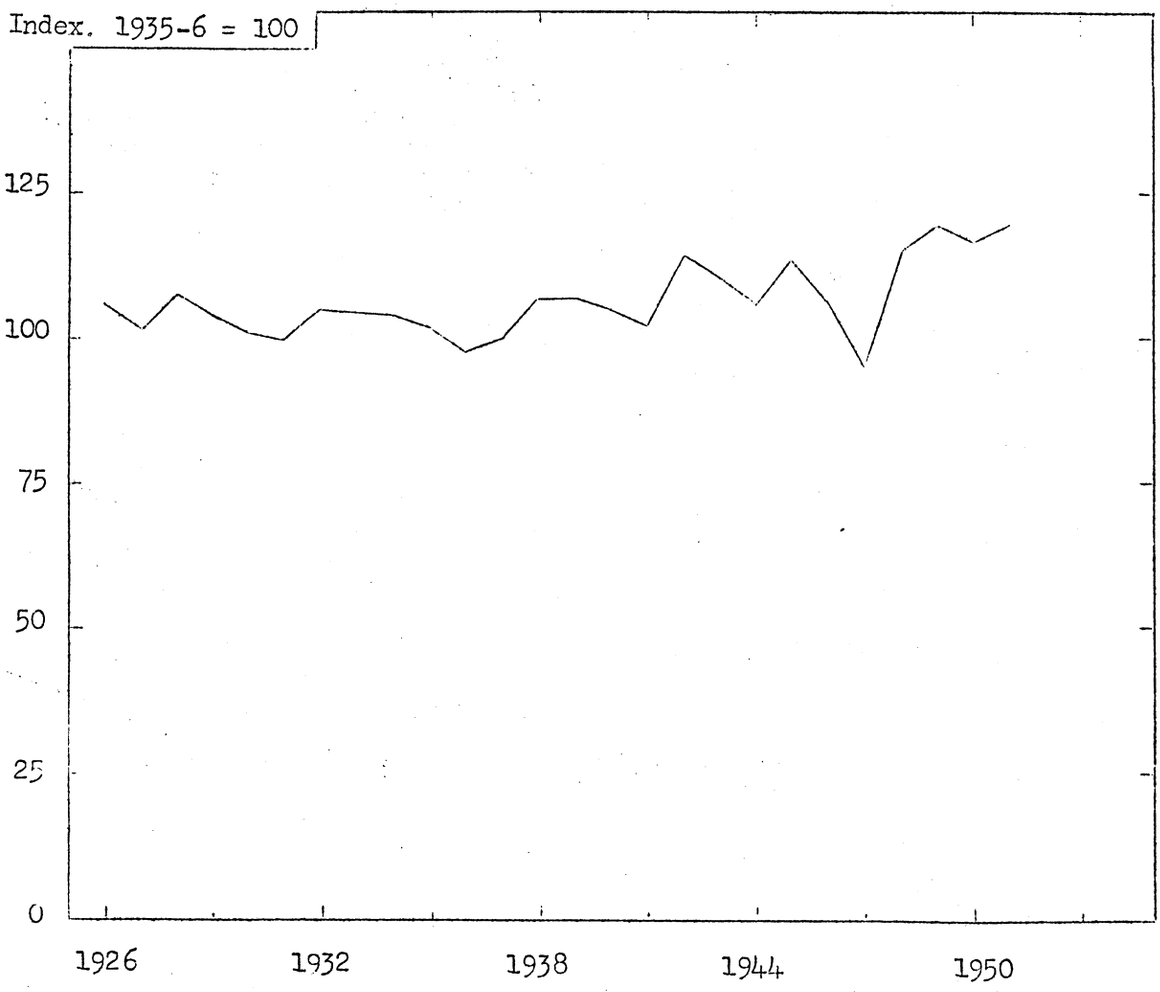


CHART 14 INDEX OF PHYSICAL PRODUCTIVITY OF ARABLE LAND IN ENGLAND AND WALES.

Source: Changes in the Physical Productivity of Arable Land in England and Wales O.T.W. Price, Farm Economist, Vol. VII, No. 3.

1. In computing this index the yield of each of the main arable crops in, say, 1940 has been expressed as an index of its yield in the base period. These indexes have then been weighted by the acreage of the several crops in 1940. It thus compares the productivity of the land under arable in 1940 with that under arable in the base years - and the arable acreage has varied. It also excludes the production of grazed grassland.

2. Over the run of 40 years to the late 1930's, it seems that yields have increased most, proportionately, in the counties where they were lowest.

3. The increase in this index by perhaps 15 points since before the war gives some yardstick of the increases we are concerned with. (see contents for chart on supplies of crop materials).

4. The yield estimates are based on the combined personal judgements of some 300 crop reporters until 1949 and thereafter on those of the technical staff of the National Agricultural Advisory Service. With the best of intentions on their part, they may have amended their standards of comparison over the years. If so, the recorded trend will differ from the real one. It was often argued, though others contested it, that estimates of prewar yields were too low and rose too slowly. Reporters may also be conservative in their estimates of year to year variation. Generally speaking, the less of a crop which passes over a weighing machine, the more important these effects may be and they have probably decreased in the years of control of crop utilisation.

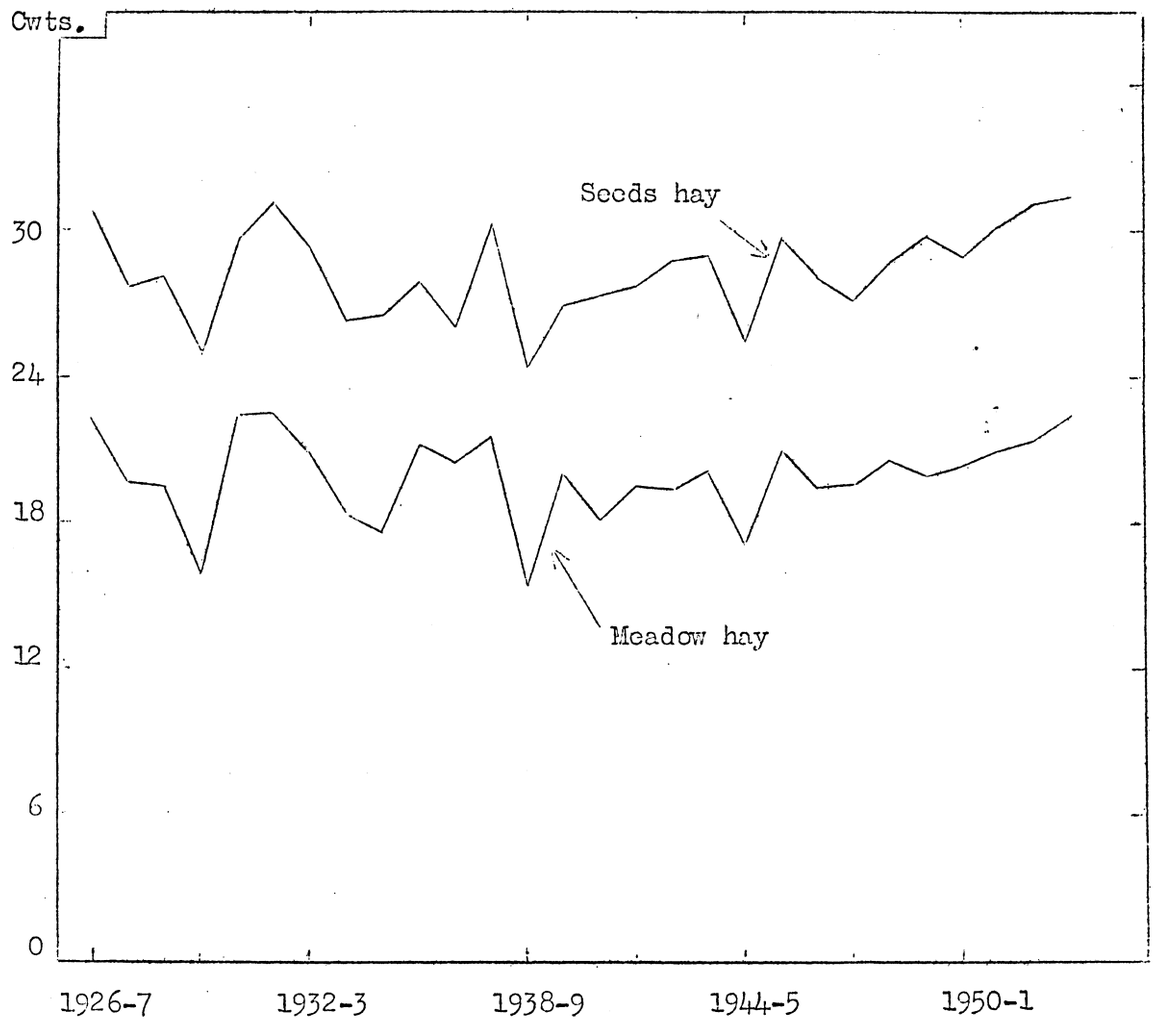


CHART 15 YIELD PER ACRE OF SEED AND MEADOW HAY, GREAT BRITAIN.

Source: Official Agricultural Statistics.

1. The charts on this and the following page indicate the trends and fluctuations in the yields per acre of some important crops over the past quarter century. Sugar beet appears as a more variable crop than potatoes, and wheat than oats.

2. There seems little evidence that seeds hay is more "immune" to season than meadow hay, their fluctuations seem to be closely parallel. The yield of seeds hay is now about 40 per cent above that of meadow hay, rather more than just before the war but little different from some good years in the late 1920's and early 1930's.

3. There has been a clear upward trend in the yields of all the important crops since before the war. Increased use of fertilisers has undoubtedly been important. (See Contents for chart). If it has been dominant then the hesitancy in the last year or two in the upward trend in its use is more significant than it would be otherwise. Timely cultivation with the greatly improved power supplies available must have been important, too. Spraying for weed and pest control has also been a factor and new, higher yielding, varieties. Reduction in acreages and consequent concentration on the better land, must have been a factor in recent years. Finally, the 1947 harvest is a warning that weather can still be a powerful factor.

4. When considering the future, it may be that the demands of a free market for quality may tend towards concentration on some lower yielding, higher quality, varieties. Wheat and potatoes are two crops which come to mind.

5. Unfortunately there are no yield estimates for grass and so few weighings of root and green fodder crops have been made over the years that one must look on any apparent trend in yields with great reserve.

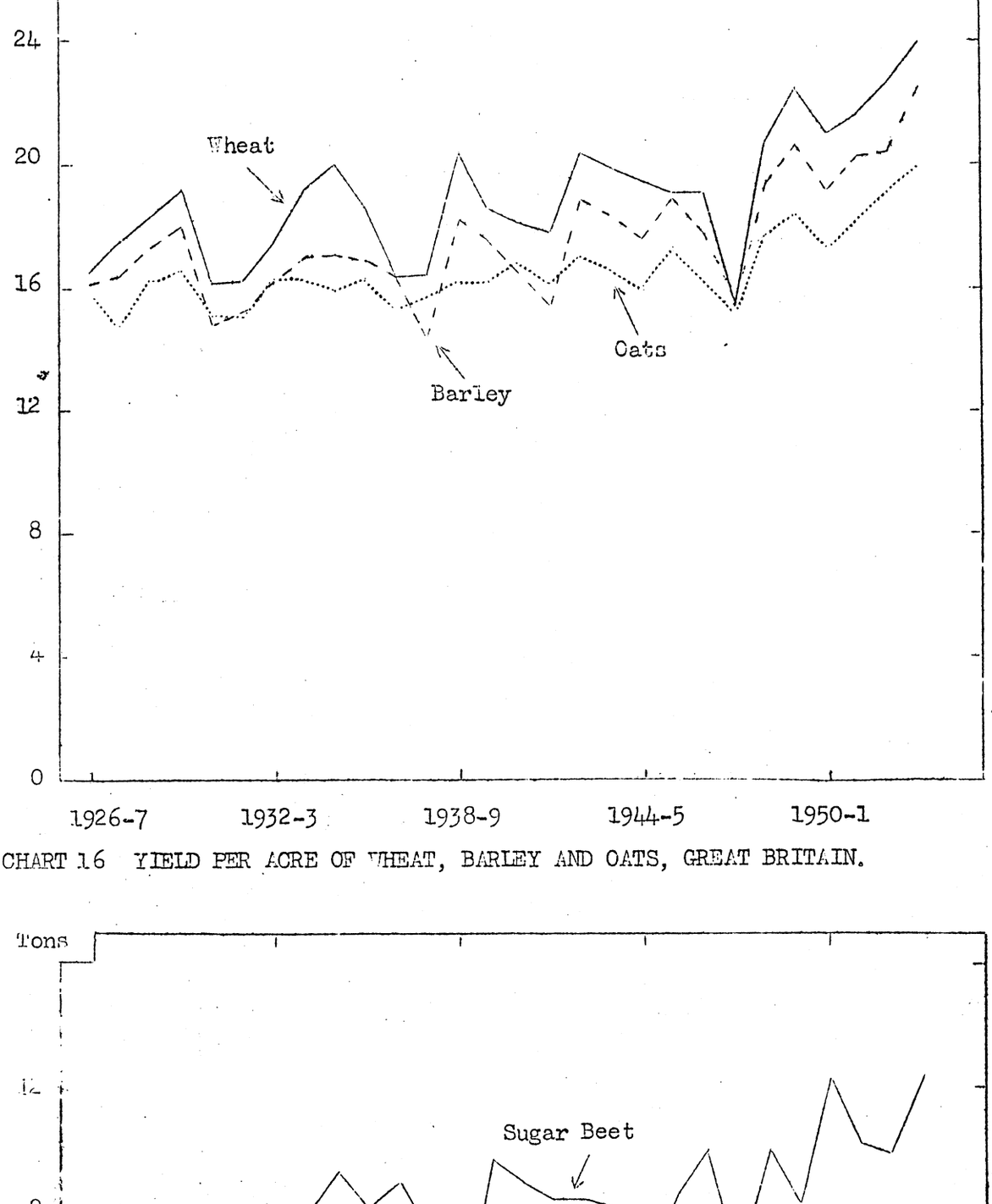


CHART 16 YIELD PER ACRE OF WHEAT, BARLEY AND OATS, GREAT BRITAIN.

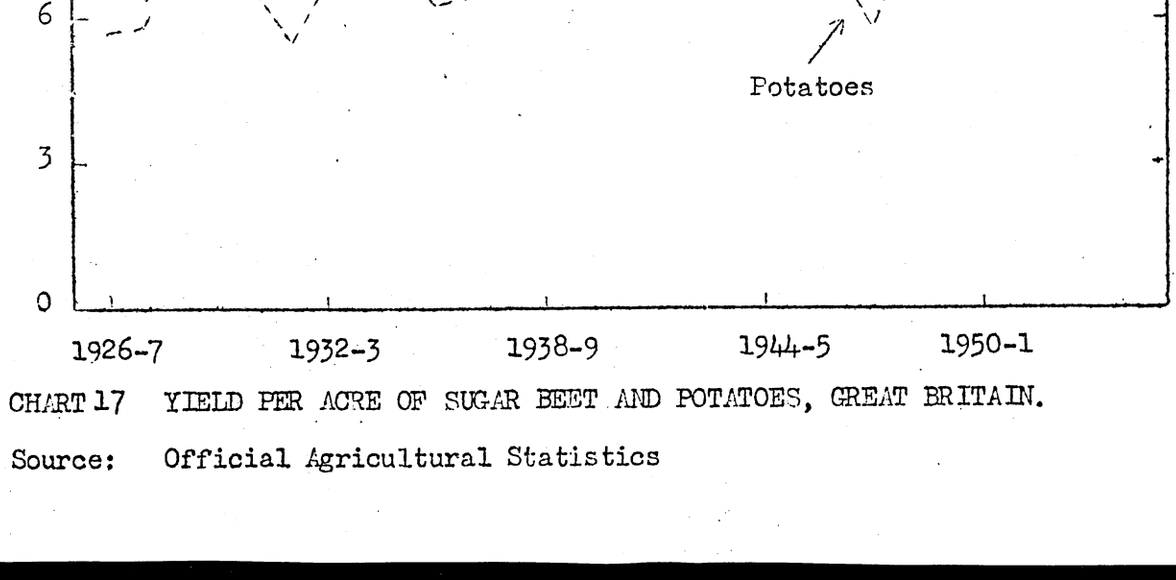
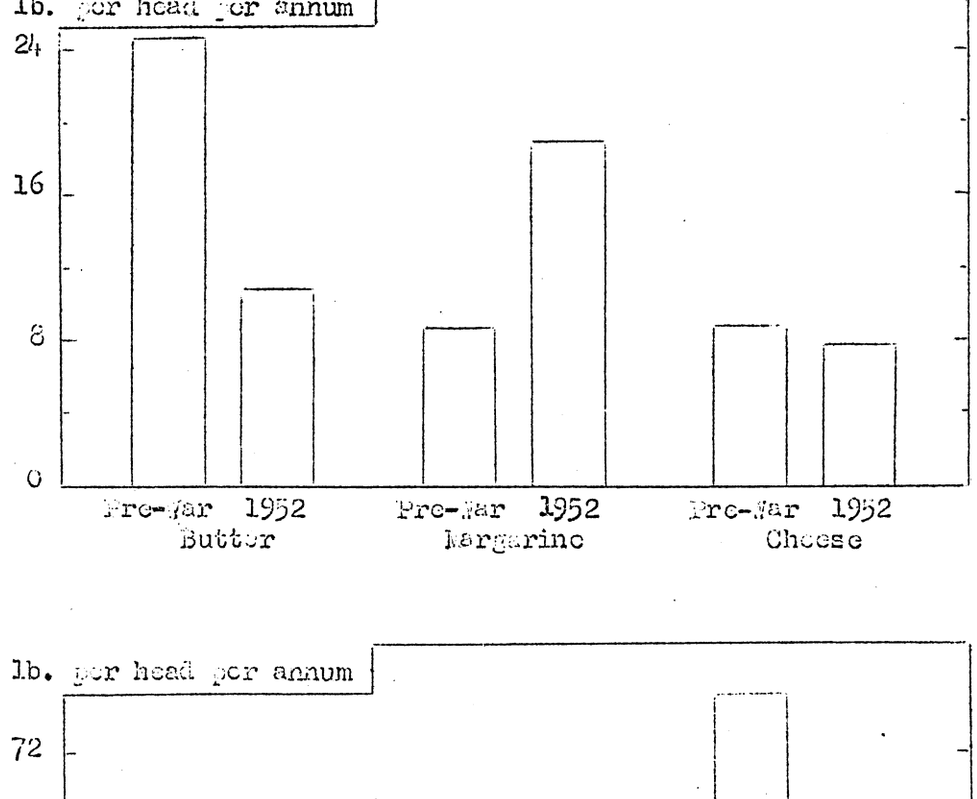
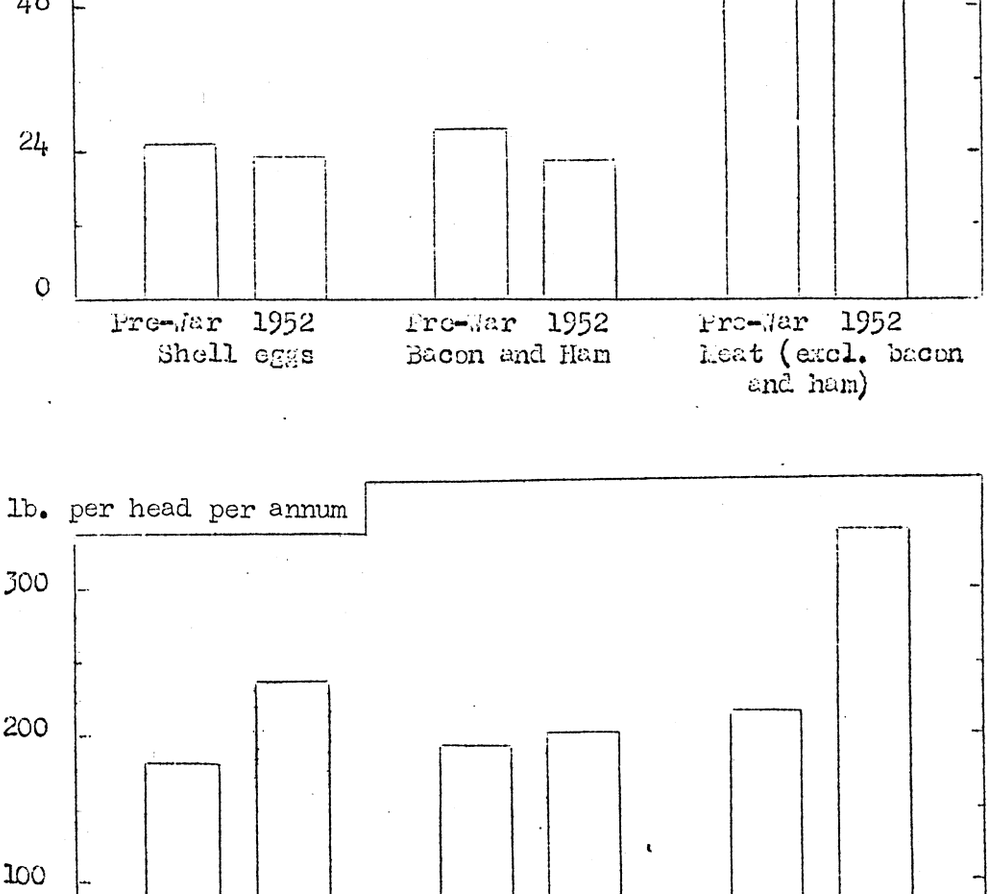


CHART 17 YIELD PER ACRE OF SUGAR BEET AND POTATOES, GREAT BRITAIN.

Source: Official Agricultural Statistics





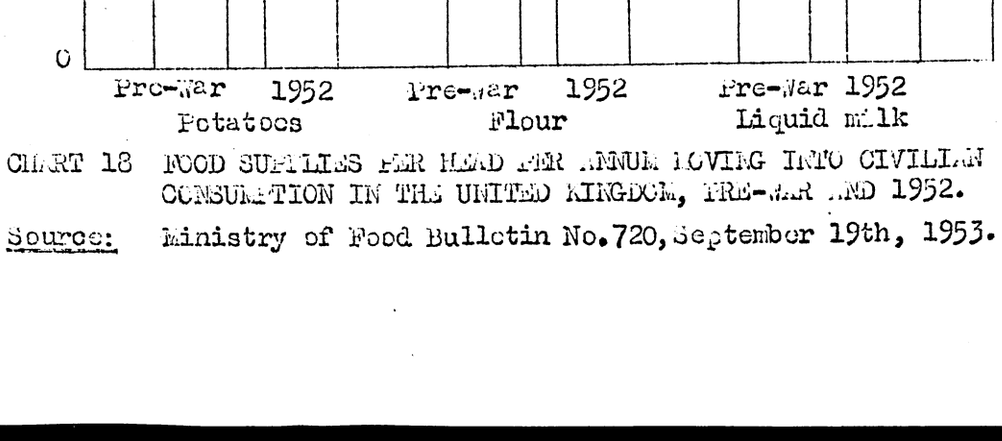


CHART 18 FOOD SUPPLIES PER HEAD PER ANNUM MOVING INTO CIVILIAN CONSUMPTION IN THE UNITED KINGDOM, PRE-WAR AND 1952.

Source: Ministry of Food Bulletin No.720, September 19th, 1953.

1. It can be argued that all forecasts about supplies of food likely to be available abroad and of Britain's ability to buy them are confused and uncertain and that it is better to be safe than sorry. If we did not plan to increase food output and it turned out that we could not sell enough exports to buy ample food abroad then the situation would be grave. Hence it can be argued that no such risk should be run.

2. It can also be argued that in two Wars there have been times when there has been only just enough food in the country to avoid hunger, that without home output we would not have avoided it, and that if we produced very much more food at home these risks would be reduced.

3. It can also be argued that a big agriculture is valuable in itself through the special qualities of people who work in it.

4. All these arguments may have merit but it seems that they must be accepted or rejected on the personal judgement of those concerned, for there seems no means of putting them in common terms.

5. However, these arguments seem to have their full force only if self sufficiency in foodstuffs is within sight. This might be so if either we were importing only a small part of our foodstuffs or if a very substantial increase in home output were to be expected.

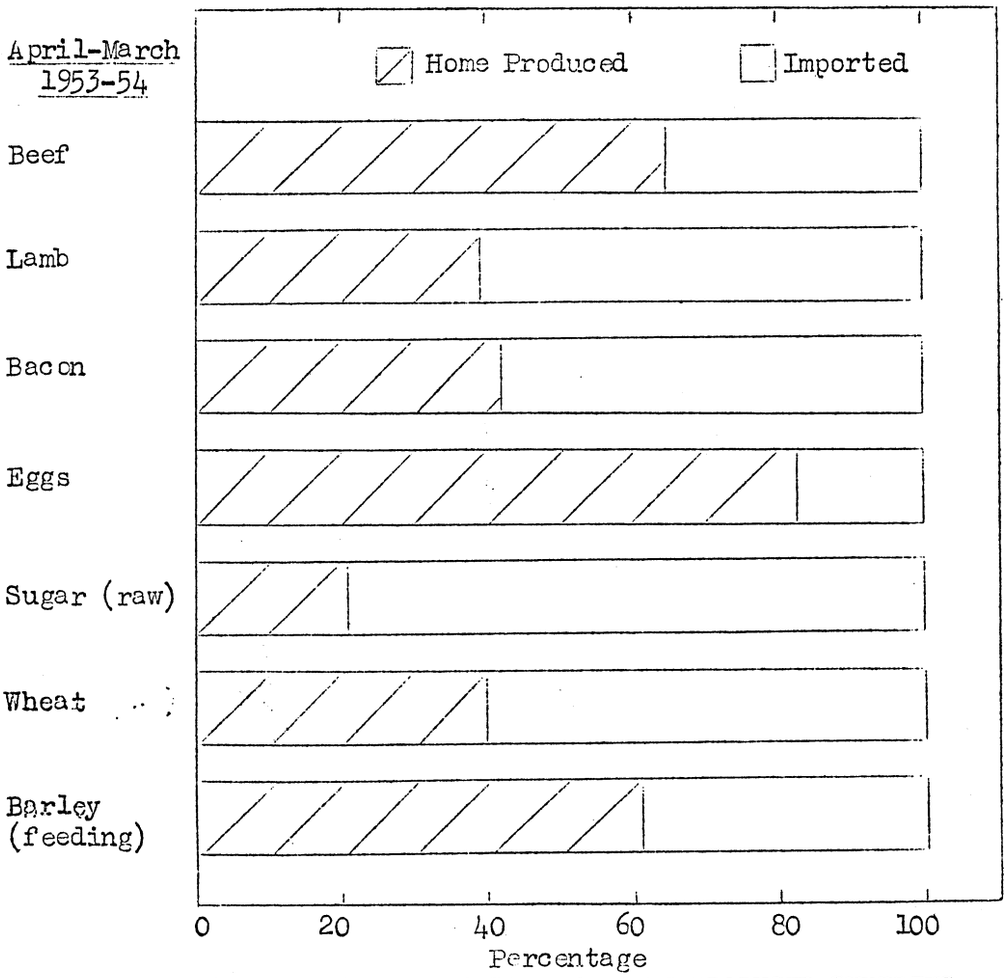
6. Our dependence on imported supplies is illustrated in the chart opposite, different commodities range from 0 to 100 per cent (e.g. for potatoes and liquid milk).

7. There is no thoroughly satisfactory common denominator by which kippers and oranges, milk and potatoes can all be measured, but energy value is not too unrealistic. On this basis we imported about 70 per cent of our calories prewar and about 59 per cent in 1950 and perhaps somewhat less now. This makes no allowance for imported feeding-stuffs, livestock, fertilisers, fuel oil, etc.

8. Taking account of the increase in the population in the United Kingdom of about 2½ million between 1937 and 1953 we are probably feeding from abroad nearly as many people as we were prewar so that we are not advancing towards self sufficiency very rapidly in spite of a very substantial increase in the net output of agriculture (see Contents for chart of output).

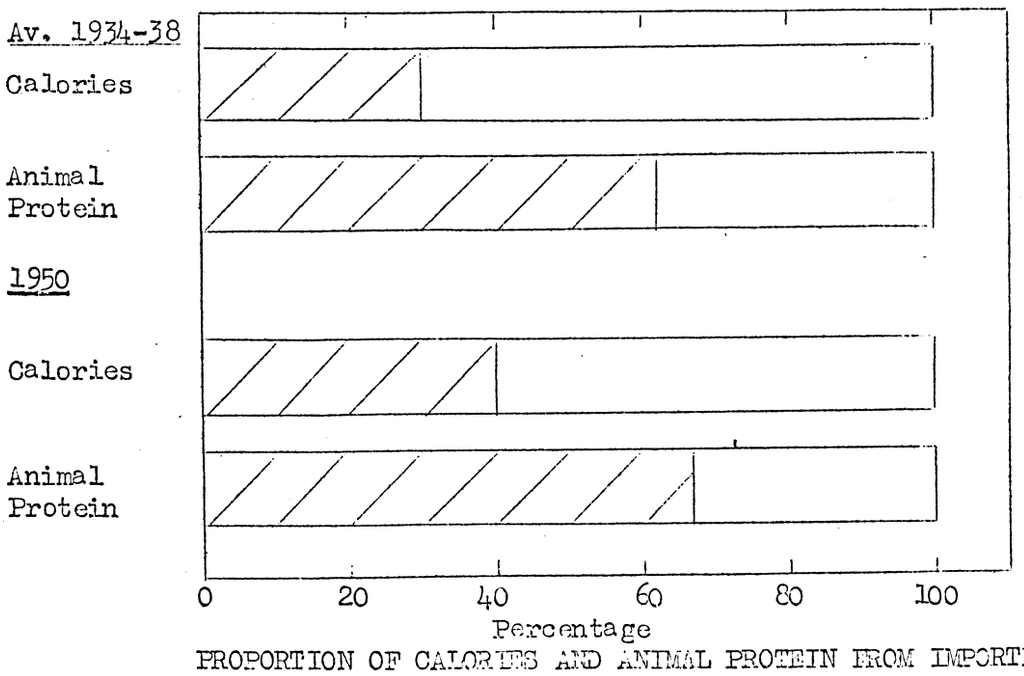
9. Thus, when thinking in terms of security in traditional types of war, it is difficult to avoid the conclusion that either somehow food must be brought into the country or a rate of increase in output of an entirely different order of magnitude to that so far achieved is needed. If the experience of the Second World War has any relevance, there is advantage in having a considerable and diverse import of foodstuffs initially since with this volume of shipping there is some slack to allow adjustment for diversions and losses. It must also be kept in mind that however well organised may be our agriculture for quickly changing over to an "emergency pattern" we have to eat while it is changing over. Only imports, or bulk stocks, can bridge the gap.

10. When thinking of the prospect of being able to buy food abroad it seems relevant to keep in mind that normally no more than five per cent. of the world's production of food moves in intercontinental trade. Since such a small fraction of the world's food is concerned it seems unlikely that producing countries could not be persuaded to part with such a marginal quantity <u>at a price</u>. The question is whether this price would represent such a change from what we have long known that supplies would be dislocated before we brought ourselves to face the change.



PROPORTION OF IMPORTED AND HOME-PRODUCED SUPPLIES, UNITED KINGDOM, 1953-54

Source: Parliamentary Answer to question by Mr. A.R. Hurd, House of Commons, March 8th, 1954.



PROPORTION OF CALORIES AND ANIMAL PROTEIN FROM IMPORTED AND HOME PRODUCED SUPPLIES, UNITED KINGDOM, AVERAGE 1934-38 AND 1950 (excluding barley for brewing).

CHART 19 PROPORTION OF SELF SUFFICIENCY, UNITED KINGDOM.

Source: Derived from; "How Britain was fed in War time", HMSO, 1946 and "Britain's Food Supplies", address by Dr. N.C.Wright, Advancement of Science, Vol.IX, No.34 1952.

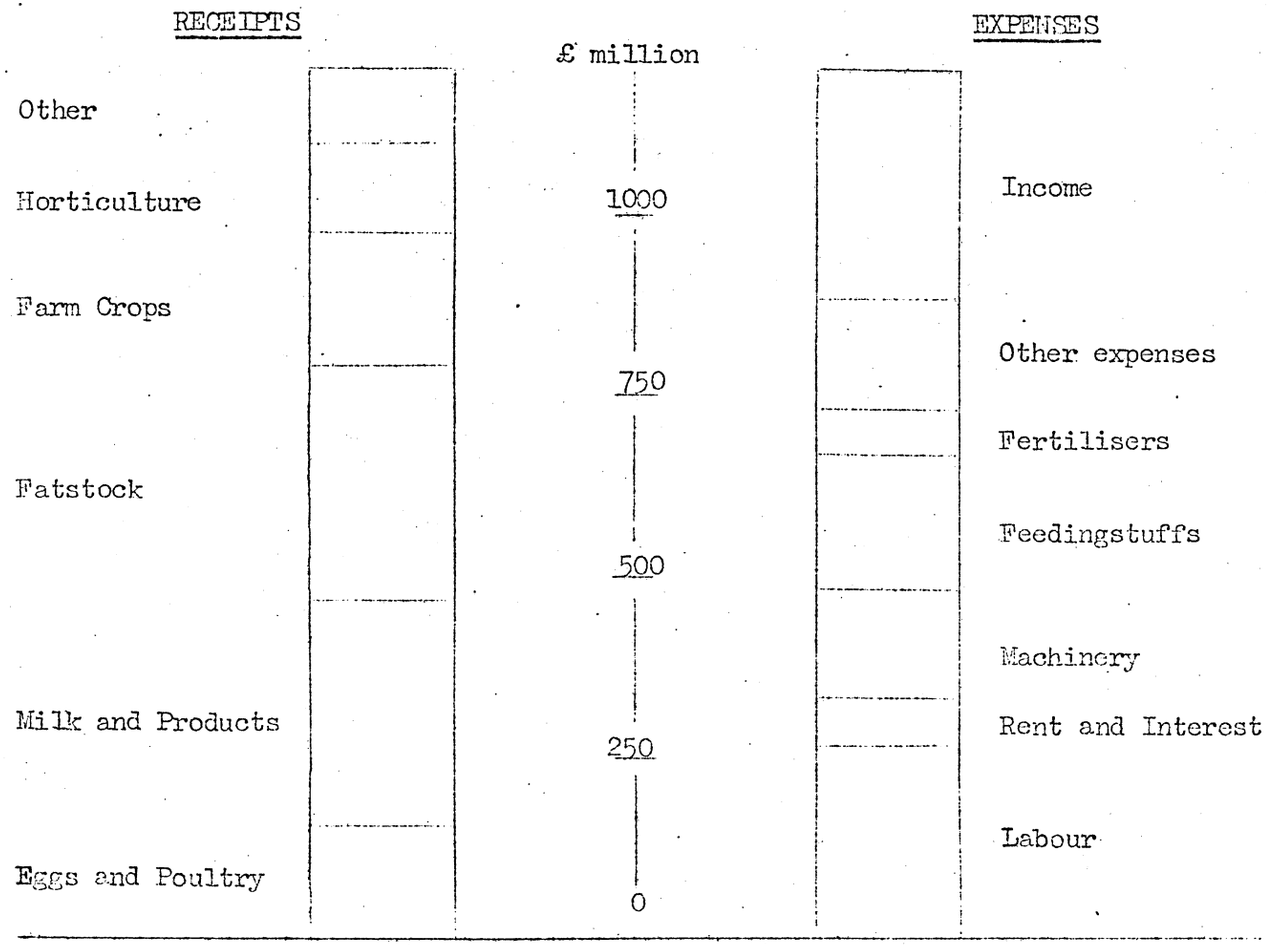


CHART 20 FARMING INCOME AND EXPENDITURE, UNITED KINGDOM - FORECAST 1952-3

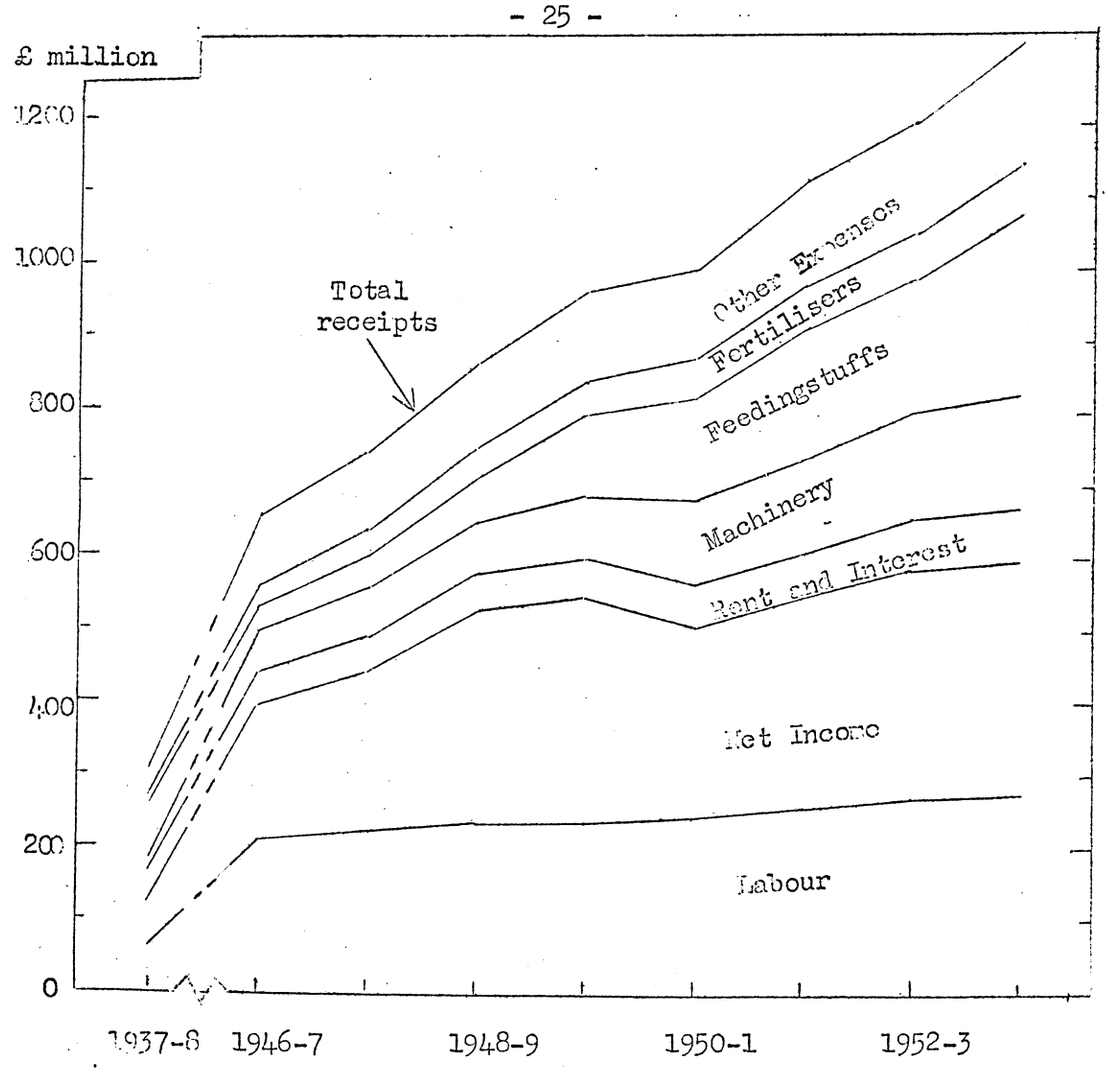


CHART 21 NET INCOME AND EXPENSES OF AGRICULTURE, UNITED KINGDOM. PREWAR AND 1946-7 to 1953-4.

Source: Expenses 1937-8 to 1950-1 from Manchester Guardian Review of Industry, Finance and Commerce, 1952. 1951-2 and 1952-3 from Annual Review and Fixing of Farm Prices 1953. (Cmd. 8798). 1953-4 from Annual Review and Determination of Guarantees 1954.

1. During the period between 1946-7 and 1953-4 labour income increased about 33 per cent. and net farm income about 72 per cent., though the former increased very steadily and the latter rather irregularly. During the same period the cost of living index increased about 40 per cent. Between the pre-war period and 1953-4 the increases in labour income, farm income and the cost of living index had been about 320, 450 and 91 per cent. respectively.

2. Though about the same proportion of gross farm receipts went to labour, rent and interest and machinery expenses have about changed places. The former decreased from 14 to 6 per cent. of receipts and the latter increased from 5 to 12 per cent. Net income increased from 19 to 24 per cent. of receipts which is perhaps surprising considering the increased "industrialisation" of the industry.

3. It has been estimated that, from the total net income for the years 1946-7 to 1953-4 of £2208 million, farmers should have put aside £207 million to cover the excess of replacement cost over original cost of certain assets (slaughter stock, tillages, growing crops, etc.).

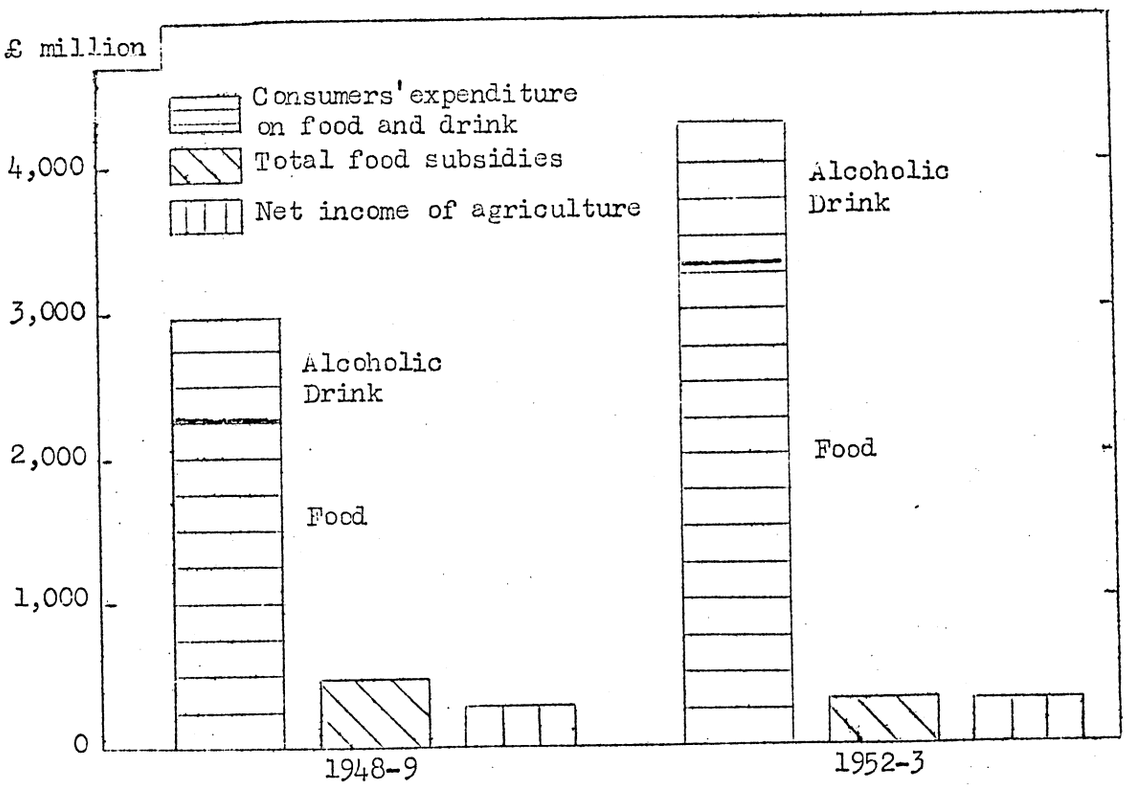


CHART 22 NATIONAL EXPENDITURE ON FOOD AND DRINK, FOOD SUBSIDIES, (including subsidies administered by the Agricultural Departments) AND THE NET INCOME OF AGRICULTURE. UNITED KINGDOM 1948-9 AND 1952-3.

Source: National income and expenditure 1946-52 (H.M.S.O.) August 1953.

1. The inclusion of these three items on this chart is solely for the purpose of comparing their sizes, no direct, or causal, relationship between them is implied.

2. If allowance is made for the change in prices, the consumption of food in the United Kingdom increased by about 15 per cent. between 1946 and 1949-50 but thereafter remained unchanged in 1951 and 1952. But the actual expenditure on food increased by over 80 per cent. between 1946 and 1952. Subsidies may now be reduced.

3. It is a matter of opinion whether consumers will increase their expenditure, as consumers, by the equivalent of the subsidies. This would mean an increase of about 10 per cent. If they do then presumably they might get, as taxpayers, some relief.

4. If they do not, and prices fall until the supply is cleared, but other means are found to implement the guarantee of farm prices, then a sum will reappear in the national accounts in terms which label it more or less directly as a measure of farm support.

5. Though subsidies include those on imported foods it is nevertheless true that the sum whose transfer from taxpayers to consumers we are discussing is of the same order of magnitude as the amount by which farm receipts exceeds farm expenses, i.e. as farm income.

6. But, on the other hand, between 1951 and 1952 consumers were prepared to increase their expenditure by a similar amount even though they received no extra food in return.

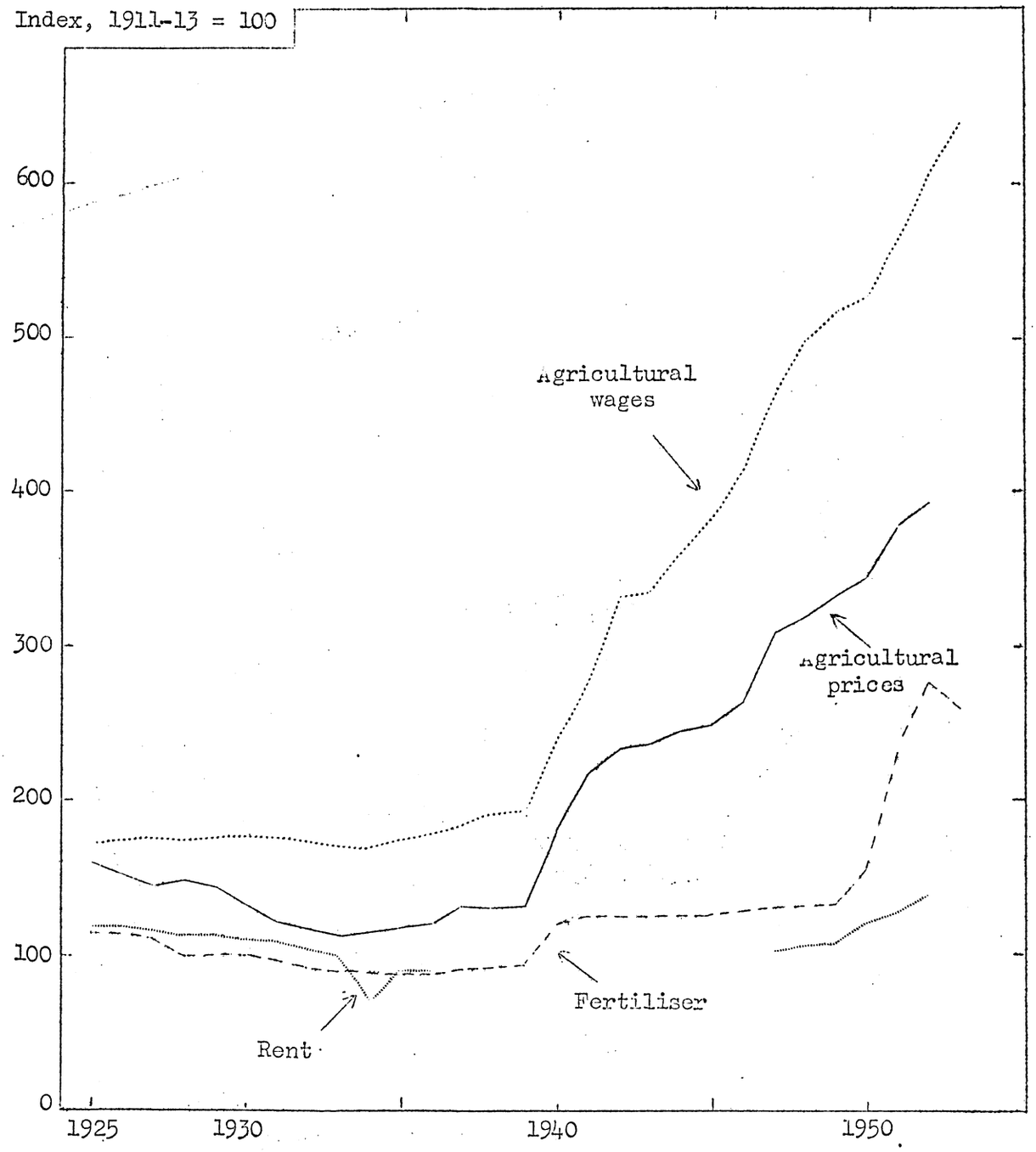


CHART 23 INDICES OF PRICES OF ALL MAIN AGRICULTURAL PRODUCTS, FERTILISERS, RENT AND FULL TIME WEEKLEY WAGE RATES OF AGRICULTURAL WORKERS, ENGLAND AND WALES (Calendar Years) 1925-1953.

Source: Agricultural Statistics. Annual Abstract of Statistics.

1. The labour factor of production is now dear compared with the land factor for the two thirds of our holdings which are rented. However, if a farmer was not renting his farm but, instead, had bought it in 1952 it would have cost him about $3\frac{1}{2}$ times the cost in the later 1930's, an increase not unlike the increase in wage rates.

2. In the world at large, cheap land and dear labour are normally expected to encourage the growth of extensive agriculture planned to give high outputs per man rather than per acre, though high capital investment in mechanical aids and in labour saving buildings can also be expected. There has certainly been increased mechanisation in British agriculture and in yields per acre (see Contents for charts) but it can be argued that such cheap land gives too little incentive to increasing production per acre. The fairly low price of fertilisers, relative to agricultural prices generally, may tend to offset this but some means of increasing the cost of the land factor relative to the others (e.g. by a land tax) is favoured by some.

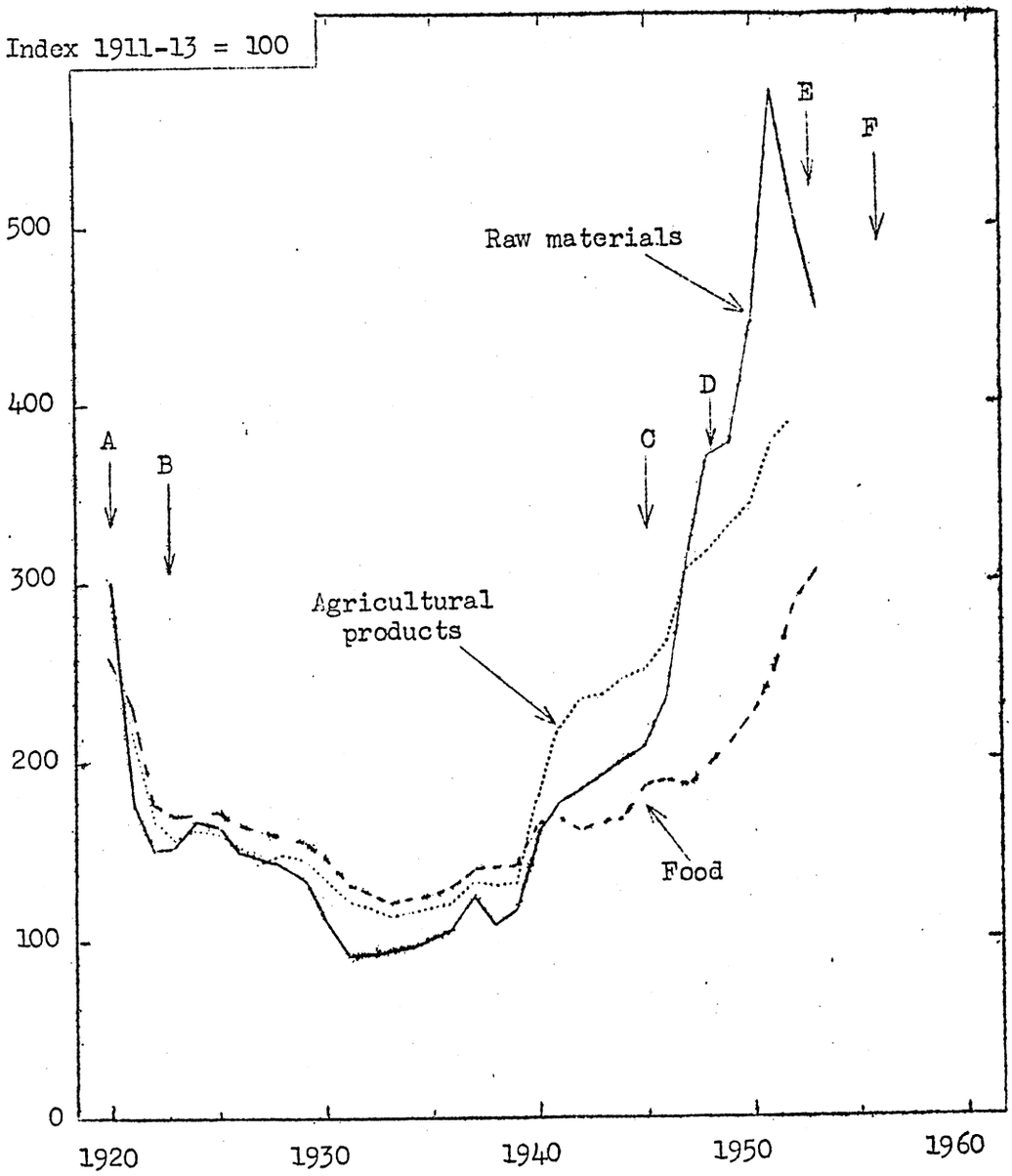


CHART 24 INDICES OF PRICES OF ALL MAIN AGRICULTURAL PRODUCTS: "STATIST" WHOLESALE PRICE INDEX OF RAW MATERIALS AND THE RETAIL PRICE INDEX OF FOOD, Calendar Years 1920-1953.

Source: Farm Economist.

1. The most important feature illustrated by this chart is that the price fluctuations which have been most serious for the farming industry have been those which accompanied big falls in the general level of prices, e.g. that after 1920 and that after 1929. Compared with these, year to year fluctuations have been minor matters.

2. The farmer's problem is that his long production cycle causes him to incur costs corresponding to A on the chart, but to sell his product at B. Admittedly, lately he has been incurring costs corresponding to C and selling at D, but much of the proceeds of this will have gone in re-equipment, and little of the rest may now be available as a reserve. The problem is, costs are being incurred at E; what will be the situation at F?

3. The disparity between the prices of agricultural products and of food is a reflection of the food subsidies. To keep the two indices as far apart as this has cost over £400 million in some years, ... e.g. in 1951-2, £265 million for home produced foodstuffs out of a total of £429 million at a time when net farm income was some £300 million.

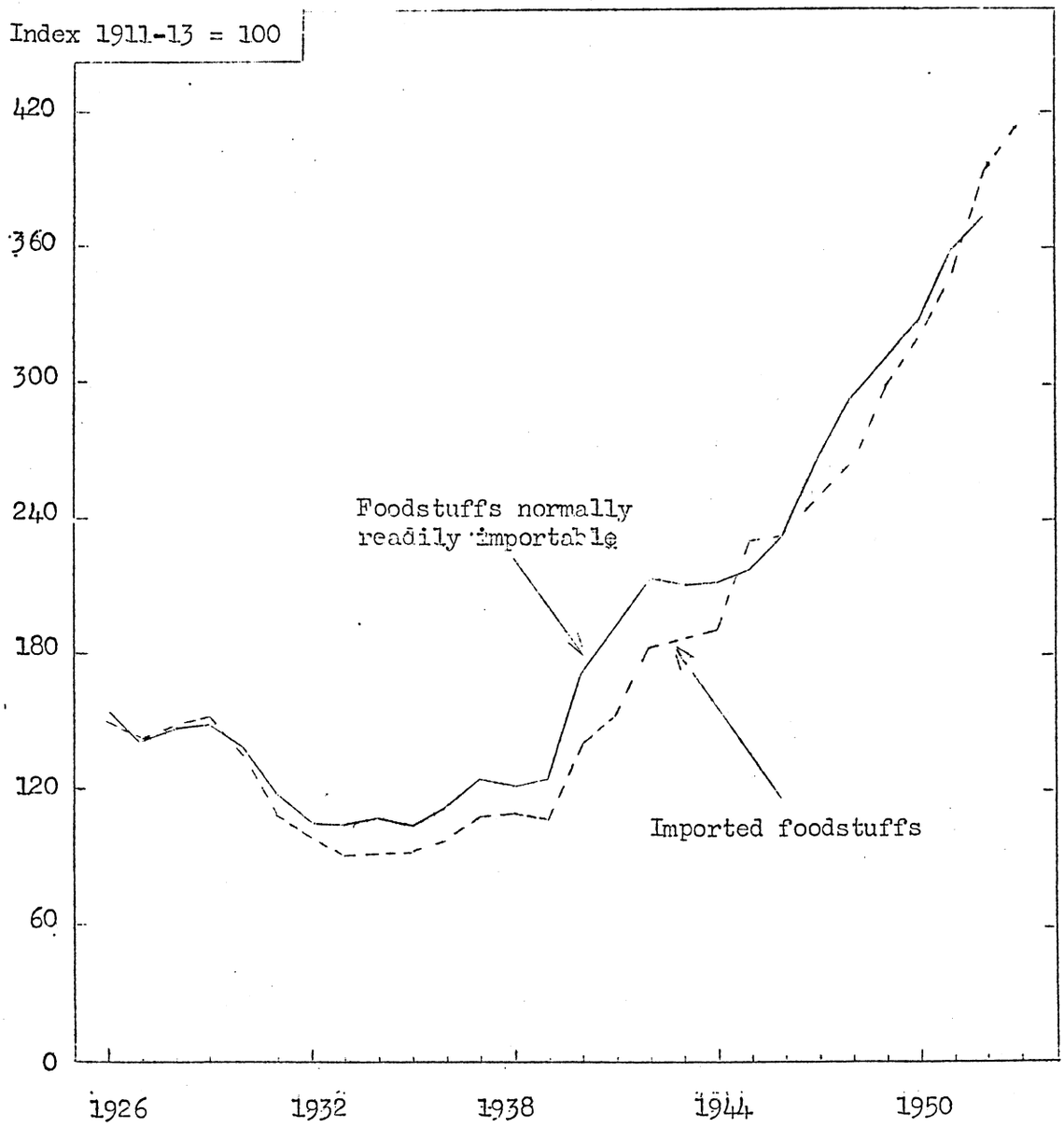


CHART 25: WEIGHTED INDEX OF PRICES OF NORMALLY READILY IMPORTABLE FOODSTUFFS PRODUCED IN ENGLAND AND WALES AND PRICE OF IMPORTED FOODSTUFFS. 1926-1953.
(Weights based on approximate relative values of United Kingdom outputs during 1936-38.)

Source: Based on Official Agricultural Statistics and Accounts relating to Trade and Navigation of the United Kingdom.

1. Such a chart as this can only hope to indicate the general trends because very complicated matters of quality premiums, in the widest sense, are concerned.

2. The general impression conveyed by the curves seems to be that the relationship between home and imported prices lately has been not unlike that in the base period, or in 1926-9 which was the last period when reasonably stable conditions prevailed. In the 1930's prices of imports were relatively lower but there were many devices operating to enhance home prices, some of them directly at the expense of imported goods.

3. The comparison varies a lot from product to product, however. Some official figures for 1952-3 (given in a reply to a question in the House of Commons by Mr. Hurd 8 March 1954) showed the price of the home product as the following percentages of the price of the imported; wheat 102, barley 105, sugar 110, beef 119, lamb 154, bacon 158, and eggs 126.

4. It appears from published accounts of the procedure at the Annual Reviews, which precede the fixing of agricultural prices, that the relative prices of imported and home produced products are taken into account when national farm income as a whole is considered, not commodity by commodity.

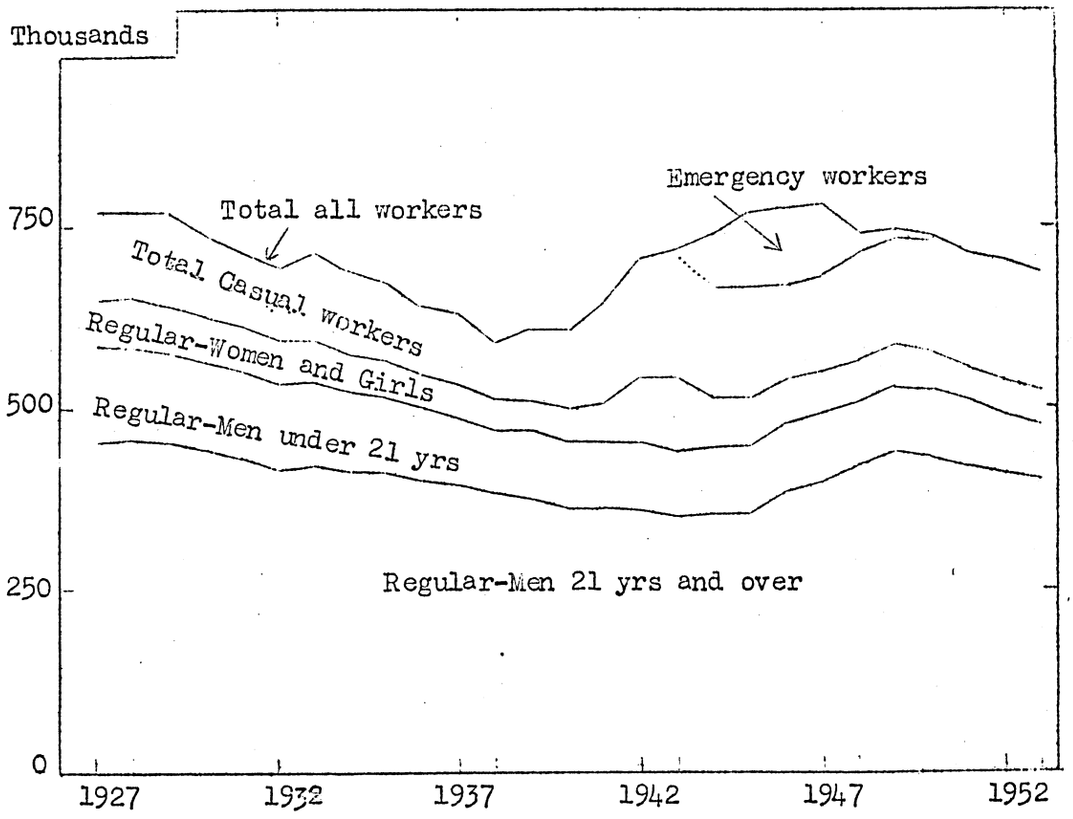


CHART 26 NUMBERS OF AGRICULTURAL WORKERS, ENGLAND AND WALES (June census) 1927-1953

Source: Agricultural Statistics.

1. The numbers of male regular workers have been decreasing at the rate of about 20 thousand a year ($3\frac{1}{2}$ per cent.) and the numbers of all workers by about 2 per cent.

2. It is estimated that gross output per worker has been increasing at the rate of about 3 per cent. a year.
Since this is high compared with the trend for most countries it would be optimistic to expect much advance on it.

3. Looking at the recruitment side of the question, some figures of the proportion of new entrants into industry shows that agriculture, fishing and forestry got about 5 per cent. of the 14 and 15 year olds in 1937-8, and 7 and 6 per cent. respectively in 1945-6 and 1946-7. The school leaving age was then raised but this group of industries got 10, 9, and 10 per cent. respectively of the 15 year old entrants into industry in 1950, 1951 and 1952. (Ministry of Labour Gazette, 1947, p.363; 1951, p.304; 1952, p.342; 1953, p.416.) Thus agriculture and its associates seem to be getting its accustomed share of the new entrants.

4. The problem is, 'What will be their rate of wastage as they get older?' One significant feature emerges from the figures for the age distribution of agricultural workers. This shows a decrease in the number of males of 18-19 years in agriculture and horticulture of from 36 thousand to 23 thousand following the ending of the deferment arrangements for farm workers. It is a matter of opinion whether these young men will be as keen to stay in agriculture when they return from the Forces as they would have been had they not had this experience.

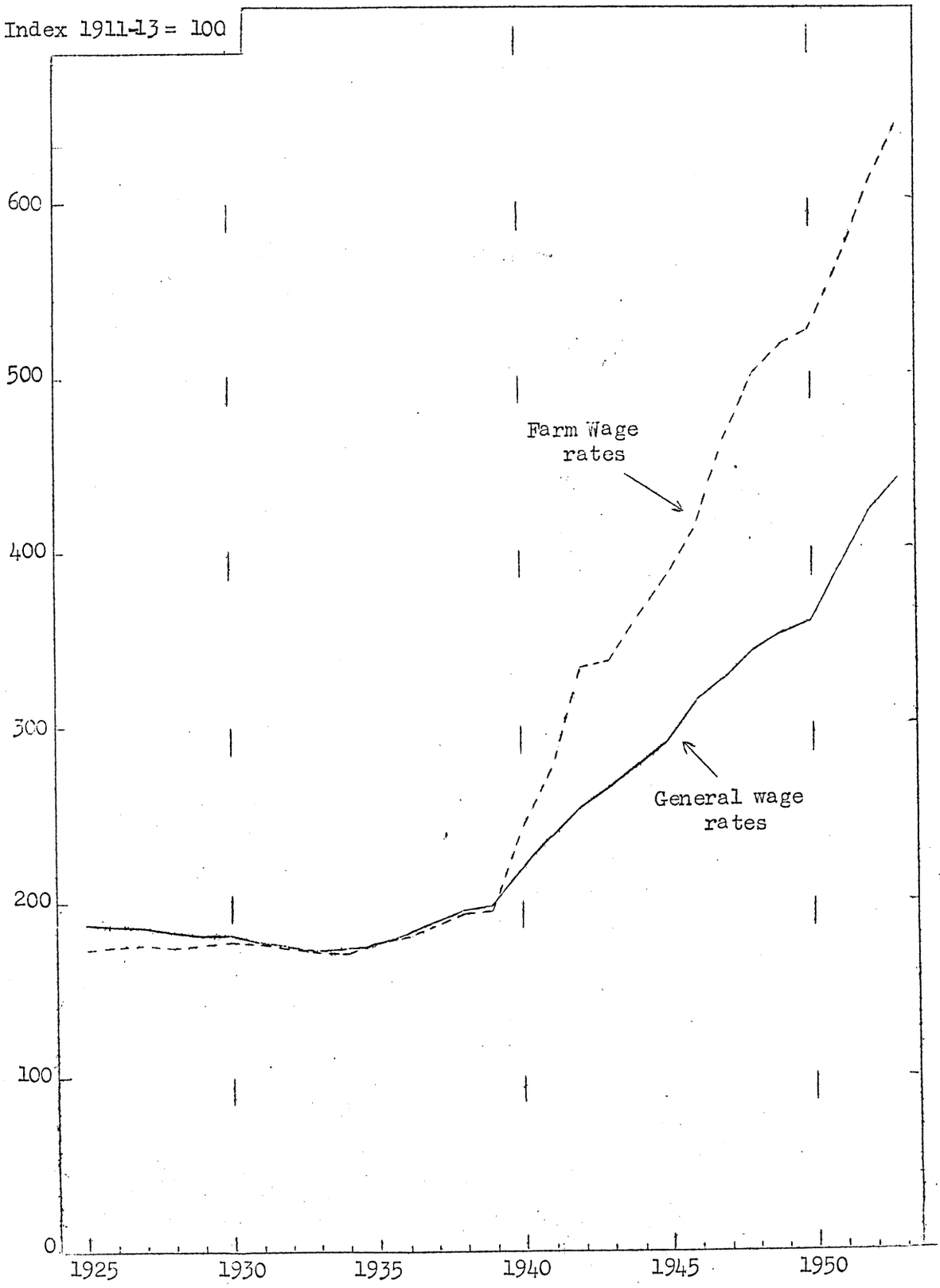


CHART 27 INDEX OF FARM WAGE RATES AND GENERAL INDEX OF FULL TIME WEEKLEY WAGE RATES (including farm rates), UNITED KINGDOM, Calendar Years, 1925-1953.

Source: Based on statistics published in the Year Books of the National Farmers' Union and Ministry of Labour Gazette.

1. The total amount received by agricultural workers increased by 300 per cent. between the late 1930's and 1952-3. Over the same period the net income of farmers in the United Kingdom increased by about 420 percent., but many people consider that pre-war incomes were too low for both equity and efficiency.

2. In respect of wages, farm workers are now appreciably better off then they were in the pre-war period when compared with workers generally, but in April 1953 the farm wage was £5.13.0., plus premiums and over time, compared with weekly earnings of males over 21 in industry of £9.6.0. a week.

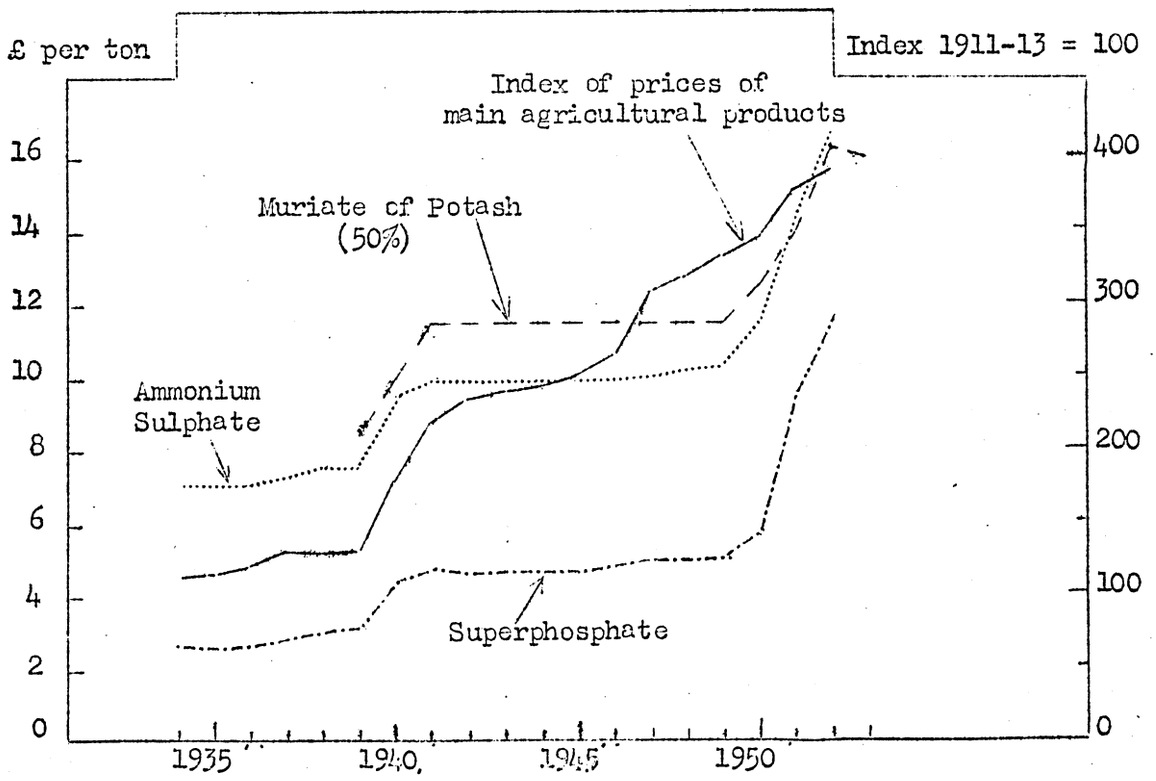


CHART 28 PRICES OF SELECTED FERTILISERS AND THE INDEX NUMBER OF PRICES OF MAIN AGRICULTURAL PRODUCTS. ENGLAND AND WALES 1935-1952.

Source: Statistical Abstract and (for potash) figures provided by Mr. P. R. Phealon.

1. Before the war the consumption of fertilisers was rising gradually, by perhaps 4 or 5 per cent a year at the most. Thereafter there was a rapid increase. Phosphate consumption nearly trebled, nitrogen and potash nearly quadrupled.

2. Technical advise, and the obvious worthwhileness of using more fertiliser has been contributed to the increase but the situation is by no means clear.

3. The increase in crop production already noted (see Contents for charts on crop yields) is probably mainly due to increased use of fertiliser but there is general expert agreement that much more could be used economically, perhaps especially on grassland.

4. The economic background of the increased use is, however, complicated. It has already been noted that land is a relatively cheap factor of production (see Contents for charts of prices of inputs). This might be expected to lessen the urge to get the biggest yields and hence to give less encouragement to the use of fertiliser.

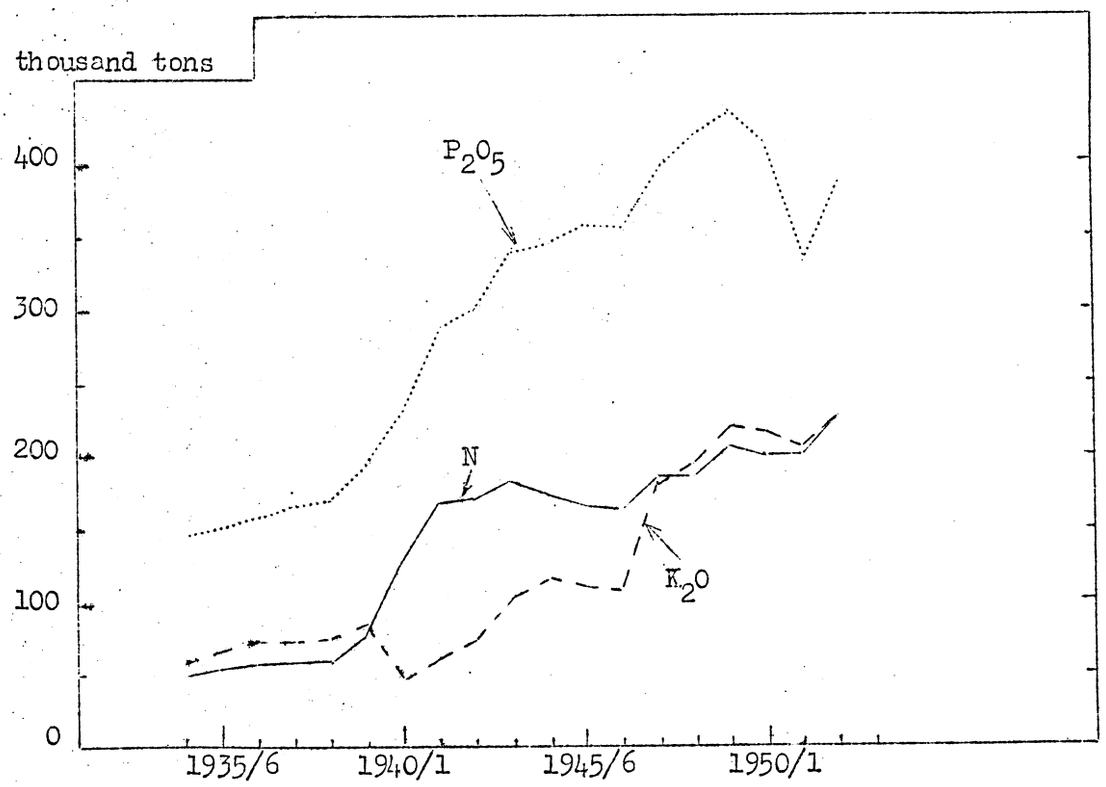


CHART 29 CONSUMPTION OF FERTILISERS. UNITED KINGDOM 1934-5 TO 1952-3.

Source: Tabulations prepared from the Statistical Abstract and other sources by Mr. P. R. Phealon.

5. Between 1941 and 1949 farmers were encouraged to use fertiliser by a subsidy which kept the price unchanged throughout the period: i.e. by the end of the period fertiliser prices were perhaps one-third to one half above their pre-war level, but the general level of agricultural prices was $2\frac{1}{2}$-3 times the former level. The fertiliser subsidy was removed in two annual stages and an appreciable amount of stocking up on the farm occurred. However, even after allowing for this, the upward surge of consumption halted and, for phosphate, reversed.

6. The cost of fertilisers in 1953-4 accounted for only 8 per cent. of the total costs of the agricultural industry.

7. The various fertiliser subsidy arrangements in this last year or so have made it very difficult to compute what the cost to the farmer has been. However, it seems fairly clear that consumption in 1952-3 recovered a little but the future trend is more uncertain.

8. There is a tendency for farmers in the United Kingdom and other countries to use fertilisers freely when agricultural prices are high and rising but to cut their use quickly when prices level off. Though it is illogical, will it happen here? (See C.E.C. A survey of the trade in fertilisers. 1950).

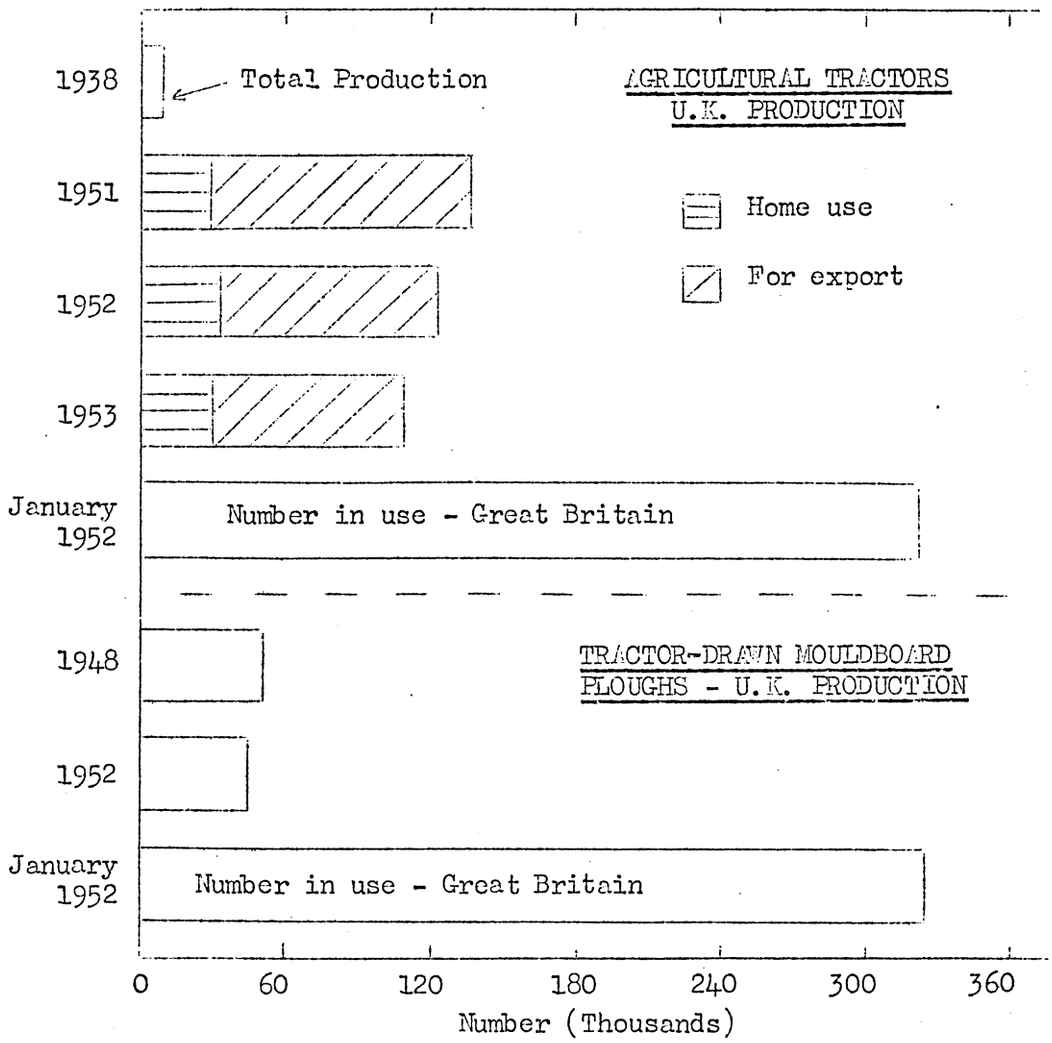
1. In 1939 there was probably 1½-2 million horsepower as animal and mechanical draught power in Great Britain; horses provided rather more than one third of it. Even in 1908 there was over 1 million H.P. though this was wholly animal power. By 1950 there was between 6 and 7 million horse power, and horses provided less than half a million. Stationary power had also increased, but in nothing like the same proportion, between 1939 and 1950 (see Britton, Farm Economist VI No.6).

2. These tractors gave a supply of power substantially greater than that available in the First World War. Without it the great expansion in the tillage area between 1939 and 1943 would have been impossible (see Contents for charts on land use).

3. It has been estimated that the capital value of occupiers' machines and equipment increased from some £85 million in 1937-8 to some £290 million in 1951-2. (Taylor and Bellerby, Farm Economist VII No.8 (in press)). Certainly the annual expenditure on "machinery" is estimated to account for £15 million in the prewar period and £150 million in 1952-3 (e.g. Farm Economist VII No. 2 p.92 and Review and Fixing of Farm Prices 1953 Cmd. 8798). Probably there was general agreement that, up to the end of the war at least, doing the job was more important than the cost of doing it.

4. Since before the war Britain has built up her tractor-making industry from an output of, perhaps, 10 thousand a year to over 120 thousand. Several new, fairly small tractors, well suited to medium and small sized farms, have been developed with hydraulic equipment and implements designed, directly or indirectly, to fit them. Many people would claim that these are so much more economical than the older types that they confer a distinct economic advantage. However, of the 120-130 thousand tractors built annually in Britain in the last three years all but about 30 thousand have been exported - a useful contribution to the export trade. The likely proportion of recent tractors in the total on farms can be judged from the chart.

5. Similar comparisons are shown for ploughs and combines and milking machines. The impression conveyed is of demand for these products having passed a peak.



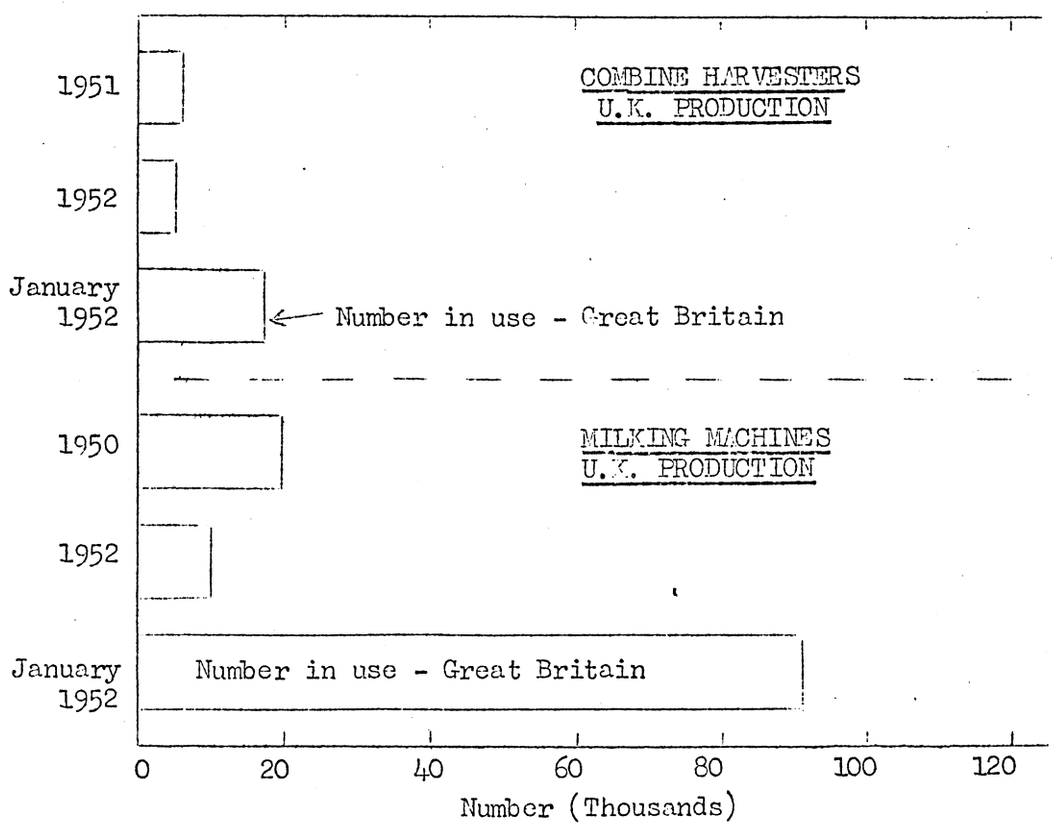


CHART 30: FARM MACHINERY - UNITED KINGDOM PRODUCTION AND NUMBER IN USE IN GREAT BRITAIN.

Source: Financial Times 17 October, 1953.
Annual Abstract of Statistics No. 90, 1953.

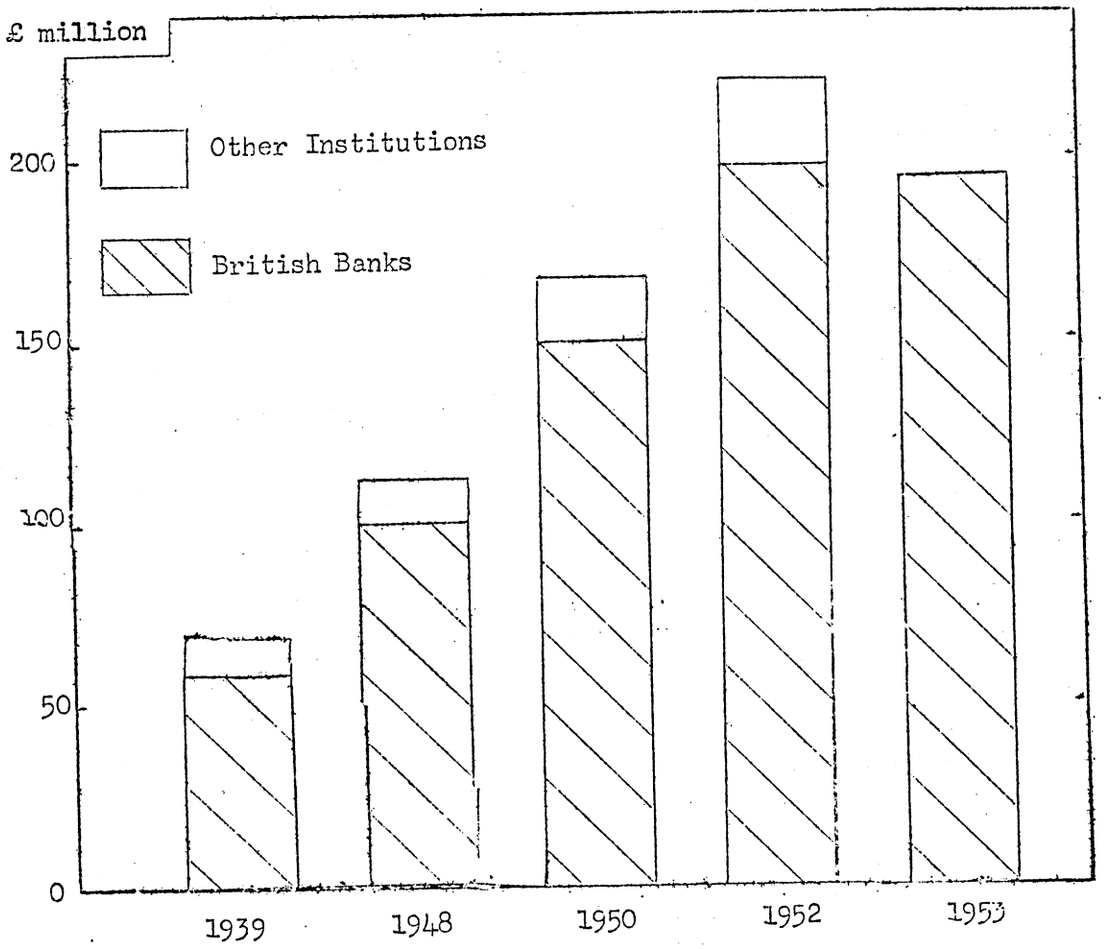


CHART 31 TOTAL LOANS OUTSTANDING TO THE AGRICULTURAL AND FISHING INDUSTRIES IN GREAT BRITAIN FROM BRITISH BANKS AND OTHER INSTITUTIONS. (Data for loans by other institutions in 1953 not available)

Source: Westminster Bank Review, November 1953. Contributed article.

1. In terms of figures, in 1952 outstanding loans by the Agricultural Mortgage Corporation totalled about £20.8 million, - almost all this was in the form of long-term (60 year) loans for the purchase of land. The Scottish Agricultural Securities Corporation, Ltd., and the Lands Improvement Company had about £2.5 million outstanding. Advances by banks totalled nearly £199 million.

2. There are no authoritative figures for the credit extended by merchants, though a figure of £90 million in mid-1952 has been mentioned as an intelligent guess. Most of it would be supplied, at second hand, by the banks in addition to the figures quoted above. There will also be private borrowings and loans arranged through solicitors, etc.

3. This gives a total around, or perhaps in excess of, £300 million i.e. of the same order of magnitude as the annual net farm income.

4. It has been estimated that capital in crops, livestock, machinery, and other occupiers' items was some £430 million before the war and about £1400 in 1951 (Taylor and Bellerby, Farm Economist, VII, No. 7).

5. In 1952 over 7 thousand tractors and over 4 thousand implements have been bought under hire purchase, usually over periods of up to 2 years. Some 33 thousand tractors were sold on the home market that year. (see contents for chart on agricultural machinery).

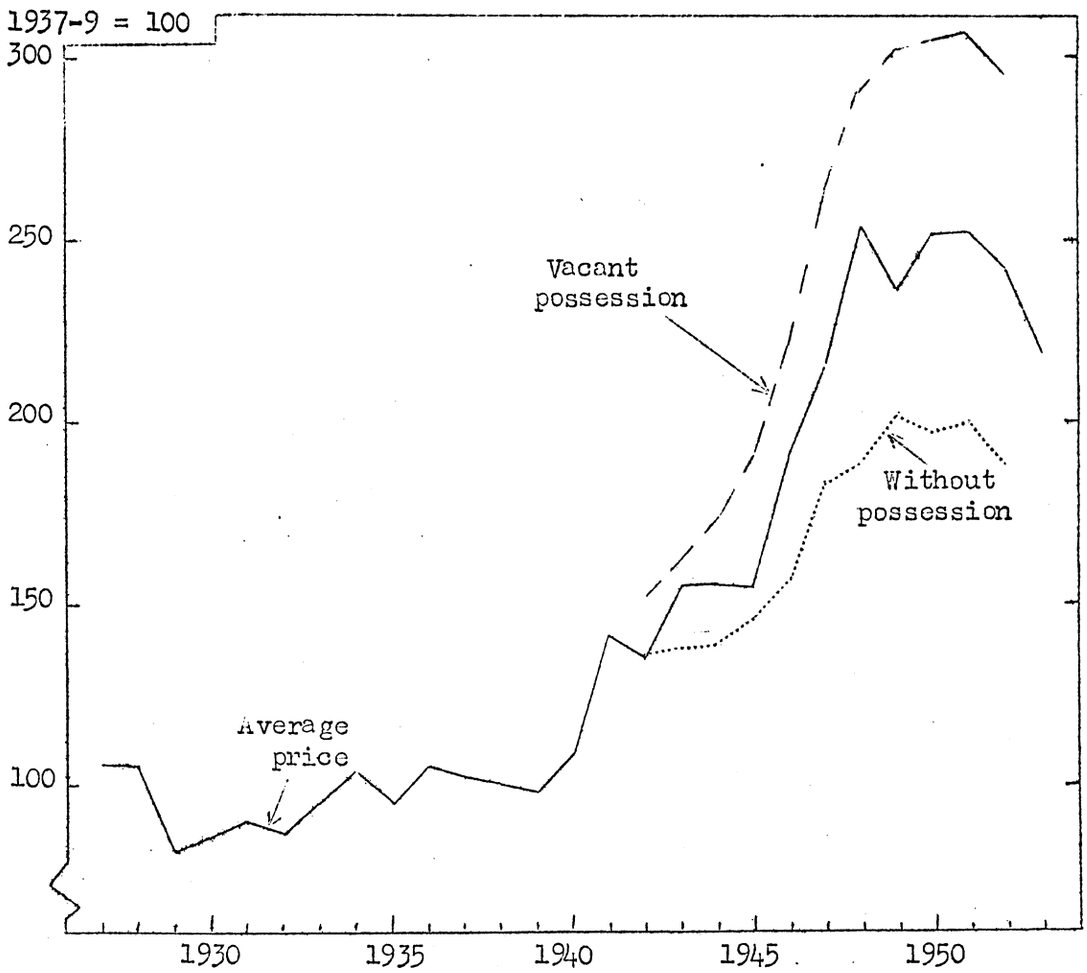


CHART 32 INDEX NUMBERS OF THE SALE VALUES OF FARM REAL ESTATE. ENGLAND AND WALES. 1927-52.

Source: J. T. Ward "Changes in the sale value of farm real estate in England and Wales". Farm Economist VII No.4, and O. T. W. Price, Farm Economist VII No.3 and personal communication.

1. Variations due to type and size are concealed within the general index shown on the chart.

2. The series is available back to 1918. Through the vicissitudes of the following 20 years there were no fluctuations of the order of magnitude of those which followed 1939. The peak of prices for farms after the First World War was reached at an index of 134 in 1920. In 1921 it had fallen to 110. After a year or two at this level, it rose to 118 in 1925 but then soon fell, to 105 in 1928 and 82 in 1929.

3. Most farmers' tenure is so secure now that farms rarely fall vacant and to buy may be the only way in which a prospective farmer can get a farm. To certain investors, land is an attractive investment in times like the recent past, though the prevailing low level of rents has probably offset the attraction to some extent. There has also been some bidding-up of prices by people from outside the industry, hobby farmers and those in search of a house.

4. Anyone who bought near the top of the market is likely to be awkwardly placed compared with those who bought between the wars or with those whose rents have risen no more than a quarter, but even if the rent item in the national farm accounts were trebled it would represent only one-fifth of total costs.

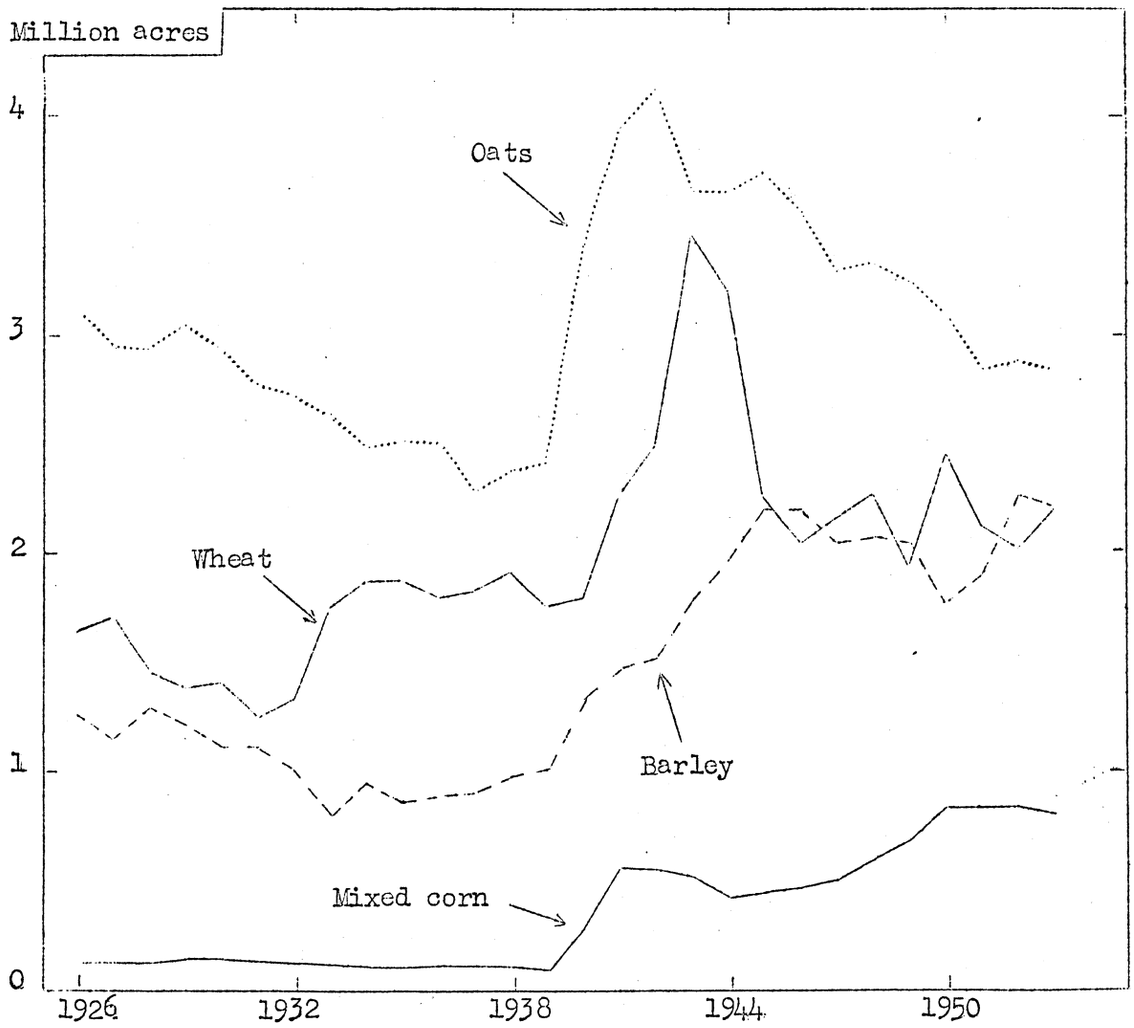


CHART 33 ACREAGE OF WHEAT, BARLEY, OATS AND MIXED CORN. UNITED KINGDOM 1926-1953.

Source: Official Agricultural Statistics.

1. Oats have always been primarily a fodder crop but just after the first World War, before the internal combustion engine had brought a revolution in urban transport, there were some 780 thousand head of horses off farms. By 1938 there were only some 320 thousand in the United Kingdom and there must be even fewer now. They might well eat 1 ton of oats a head a year.

2. In the United Kingdom without Southern Ireland use of barley for malting decreased from 920 thousand tons in 1924 to 735 in 1938. Some 80 per cent of the malt is used for brewing and the consumption of beer is tending downwards. Barley prices have been good, relative to wheat and oat prices. (See Contents for charts of 'real' prices of cereals). But this has been supported by purchases by the Ministry of Food and by high prices for pigs. The possibility that this support will ease must be kept in mind in appraising the situation.

3. Under normal conditions the amount of English wheat millers are prepared to take will depend, among other things, on its baking qualities, the supplies of imported wheat which can supply complementary qualities, price relationships and the evenness with which supplies of home grown wheat are offered through the year. Some of the new, high yielding, varieties may not be well received by millers on a free market and the pronounced seasonality (see Contents for Chart on seasonality of sales of wheat) may detract from good returns, too.

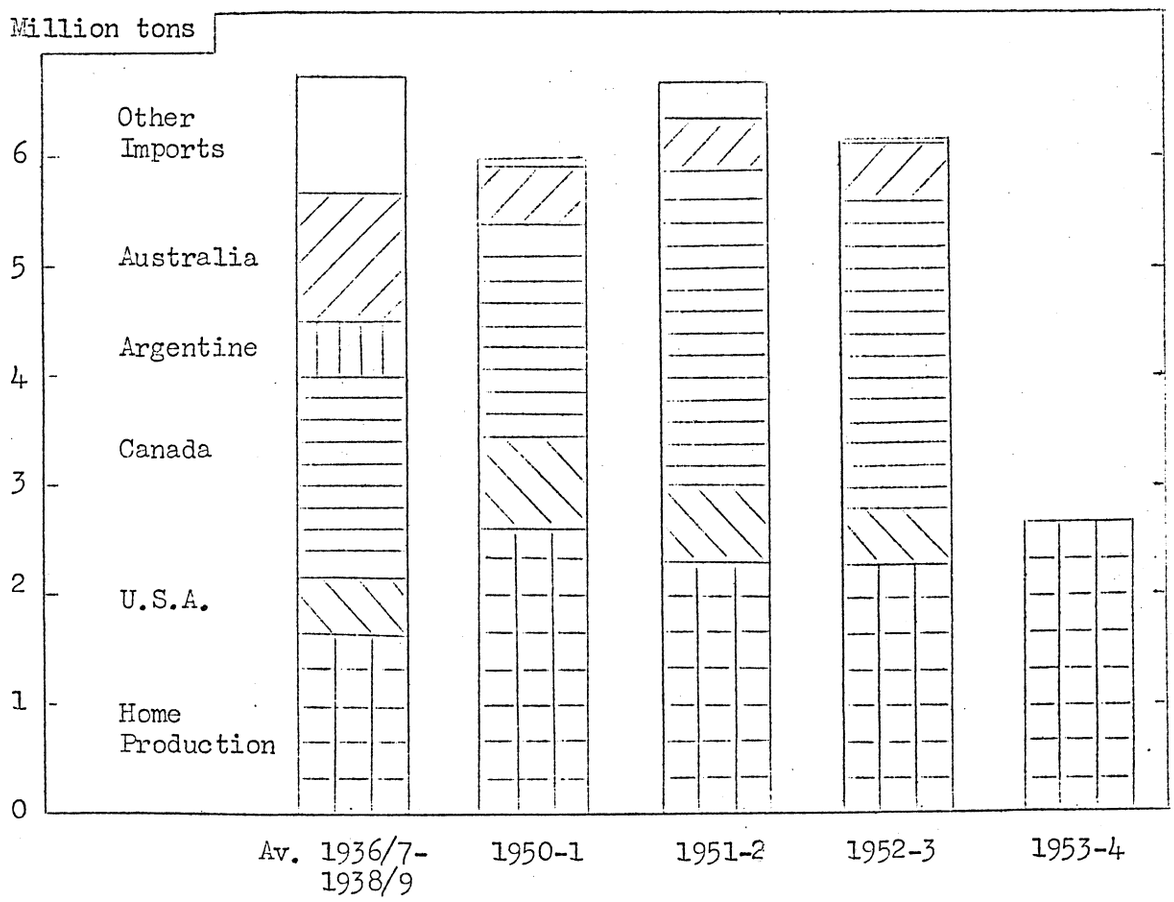


CHART 34 WHEAT SUPPLY, HOME PRODUCTION AND IMPORTS, UNITED KINGDOM.

Source: Agricultural Statistics, and Accounts relating to Trade and Navigation of the United Kingdom.

1. In 1953 about 7 per cent more flour was used in the United Kingdom for food than before the war, which is equivalent to about the same consumption a head. The quantity of home milled flour was similar in the two periods but, since the extraction ratio had been increased from about 70 per cent to about 80 per cent, 10 per cent, - about 580 thousand tons - less grain was needed. These changes meant the loss also of 32 per cent of the wheat offals - 700 thousand tons - and an even bigger decrease in feeding value.

2. The chart shows the total supply of wheat in the United Kingdom, irrespective of how it was used. Of the home production 730 thousand tons was used for food before the war; now it is probably 14-1500 thousand tons.

3. These changes can be read as indicating a more efficient use of our wheat supplies. They can also be read as showing that we have a much smaller margin of safety than formerly. We have already "saved" the 580 and the 700 thousand tons weight of wheat material mentioned in paragraph 1, though there is some wheat now used for stockfeed which we could draw on as we did in the early war years.

4. The most noticeable feature on the import side of the picture is the narrowing of the market from which we draw supplies. Argentina, Australia, as well as the miscellaneous countries which used to export when crops were short in the big exporting countries, now play a much smaller part. Canada, in consequence, is dominant.

1. The gist of the preceding chart is that we import some three quarters of the flour we use for food, either in the form of wheat or as ready-milled flour. This makes us the world's biggest importer of wheat and flour. Thus in 1951 we took about 18 per cent of world exports,- India came next with 13 per cent,-and about one-fifth of the world flour imports.

2. In recent years the four main exporters have supplied the overwhelming majority of the world exports of wheat ... e.g. 95 per cent in 1951. However, before the war useful amounts were exported from time to time by 20-30 minor exporters, - in 1938 they supplied 25 per cent of the total. It is hard to judge whether they will return.

3. The present situation is obscure; many changes in the past year have not worked themselves out. The charts on the first of the following pages illustrate the supply position. Briefly, it is that the 1953 crop is expected to be more than enough to meet export requirements. Stocks even at the start of the year were of the same order of magnitude as production.

4. The charts on the second page show how the prices of wheat from various sources have varied over the last 25 years. They show very close relationships except for the protected price for United Kingdom wheat following the Wheat Act of 1932. Since 1950 there has been some easing in the price of imported wheat but perhaps less than might be expected from the supply position.

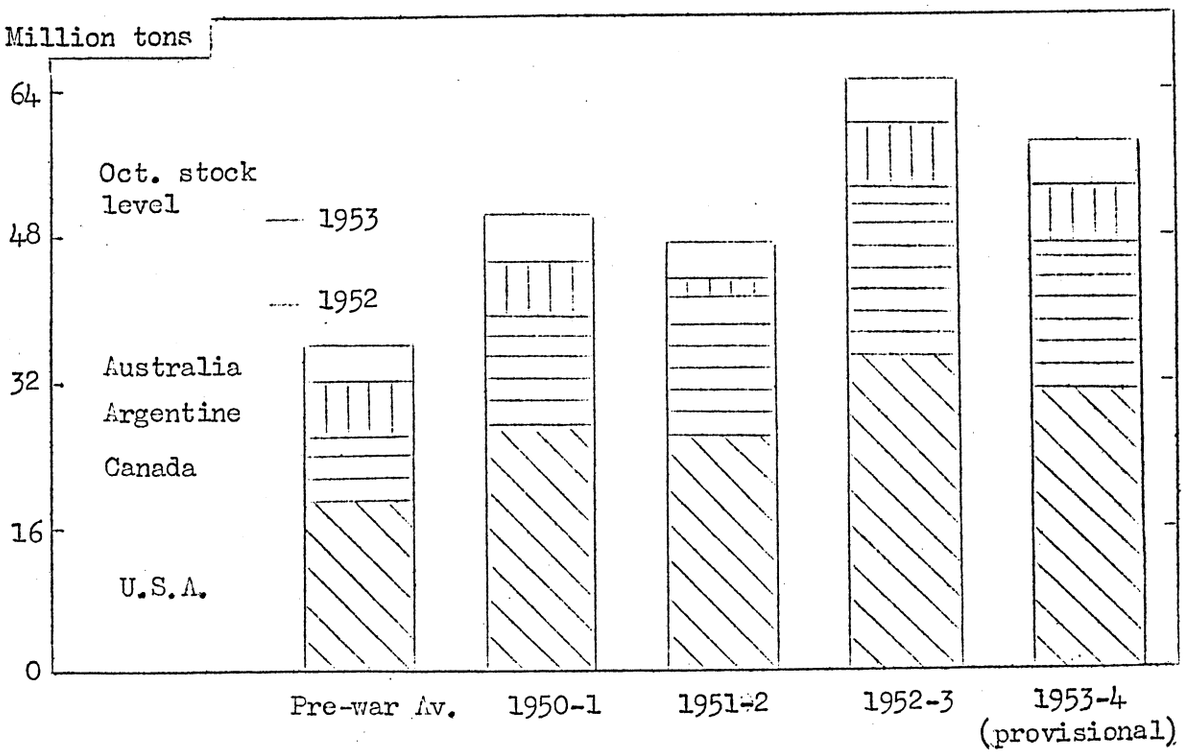
5. One explanation is that for most of the period since the war we have bought wheat from abroad under the International Wheat Agreement. Among the provisions of the Agreement were maximum and minimum prices and importing countries agreed to import at least certain minimum quotas provided that prices were not above the maximum. In turn, the exporting countries agreed to export at least certain stated minima provided the price was at the minimum or above. The U.S.A. had a policy for supporting prices to her farmers at a higher level than the Wheat Agreement maximum and consequently made arrangements to subsidise her exports under the Agreement. Nevertheless, there was only a small trade to be conducted outside the Agreement and this U.S. policy tended to keep the Agreement wheat selling near the maximum price.

6. A new Wheat Agreement was to come into force from 1 August 1953 but the United Kingdom refused to agree to a maximum price above $2. Since the exporting countries argued for $2.05 and other importers at length agreed, the United Kingdom refused to join, thus greatly expanding size of the free market. The refusal might be supported by a number of arguments, among them that the supply position did not justify such a price and that the U.S. support policy unduly affected the international price. Some people disagree with the decision, holding that the idea of the Agreement was good, that without the United Kingdom it is hampered and that we would have lost nothing by joining since the existence of a maximum did not prevent us buying more cheaply if the market justified it.

7. Also from 1 August the grain trade was returned to private traders for the first time in 14 years. After a similar interval futures trading in wheat was resumed at Liverpool on 1 December. In due course the price here should become an indicator of 'world wheat price' with some significance. For the time being, however, the considerable stocks of wheat the Ministry of Food built up as a cushion for decontrol limit operations.

8. In the meanwhile there is no price which can fairly be called a "world" price. However, Canadian prices of "free" wheat decreased from $2.32 to $1.89 (No. 1. N. Man. Fort Will.) in the year to November 1953 but Britain has been less keen to buy because of her stocks. However, the

(continued below Chart 35)



WHEAT PRODUCTION, MAJOR EXPORTING COUNTRIES

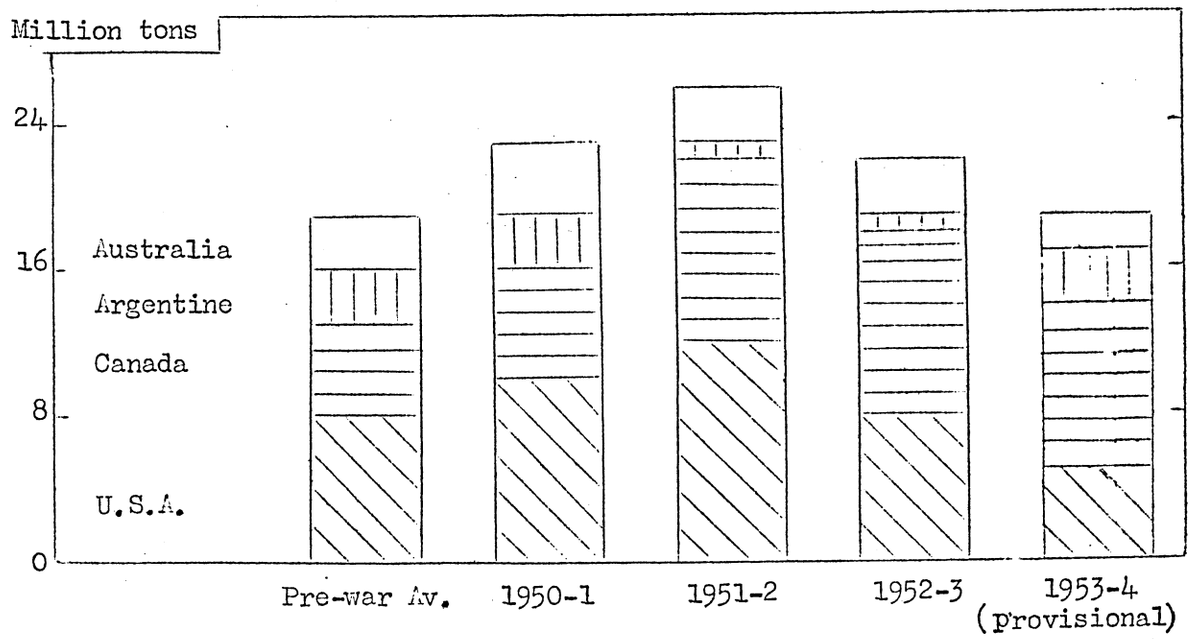


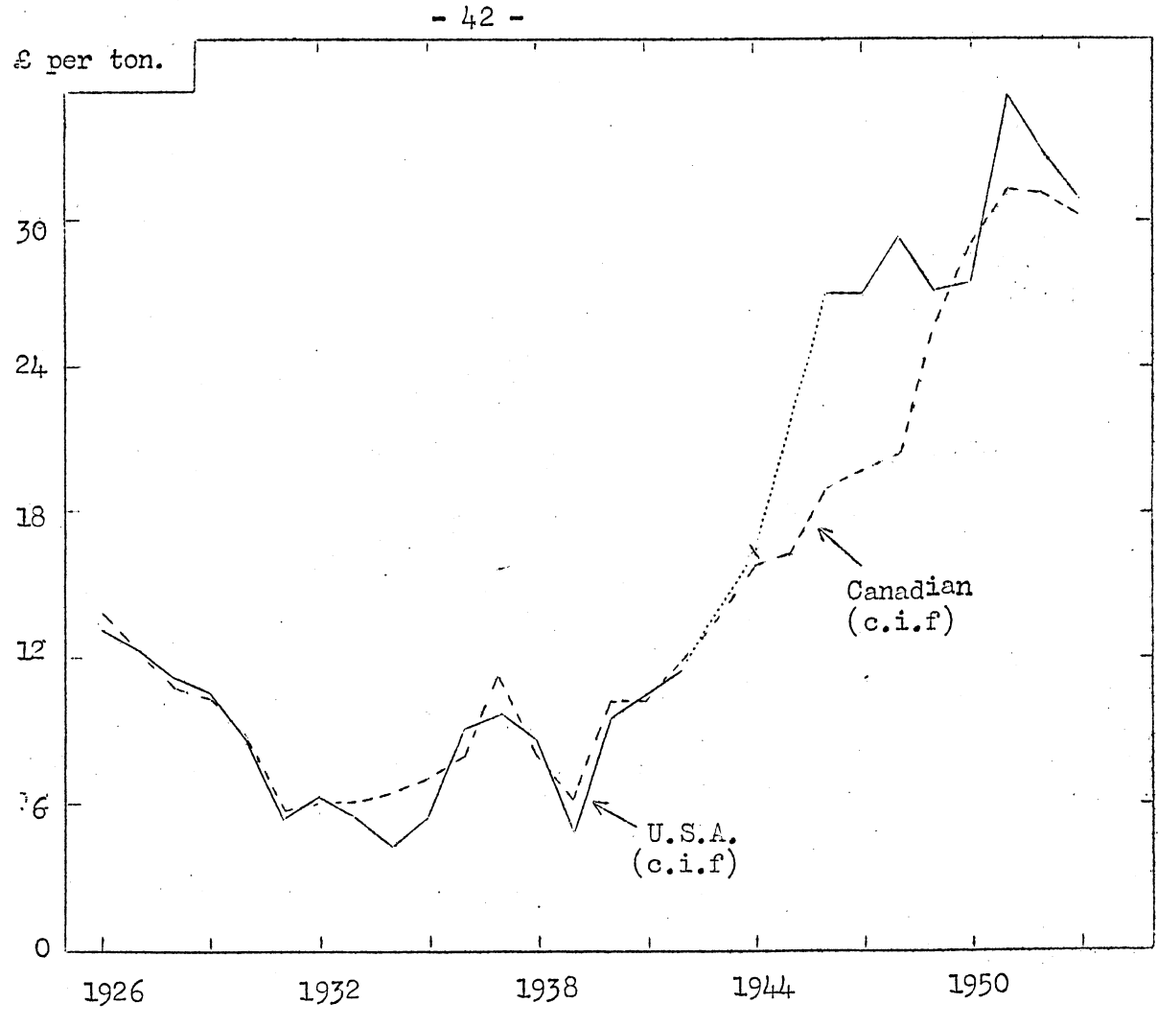
CHART 35 WHEAT EXPORTS, MAJOR EXPORTING COUNTRIES.

Source: Farm Economist, derived originally from official statistics.

Notes continued

prevailing view seems to be that prices of wheat will tend downwards during 1954.

9. The large crops have not been due to big acreages, however, and yields might drop sharply. Moreover, U.S. farmers have voted in favour of marketing quotas for the 1954 crop, which is likely to mean reduced acreage. The Food and Agricultural Organisation, on these and other grounds, warns importers against reducing their own wheat acreages and believes that supply and demand will again be in balance in 1956-7.



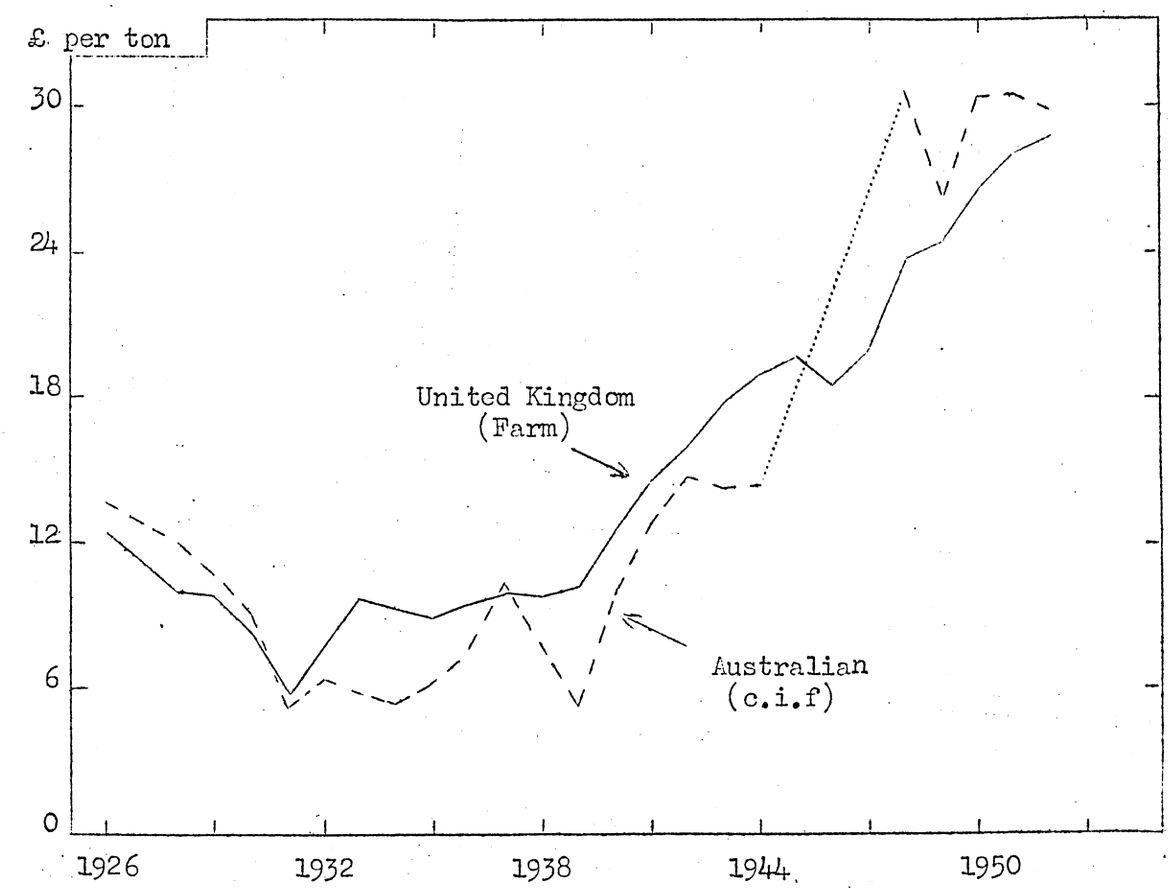


CHART 36 WHEAT - PRICE TO BRITISH PRODUCERS AND IMPORT PRICE OF AMERICAN, AUSTRALIAN AND CANADIAN WHEAT IN THE UNITED KINGDOM.
(Calendar Years)

Source: Agricultural Statistics and Accounts relating to Trade and Navigation of the U.K.

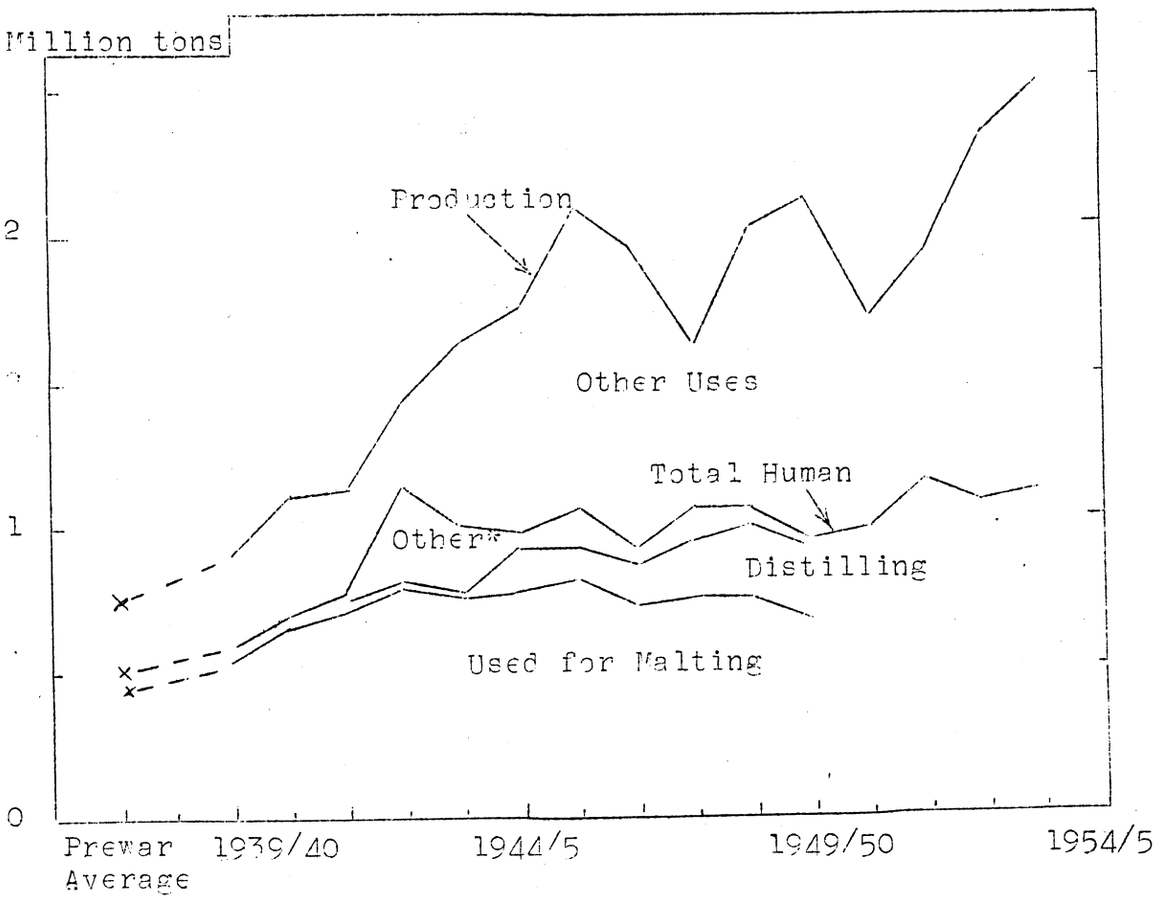


CHART 37 PRODUCTION OF BARLEY AND AMOUNT USED FOR MALTING AND FOOD. (*Before 1941-2 the quantities in the "other uses" were too small to enter on the chart. In 1942-3 and 1943-4, 280 and 140 thousands tons respectively were used for flour dilution).

Source: Pre-war, 1939/40 - 1949/50 Agricultural Statistics, U.K. 1950/1 - Land Use table, Farm Economist.

1. Twice as much home grown barley is now used for humans as before the war but as a proportion of the crop this use has decreased from 70 to 50 per cent. In addition to the malting barley, the Ministry of Food has provided a cash market under the price support arrangements, e.g. rationed feed supplies in 1950 contained nearly half a million tons and sales by farmers in 1953 seem to have exceeded the human use by a like amount.

2. In the detailed figures of utilisation available up to 1949-50, three trends are evident, the increase in the quantity used for malting up to 1945-6, its decrease thereafter, and the increased use for distilling right up to 1949-50.

3. The 1935 Census of Production showed that one third of the barley then used for malting and distilling was imported. It may be that imported supplies will come to be used again either for price or technical reasons. The distilling demand may have been stimulated by the need to replace maturing stocks depleted during the war.

4. About 25 million bulk barrels of beer were drunk a year before the war. In 1945-6 this had increased to 33 million but since then it has decreased steadily to 25 million in 1953. A downward trend is shown in many countries - presumably taxation plays a part - except in U.S.A.

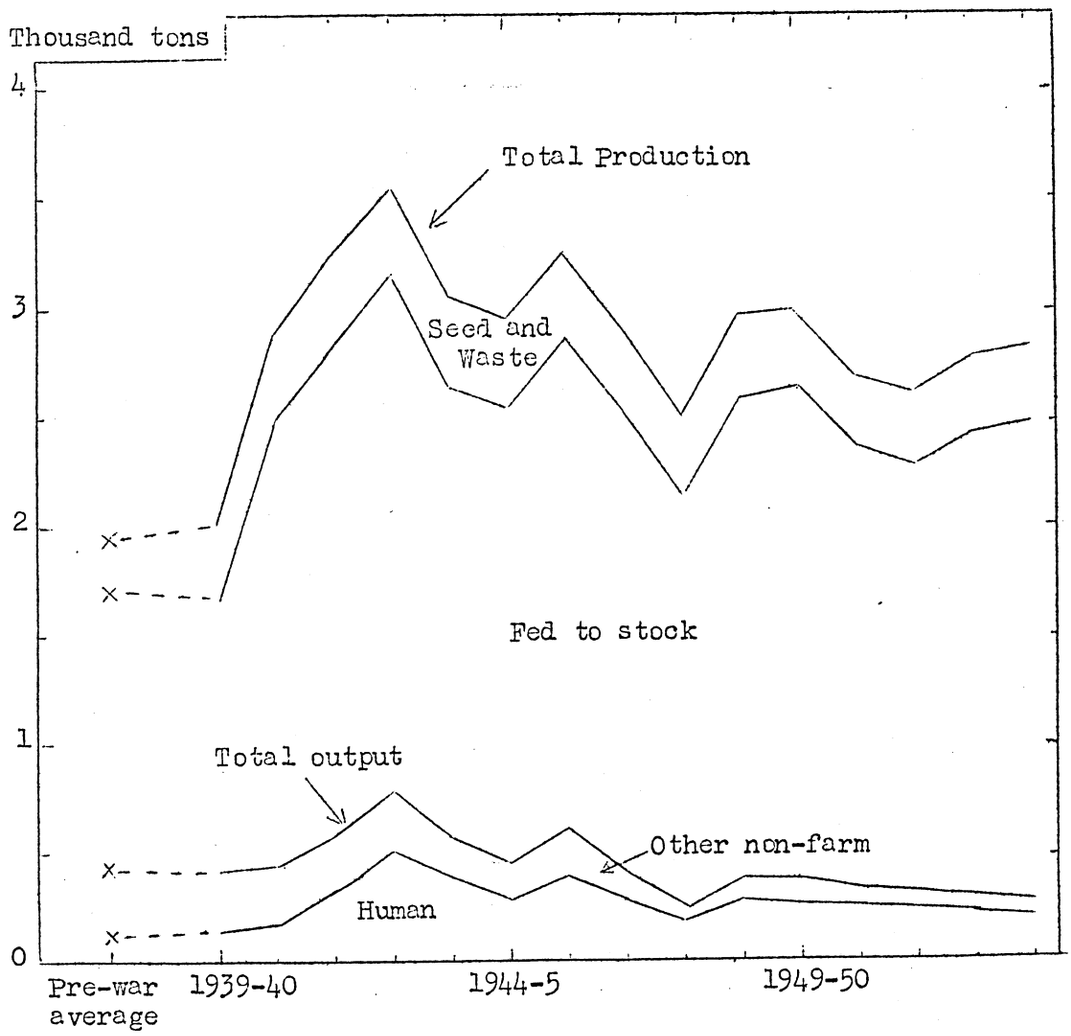


CHART 38 OATS. UTILISATION OF HOME GROWN SUPPLIES IN THE UNITED KINGDOM. PRE-WAR, 1939-40 TO 1953-4.

Source: Pre-war, 1939/40-1949/50. Agricultural Statistics, U.K. 1950/1; estimation derived from Official Agricultural Statistics.

1. The supply of oats for catmeal and rolled out manufacture for human consumption is localised, and general statements about such specialised industries are rarely helpful. It would probably be fair to say, though, that under present social conditions it would be wise to expect breakfast cereals to be a very sharp competitor with porridge oats.

2. Though there is still a demand for oats for police, pit and some other non-farm horses, and, though the contraction in this demand may become slower, it is a minor item even compared with pre-war importance.

3. As the chart shows, the great bulk of the crop is used for farm livestock. It is better suited than other cereals to wetter, cooler conditions. If harvesting conditions, or feeding practices, make it convenient it can be cut before the grain is mature and straw and grain fed together in the sheaf. Some 100-150 thousand tons a year of oats were sold through the feedingstuffs rationing scheme out of a crop of 2½-3 million tons, but it is not clear whether this is a fair guide to interfarm sales under normal conditions. With such characteristics, as these, there is no simple indicator of the factors controlling the production of oats or what farmers will do about them.

4. In so far as there is a choice between wheat, oats and barley, oat prices seem about the same as wheat and a little lower than for barley using pre-war as a basis of comparison. In so far as the choice is between oats at the growers price and imported maize, the former costs (December 1953) about £13.5s. a ton of starch equivalent, the latter £20.3s., a ratio of 1 : 1.5. Before the war the ratio was about 1 : 1.

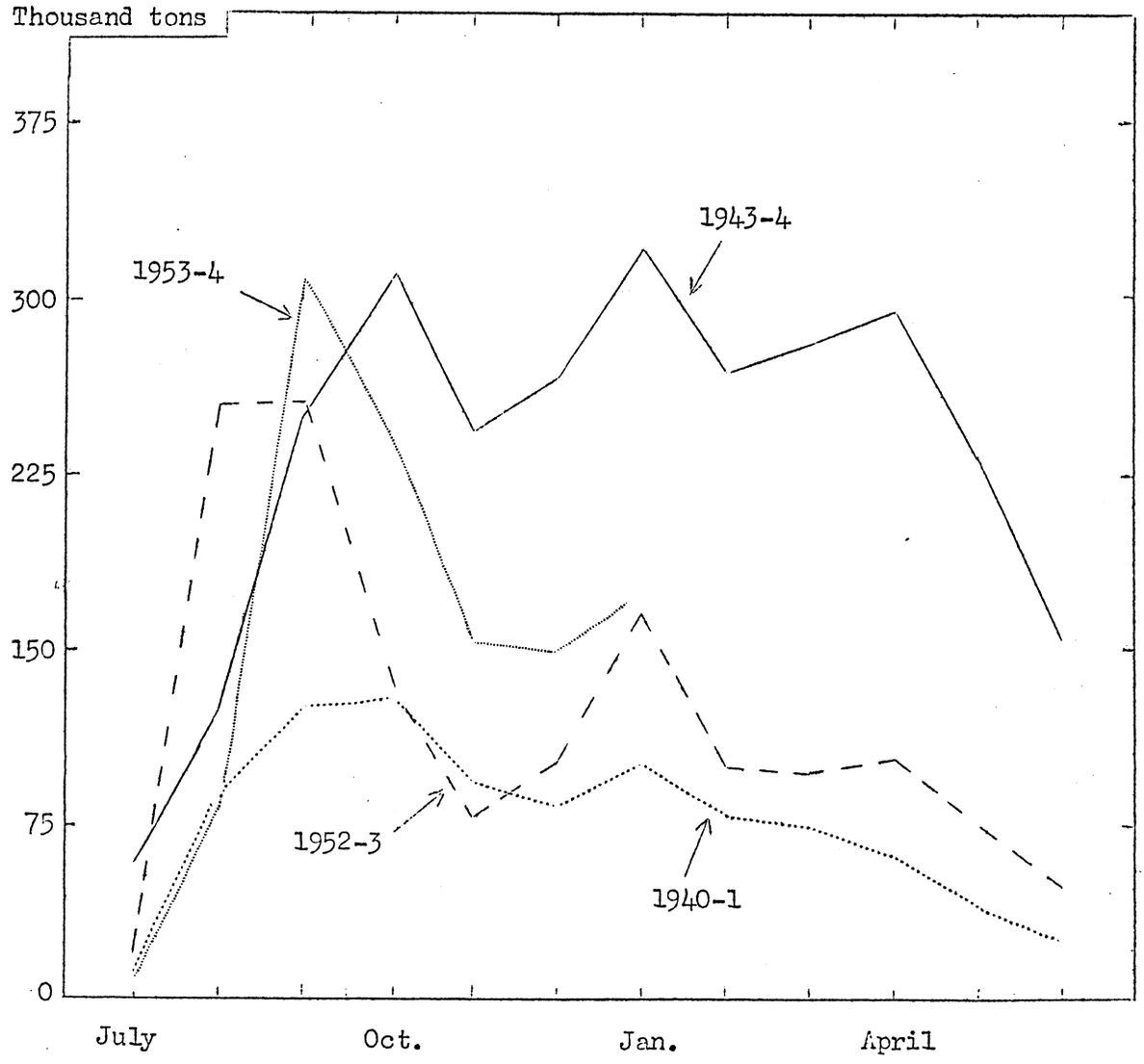


CHART 39 WHEAT - SEASONAL VARIATIONS IN SALES OFF FARMS (receipts by flour millers) UNITED KINGDOM.

Source: Statistical Digest of the War; Monthly Digest of Statistics.

1. On the prewar pattern of sales, substantial quantities were sold each month from August through to the following March and April. Since the expansion of the use of combines there has been a great concentration of sales in August to October. Which month saw the heaviest marketings has varied with the season.

2. This grain not only comes in a rush, but barley sales are equally concentrated (See contents for Chart) and all may be wet. To spread the marketings more smoothly through the year farmers would need drying and storing equipment and the means to finance the capital which they now realise in cash but which would then be locked up in grain for several months longer. It is possible that the problem would be easier if we varied the seasonality of imports in some way provided good grists could still be blended.

3. Whether the farmer considered that there was any premium to be gained, taking one year with another, before the war, in keeping wheat until late in the season it is hard to judge from the chart of seasonal prices. In 1936-7 at least he could have received the difference between -20 and +10 per cent of the unweighted average of the monthly prices for the season.

4. In 1953-4 he can depend on a margin but only from -6 to + 10 per cent of the average. In cash terms this represents a difference of £5 a ton between the price at the start of the season and that at the end. The proportionate premium was similar in 1952-3 and the previous chart shows

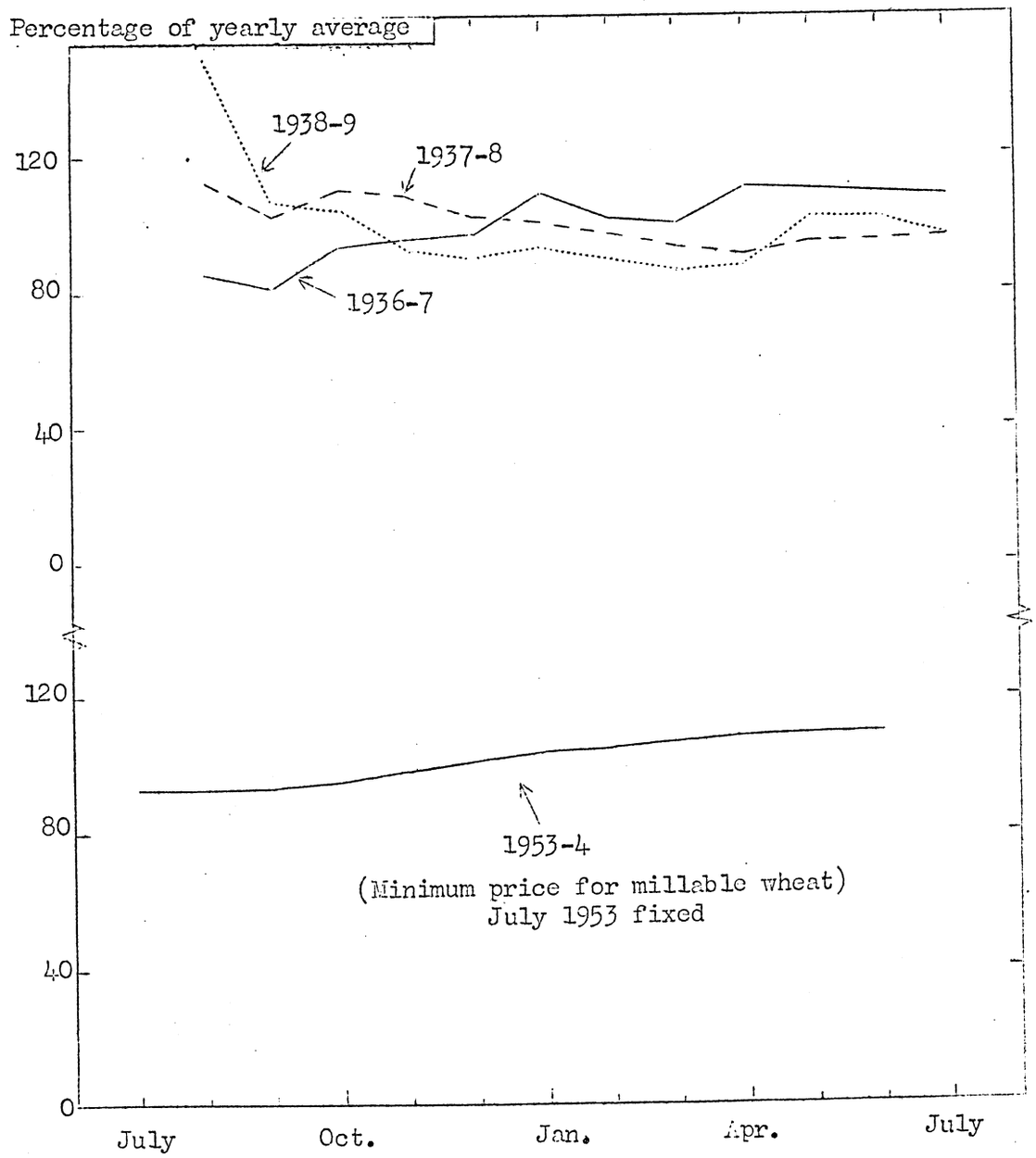


CHART 40 WHEAT - SEASONAL VARIATIONS IN PRICES RECEIVED BY FARMERS, ENGLAND AND WALES.

Source: Agricultural Statistics and M.A.F. Press Notice 3280, 3 June, 1953.

(Notes continued)

that it was not sufficient to achieve much smoothing of the seasonal flow of grain to market.

5. The deficiency payments scheme under which wheat prices are to be guaranteed for the 1954 harvest divides the year into five periods. A different "standard" price is set for each period and if the average receipts for all sales during the period fall below this, the difference will be made up by a deficiency payment. The standard prices are graded upwards from 28s.10d. a cwt in the July-September 1954 period to 33s. 10d. for the May-June 1955 period. - a premium for storage of £5 a ton. A premium of £5 in 1953-4 has not made for level marketings and it is open to question whether they will be achieved in 1954-55 either. By dividing the year into parts the farmers who sell during harvest are protected from very low returns but the risk is transferred to the Government. It is a matter of opinion whether a similar pattern of prices between the periods will be maintained over future years. The attractiveness of investing in farm grain drying and storage equipment will vary accordingly.

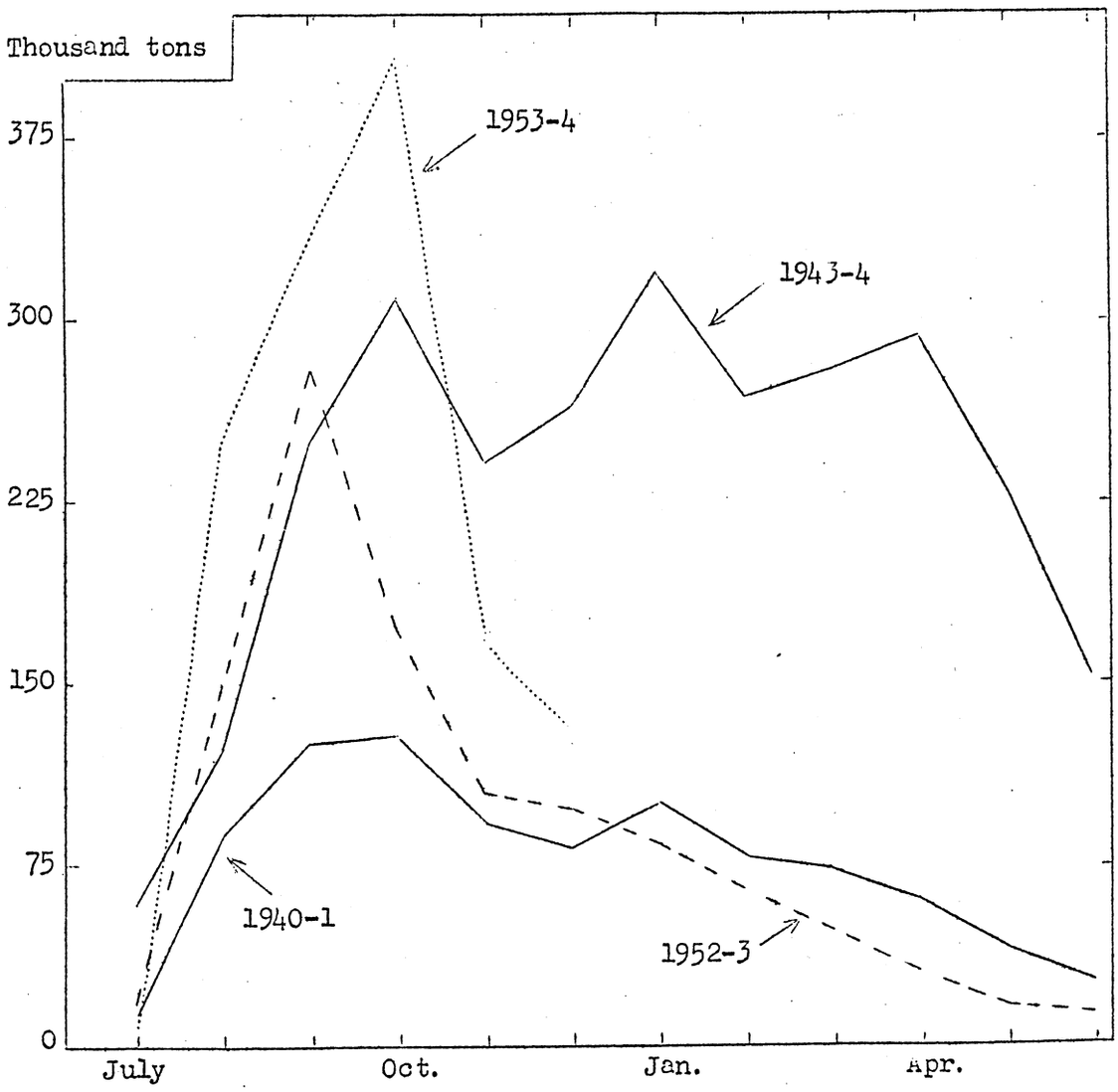


CHART 41 BARLEY. SEASONAL VARIATION IN THE SALES OFF FARMS (receipts by brewers, maltsters, flakers, roasters, distillers, pot and pearl barley manufacturers and the Ministry of Food) UNITED KINGDOM.

Source: Statistical Digest of the War and Monthly Digest of Statistics.

1. In pre-war years the sales of barley remained high from August to January. During this time most of the grain which found a malting market was disposed of, since maltsters met most of their requirements before Christmas. The war-time pattern seems to have been the result of threshing capacity limiting the amount of grain available for sale. By September-October the threshing equipment was in full use and sales stayed at the equivalent of this level until most of the crop had been cleared in the following April.

2. The feature of the current pattern is the very heavy sales before the end of October straight from the combine. In bad years the grain may have a moisture content of 18 per cent., or more, and contain fragments of weeds and legumes. Evenness of germination is so important that maltsters are inclined to look askance at grain which has been dried on the farm unless they feel assured of the farmer's competence to control temperature. Combined barley may also lack that maturity which, it is claimed, develops in the stack.

3. Before the war the only relevant price statistics available were the average prices for all sales and these tend to be high before Christmas in reflection of the sales for malting

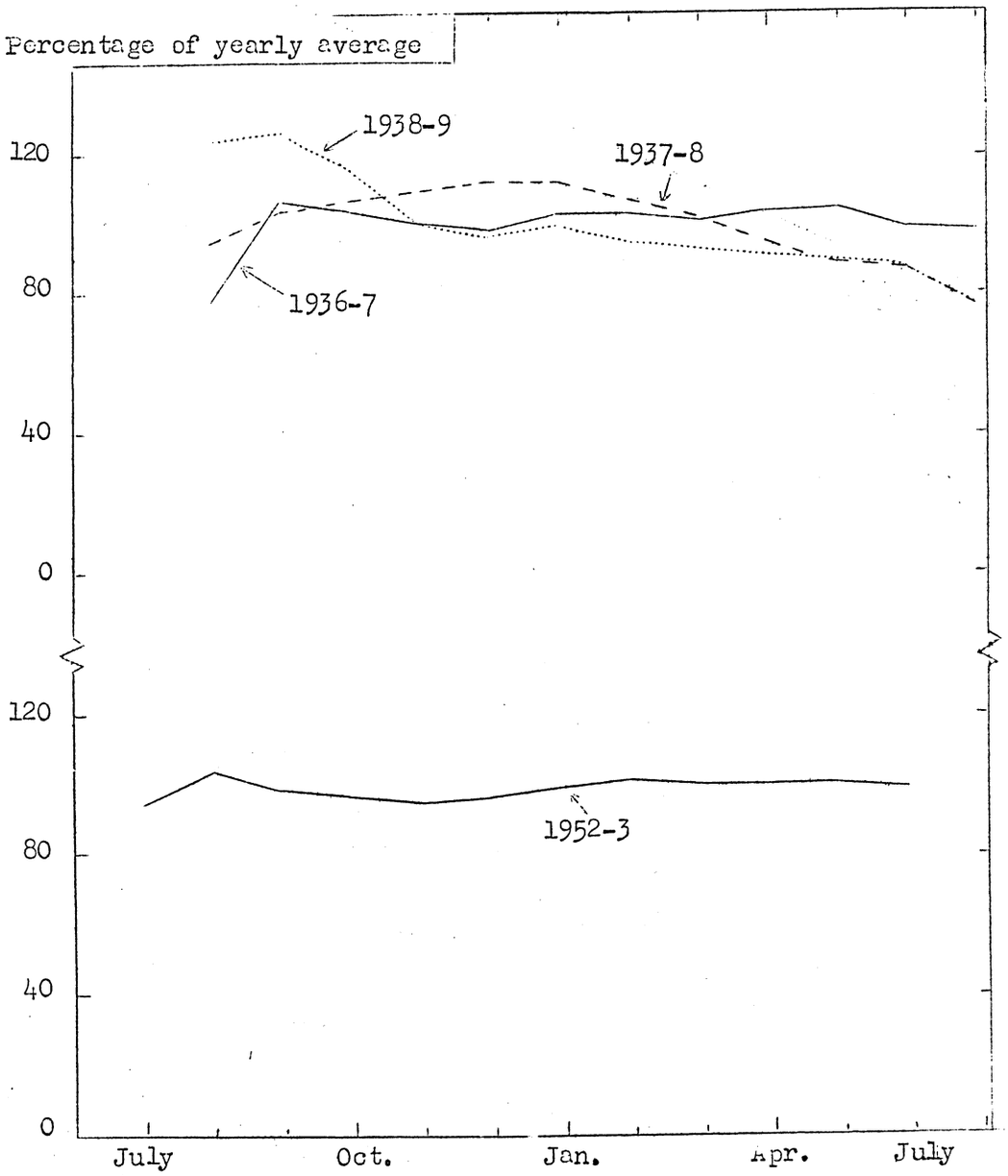


CHART 42 BARLEY. SEASONAL VARIATIONS IN PRICES RECEIVED BY GROWERS, ENGLAND AND WALES. (Minimum price from 1st July 1953, 25s. per cwt. for all sound, sweet barley, in fair merchantable condition).

Source: Agricultural Statistics and M.A.F. Press Notice 3280, 3 June 1953.

4. A comparison of the charts of seasonality of sales and prices leaves the impression that there may well be some sharp changes to come in the price pattern for the early part of the season. The maltsters claim that they not only have to dry wet grain with foreign matter, in a rush, but that they must finance the capital needed to buy and hold the grain some months earlier than their accustomed date. About 1949 they estimated the extra cost at about 10s. a quarter.

5. The farmer can argue that if he is not to sell combined grain immediately he must meet these costs. Probably these factors offsetting the labour economy of combines have not received the attention they deserve. It is by no means obvious whether the buyer or the seller of barley has the better case and which will gain the day - though the party which must hurry is usually at a disadvantage compared with the one who need not!

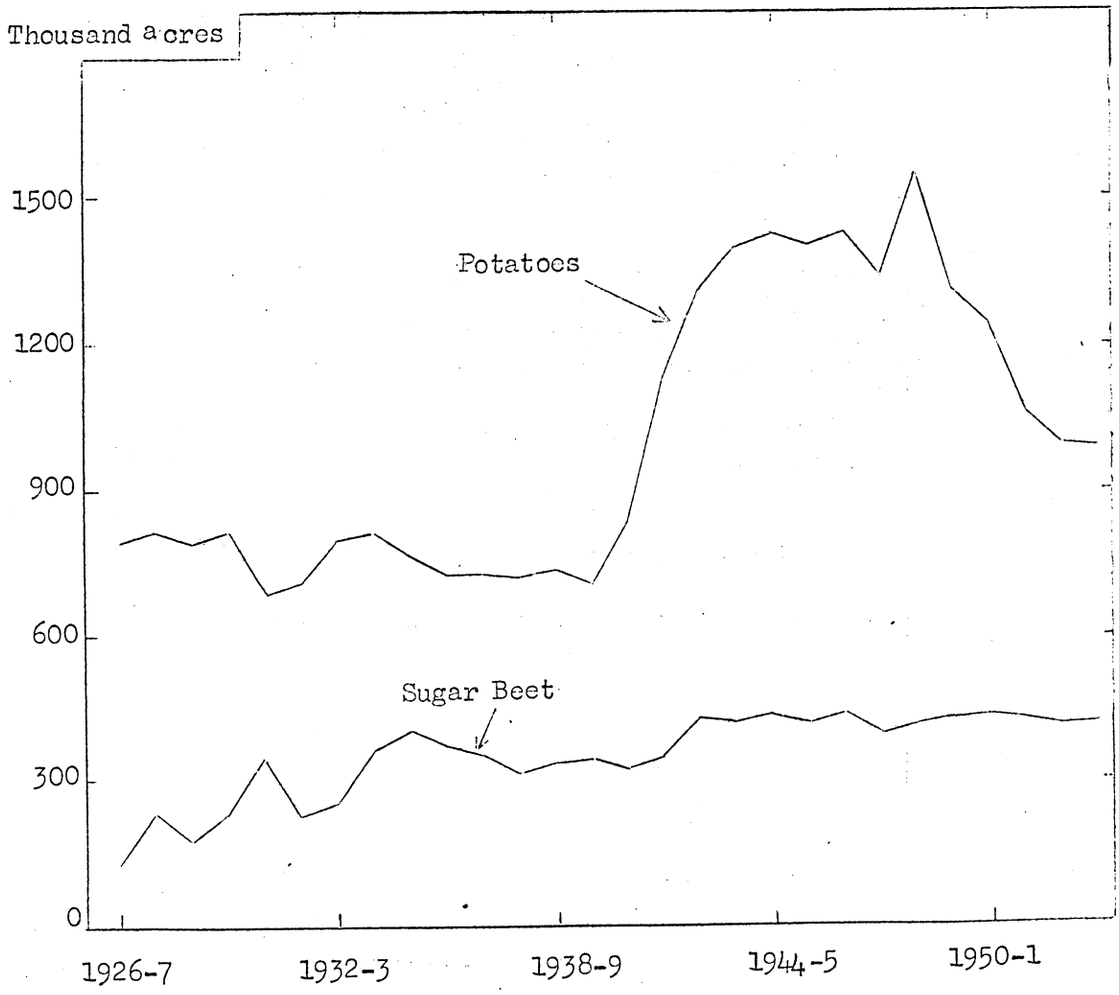


CHART 43 ACREAGE OF POTATOES AND SUGAR BEET, UNITED KINGDOM. 1926-7 TO 1953-4.

Source: Official Agricultural Statistics.

1. Both potatoes and sugar beet were expanded during the War, the former because it was a high yielding direct food crop and the latter to save shipping.

2. The sugar beet acreage seems to have stablised at about 400-420 thousand acres. This is about one quarter above the prewar level. Yields per acre have increased, however. Our production of white sugar is now about 700 thousand tons. Our consumption is about 2 000-2500 thousand tons.

3. The sugar supply and price situation is now obscure and, since contrary basic assumptions lead to contrary conclusions, difficult to argue about. Officially the price of imported sugar is little different from that of home produced. This would suggest a situation markedly different from that in the mid-1930's. On the other hand, British purchases of sugar from colonial supplies is governed by an international agreement. There seems to be surplus production capacity in these areas, e.g. in the West Indies. Costs might fall if production were expanded and the overhead costs spread over more output. If so then if we imported more and grew less our expenditure on sugar might be reduced as would have been the case before the war.

4. It is government policy to keep a sugar producing industry of the present size but it has resisted pressure from farmers not to build more factories, at least while the limitations on construction and capital investment last.

5. The wartime expansion in potato acreage was a painful process and arranging the necessary labour supply to harvest the crops in recent years has been little less so. This accounts for much of the decrease in area. Eel-worm trouble accounts for another part. Yields per acre are now about 20 per cent above the prewar level so that if consumption per head returned to prewar levels the present population should need about 640 thousand acres. The prewar area was about 720 thousand acres and the 1953 985 thousand acres.

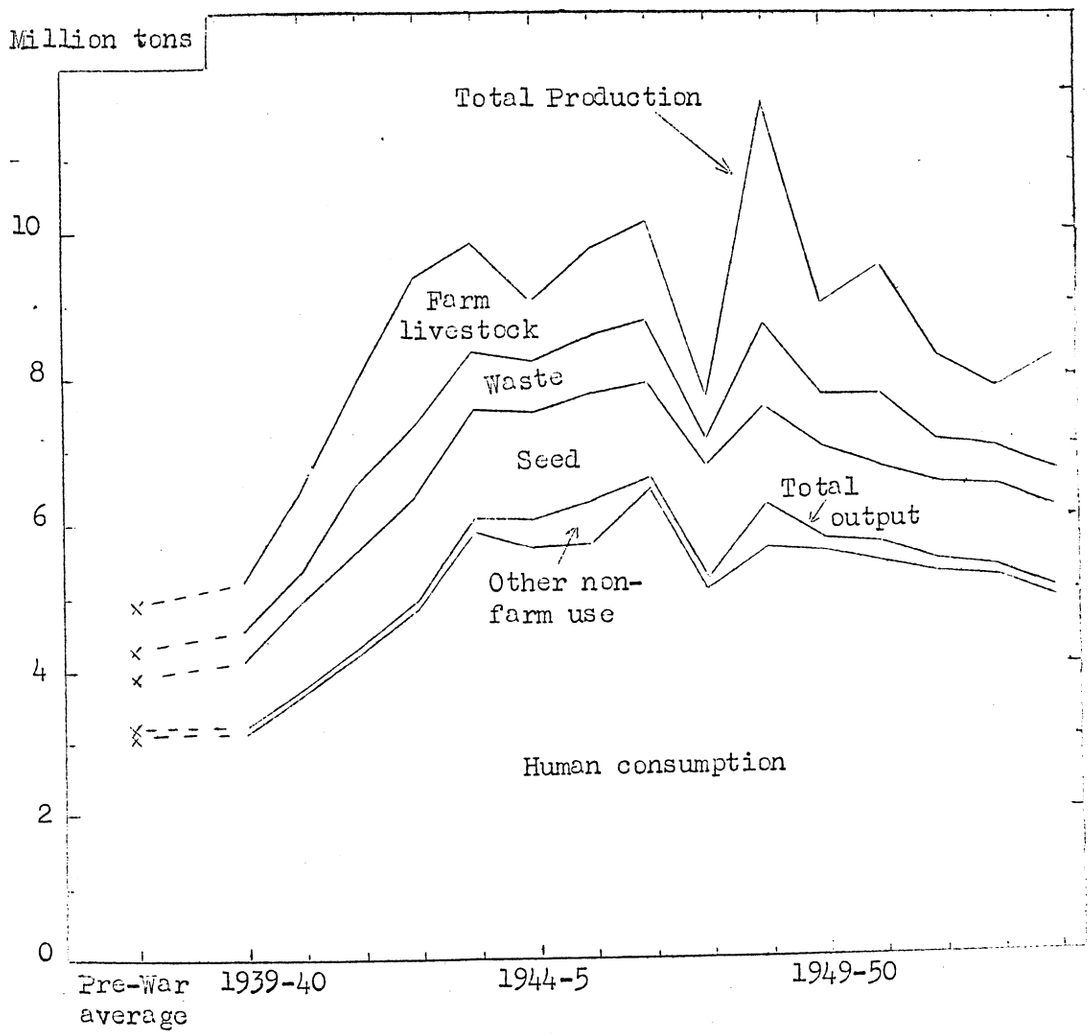


CHART 44 POTATOES. UTILISATION OF HOME GROWN SUPPLIES IN THE UNITED KINGDOM. PRE-WAR, 1939-40 TO 1953-4.

Sources: Pre-war, 1939-40 to 1949-50 Official Agricultural Statistics. 1950-1 - Estimation derived from Official Agricultural Statistics.

1. The chart shows that seed, waste, and livestock feeding took some 40 per cent. of the potato crop pre-war and in recent years and even 50 per cent. in some of the intervening years.

2. The efficient utilisation of this crop is a much more complicated matter than that of most other crops. For example, the quantity of potatoes which can be eaten by humans from a given crop depends on how successfully long-keeping varieties can be held for late season use and poor keepers moved to market early. Part of the item entered as waste in the chart represents potatoes which have rotted, but part relates to losses of weight by respiration and drying out of sound potatoes. (There are uncertainties in the actual figures too.) If blight or other cause leads to considerable rotting in clamp then more must be put in clamp to meet a given requirement than would be needed in a good year.

3. This means that it is by no means easy to define what crop is needed to meet home needs and hence to get a basis for a guaranteed market.

4. Between fluctuations in the size of the total crop and these uncertainties about utilisation there is always liable to be considerable tonnages of "surplus" potatoes. Many of these go to pigs on the farms where they are grown but if they are in good condition producers have desired a means of marketing them for cash. Under the arrangements for guaranteeing prices and markets the Ministry of Food have bought substantial quantities and sold at a loss as stockfeed - either in the raw form or dried - the deficit was £4 million in 1950-1.

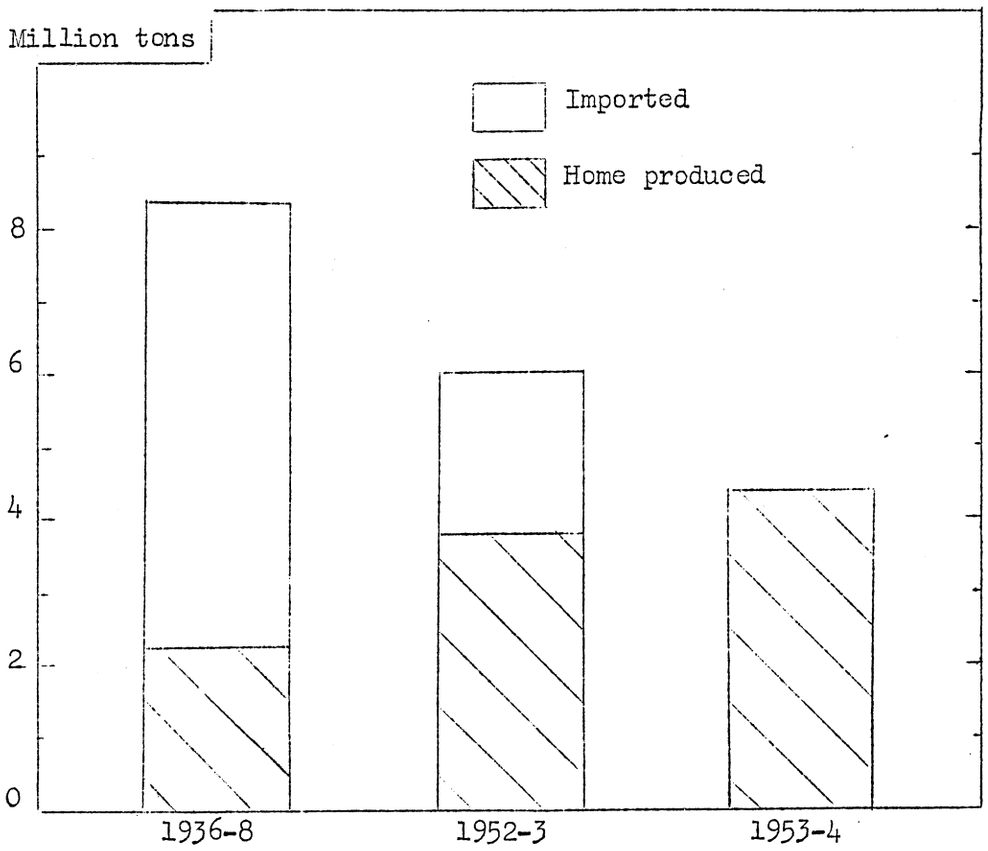


CHART 45 SUPPLIES OF HOME PRODUCED AND IMPORTED CONCENTRATED FEEDINGSTUFFS IN THE UNITED KINGDOM, PREWAR, 1952-3 and 1953-4. (Imported supplies in 1953-4 not yet known).

Source: Computed from statistics of crop utilisation given in Agricultural Statistics, United Kingdom, Part II, together with data on sales from the Monthly Digest of Statistics and miscellaneous other material. Imports computed from statistics of imports given in the Trade and Navigation Accounts.

1. Before the war probably about one-third of the total supplies of feedingstuffs in the United Kingdom consisted of concentrated feeds and of these rather less than three-quarters came from imported feed. In 1952-3 rather less than one-third was concentrated feed but only one-third of this was imported. Important though imported feed may be, the size of the home produced supply was sufficient, with economies through reducing pig and poultry numbers and feeding cattle and sheep more slowly to maintain substantial livestock production even in the war.

2. The technical advantages of concentrated feed are e.g., for the provision of production rations for high yielding cows and for the non-ruminants, are fairly obvious. One of their important economic advantages is to make possible increasesin the ratio of winter to summer production.

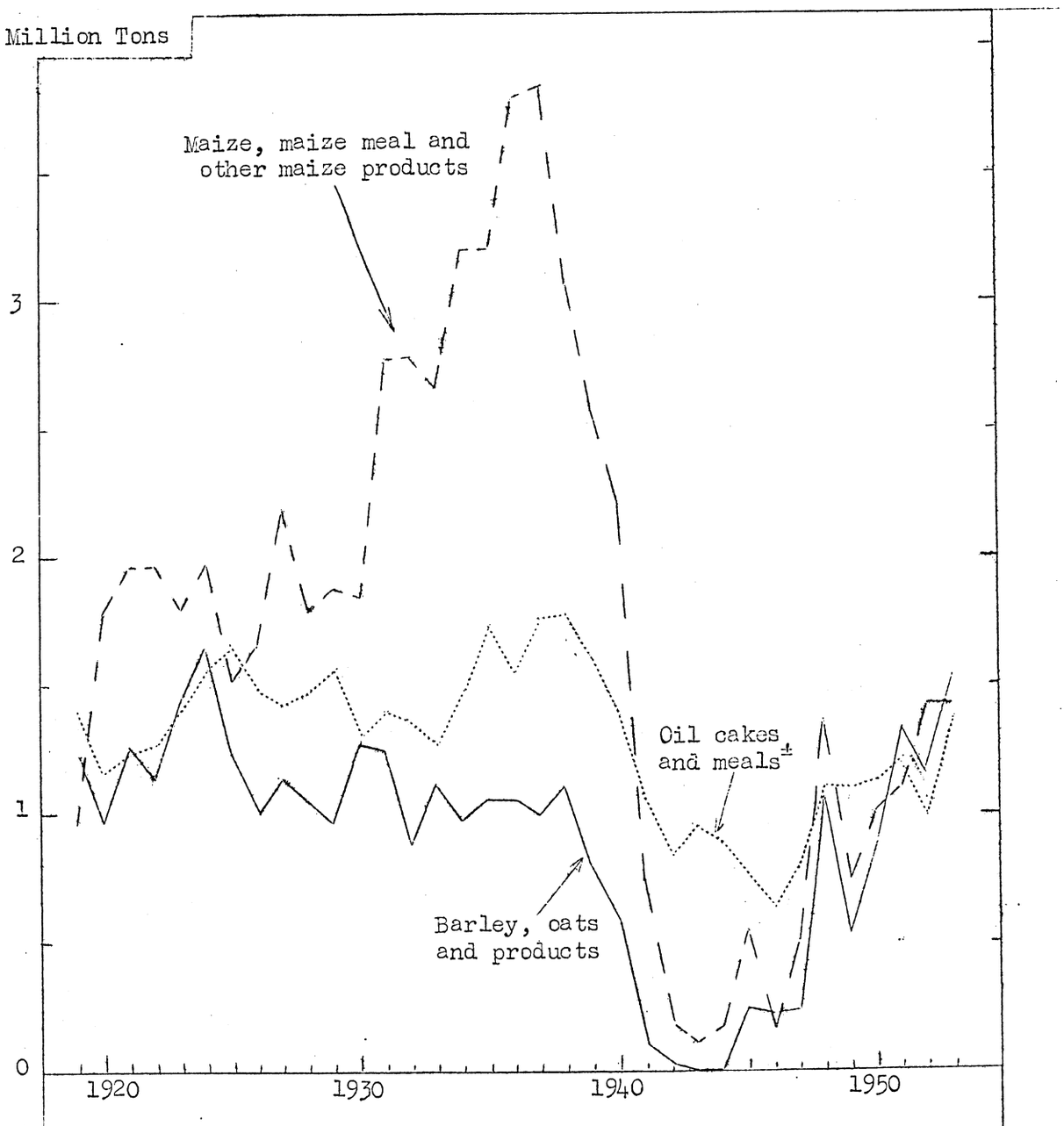


CHART 46 IMPORTS OF MAJOR FEEDINGSTUFFS, INTO THE UNITED KINGDOM, Calendar Years 1919-1953.

Source: Based on Trade of the United Kingdom and Accounts relating to Trade and Navigation of the United Kingdom.

± Including cake equivalent of imports of oilseeds and nuts.

1. So long as home-produced livestock products are being sold by farmers at above the various support levels, the producers can benefit from falls in feedingstuff prices. Over the short run, cereal producers may not be closely affected by the prices of the imported product but it would be optimistic to expect that these will not have some effect over a period. Unfortunately, though the prospects for them are so important it is not easy to judge what even the near future will bring. Importing returned to private hands on 1 August 1953 and the London Futures market opened for dealings in coarse grain at the beginning of January 1954. This may make for smoother adjustments in supplies and prices than formerly and for effective picking-up of even small cargoes here and there over the world's supplying areas. If the situation were dominated merely by direct considerations of supply and demand, it might be possible to form a firm view but non-economic factors come in ... e.g. it is very much a matter of American policy whether there will be maize imports in quantity from the U.S.A.

2. The charts on the next two pages therefore try to set out a background against which the reader can set the changing news of developments in this field.

3. Among the major points which emerge from the first page of charts is the question, - Will the formerly overwhelmingly important, Argentine exports of maize return? Official Argentine pronouncements tend to be optimistic but they have been over several years. The problem does not seem to be a simple matter of alternative land use. Formerly much grain was grown by tenants on big estates. Many of these seem to have left for the towns but the import policy towards equipment does not make it easy for their work to be replaced by large-scale mechanised cultivation. Anyway, the general atmosphere in the country does not appear likely to be such as to make agriculture more abrupt than usual in expansion.

4. Neither formerly nor recently has the United Kingdom been the importer of the bulk of the world's maize exports. Just before the war some German and American imports were abnormal but in 1951, for example, there were 8 countries each importing quantities of the order of 5 per cent. or more of the British imports.

5. The lower chart shows that oats and barley have stepped into the place in the world coarse grain trade formerly occupied by maize.

6. Imports from the Iraq and other countries in that part of the world have received considerable comment from time to time. Though valuable, they have been by no means overwhelming in their contribution.

7. For oats and barley, too, the United Kingdom has many competitors for available exported supplies.

8. The second page of charts tries to summarise the recent situation for all coarse grains acreage, production, stocks and exports. NOTE that the scale of the bottom section of this chart is ten times that of the upper ones.

9. The top two sections suggest that the increase in production over the pre-war level was mainly the result of higher yields per acre but it must be remembered that North American production in the 1930's was reduced by two drought years. It also shows how large is the contribution from the U.S.A. but only some 3 or 4 per cent. of her production has been exported, yet, as the bottom section shows, she has been an important exporter. Small changes in her production relative to her consumption could thus have big effects on export supplies. In fact, lately she has tended to build up stocks, also. The position in 1953 was thus that there was more coarse grain in stock in the United States than the whole world exports in 1952-3. Stocks have been built up under the price support arrangements for agriculture and, from some standpoints, they are an embarrassment to the U.S.A. On the other hand, it might be said that it is their uncontrollability rather than their mere size which is the greatest embarrassment. They are, after all, not huge unless one considers that present day American farm management is such as to prevent a repetition of anything approaching the sequence of years from 1933-37 which saw feed grain production of 84, 53, 92, 59, 100, million short tons respectively.

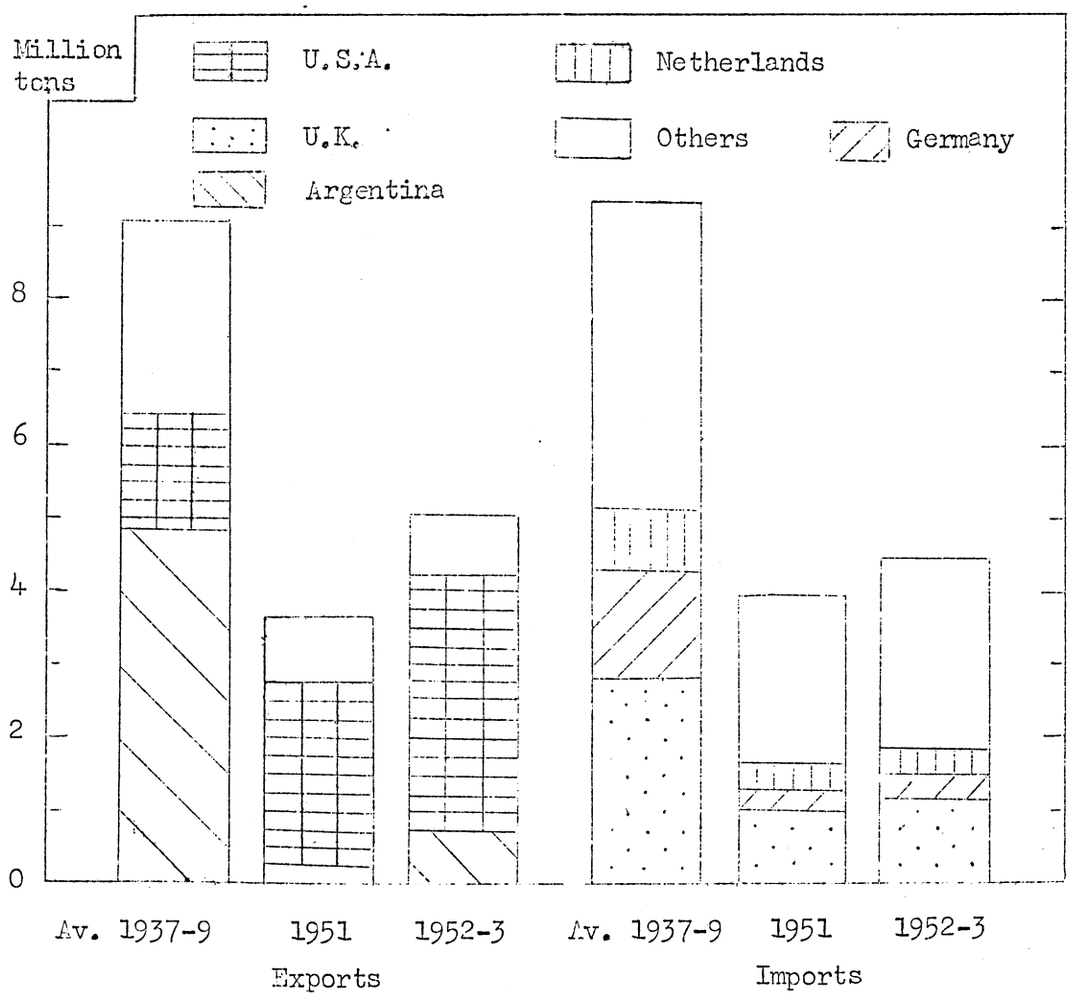


CHART 47 PRINCIPAL IMPORTING AND EXPORTING COUNTRIES FOR MAIZE

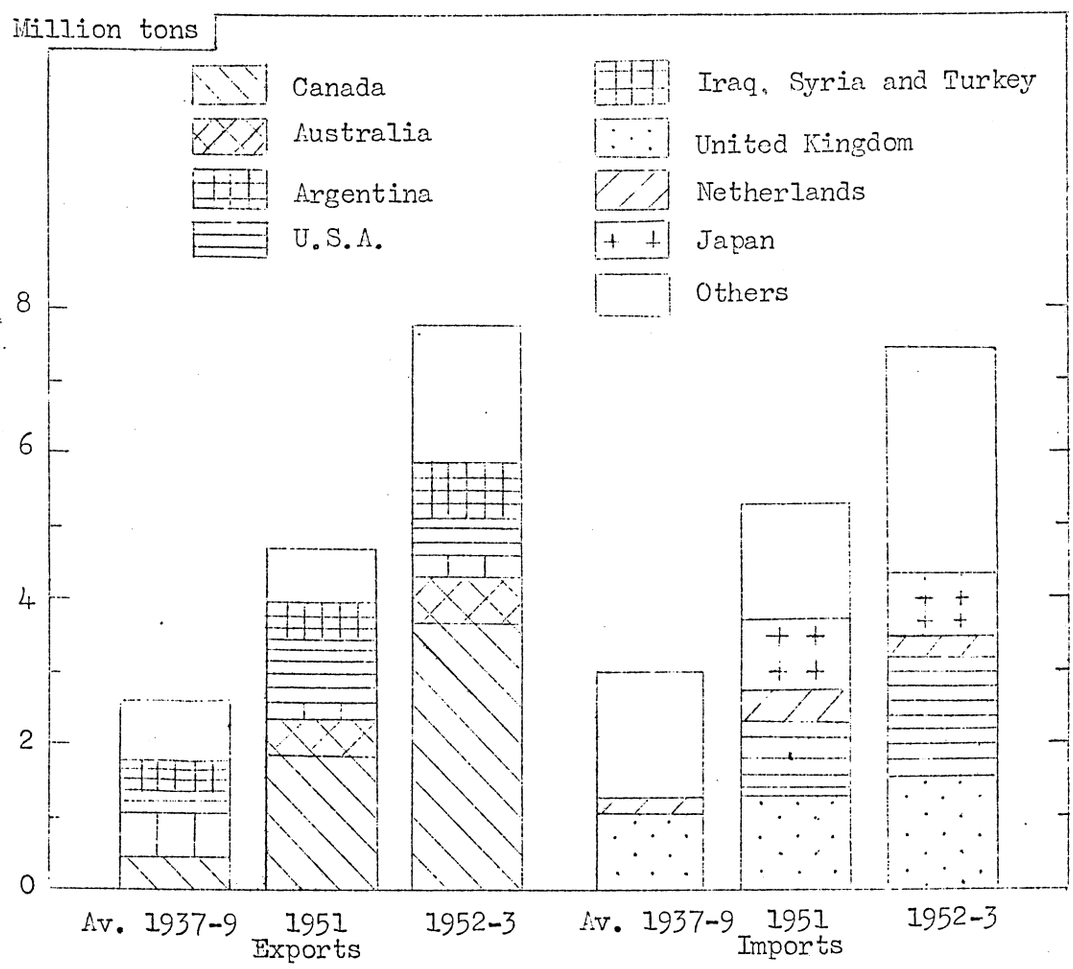


CHART 48 PRINCIPAL IMPORTING AND EXPORTING COUNTRIES FOR BARLEY AND OATS.

Source: Av. 1937-9 and 1951. Grain Crops 1952, Commonwealth Economic Committee. 1952-3 (Oct.-Sept.) Monthly Bulletin of Agricultural Economics and Statistics, February 1954. F.A.O.

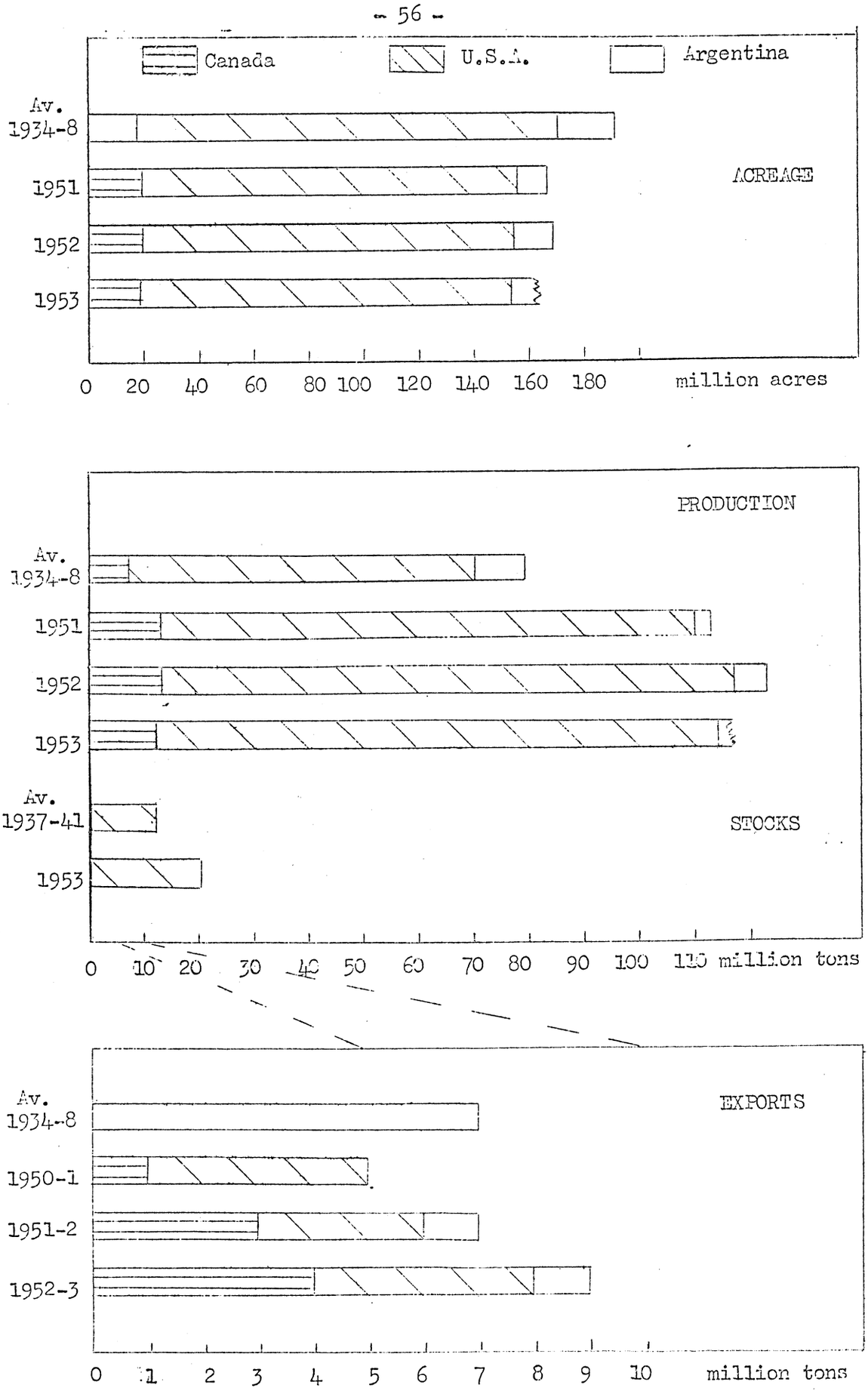
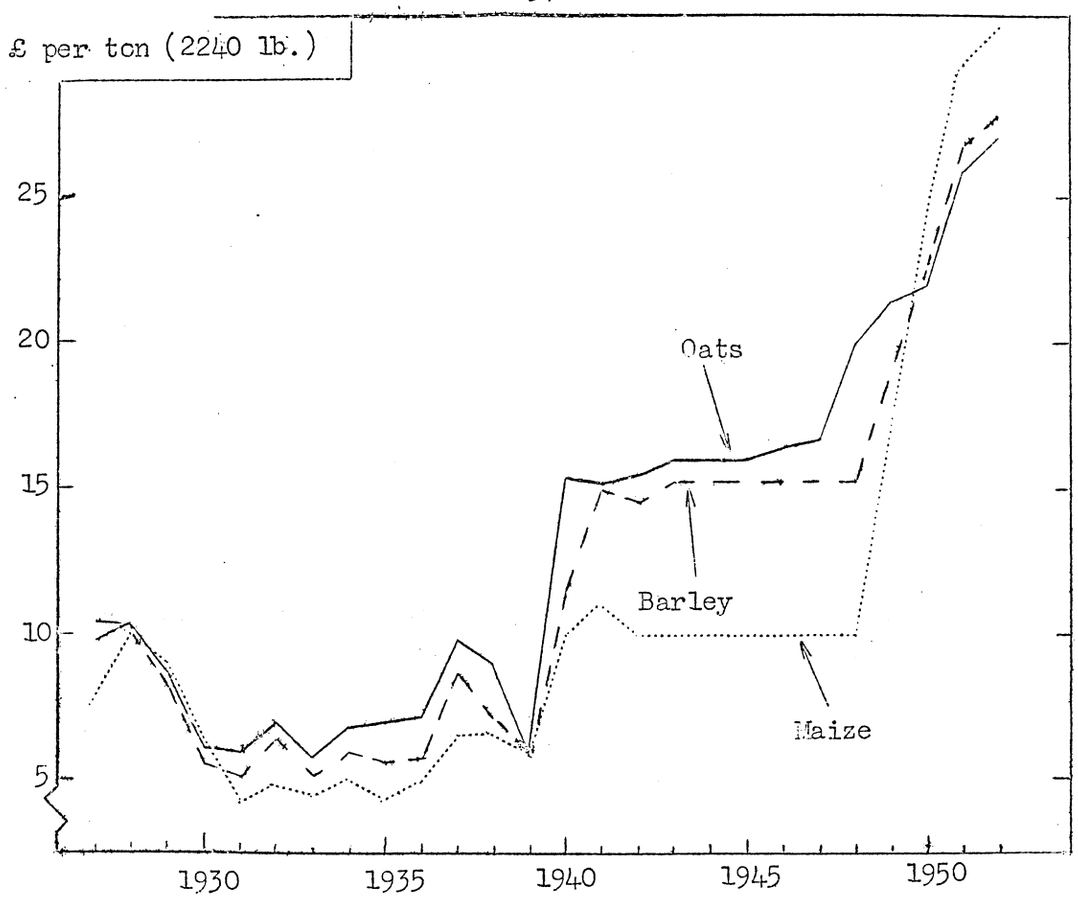


CHART 49 PRODUCTION AND TRADE IN MAIZE, BARLEY AND OATS IN MAJOR PRODUCING COUNTRIES AND STORAGE STOCKS OF MAIZE IN U.S.A. PREWAR AND 1951, 1952, 1953.

Source: Official statistics.



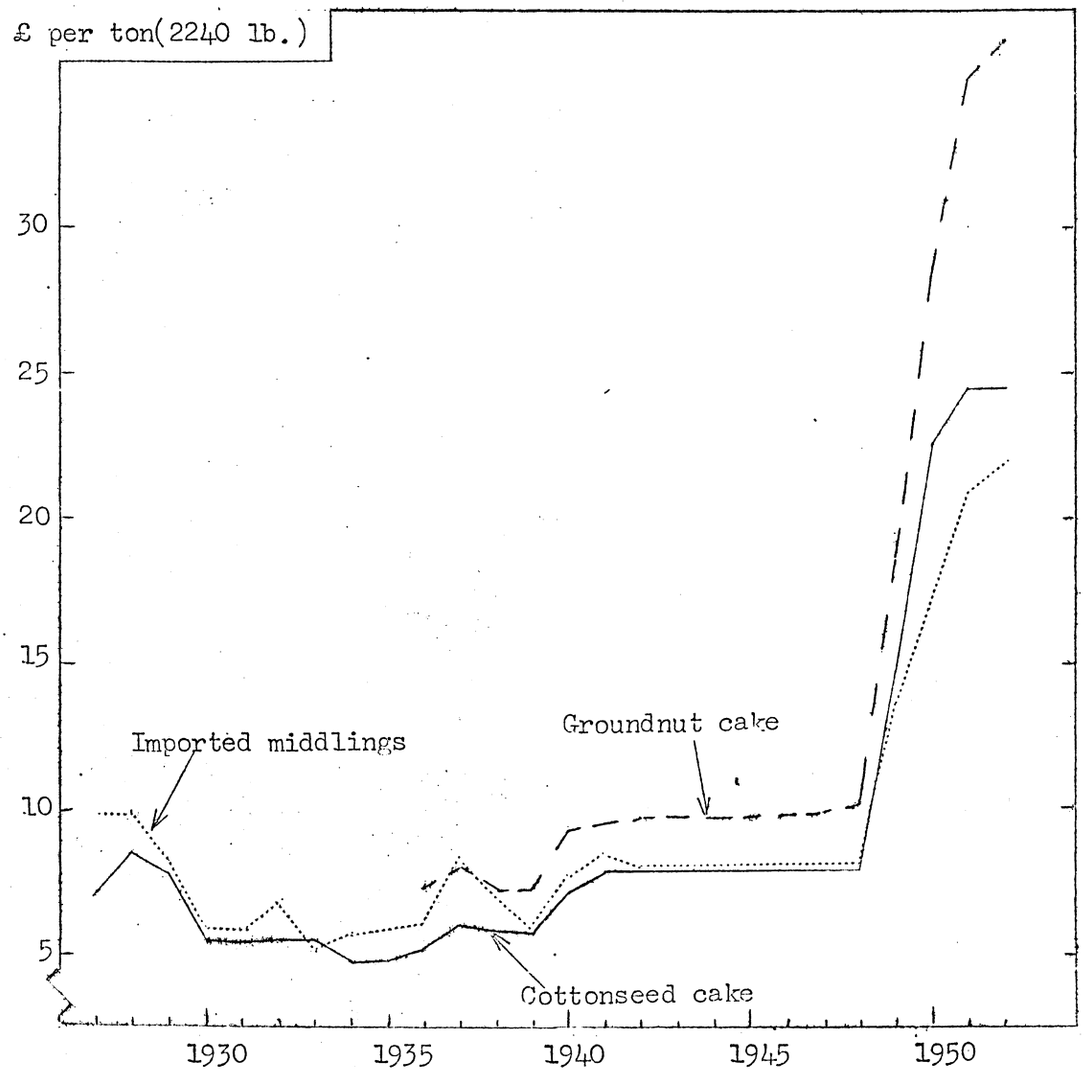


CHART 50 ANNUAL AVERAGE PRICES OF FEEDINGSTUFFS, ENGLAND AND WALES.
(Maize, Argentine feeding, ex store. Oats, imported feeding, ex store. Barley, imported feeding, ex store. Cottonseed cake, English. Groundnut cake, imported decorticated.)

Source: Agricultural statistics, England and Wales. Statutory Rules and Orders (Minister of Food) and Annual Abstract of Statistics.

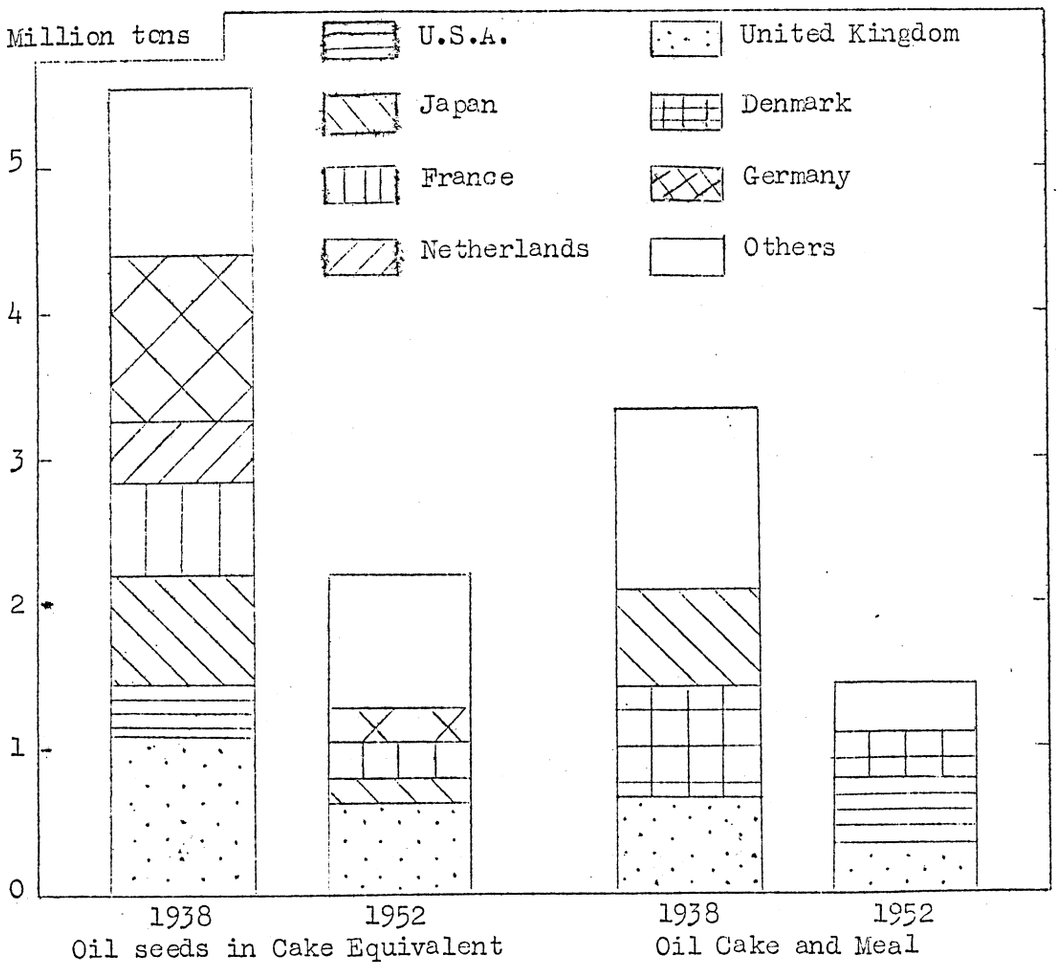


CHART 51 IMPORTS OF OILSEEDS FOR CRUSHING, (expressed in cake equivalent) AND OF OILCAKE AND MEAL BY MAJOR IMPORTERS. 1938 AND 1952.

Source: Vegetable oils and oilseeds, Commonwealth Economic Committee 1953.

1. The main features of these two charts might be summarised as follows. Britain was, and is, an important importer of oilseeds and oilcake but she takes a fraction of the order of one quarter of world imports. She seems to be holding her own. Decreased imports of cottonseed and linseed only partly offset by increases in palm kernels and groundnuts accounts for the decrease in imports of oilseeds between the pre-war period and 1952. The sources of decreased world exports have been Argentine linseed, Indian groundnuts and Egyptian cotton-seed.

2. Though world production has improved of late years, it still does not give a supply per head of oilseeds and nuts as high as pre-war. Decreases in price since 1950 have been patchy but generally prices of oilseeds seem to have been firmer than, say, grains. Some observers believe that the chances are in favour of rather more supplies on the world market in 1953-4 than in the past year. However, considering the causes of the decreases since the pre-war period it would seem optimistic to expect major changes.

3. Oilcake is, however, linked into a most complex network of commodities. The oils which are its joint product are associated with whale and four-legged-animal fats in the making of margarine, soap and compound cooking fat. The consumption of oils and fats for margarine, soap and compound cooking fat in 1951 was about as 4:3:2. Margarine competes with another animal fat, - butter. Butter consumption dropped from 25 to 11 lbs a head a year while margarine rose from 9 to 19 lbs between the pre-war period and 1952. Other oils are used in paints and varnishes. Synthetic detergents compete with soap powders and soap flakes (pre-war these accounted for only some 160 thousand tons of the 400 thousand tons sold in Britain). Some synthetic materials can replace drying-oils in paints.

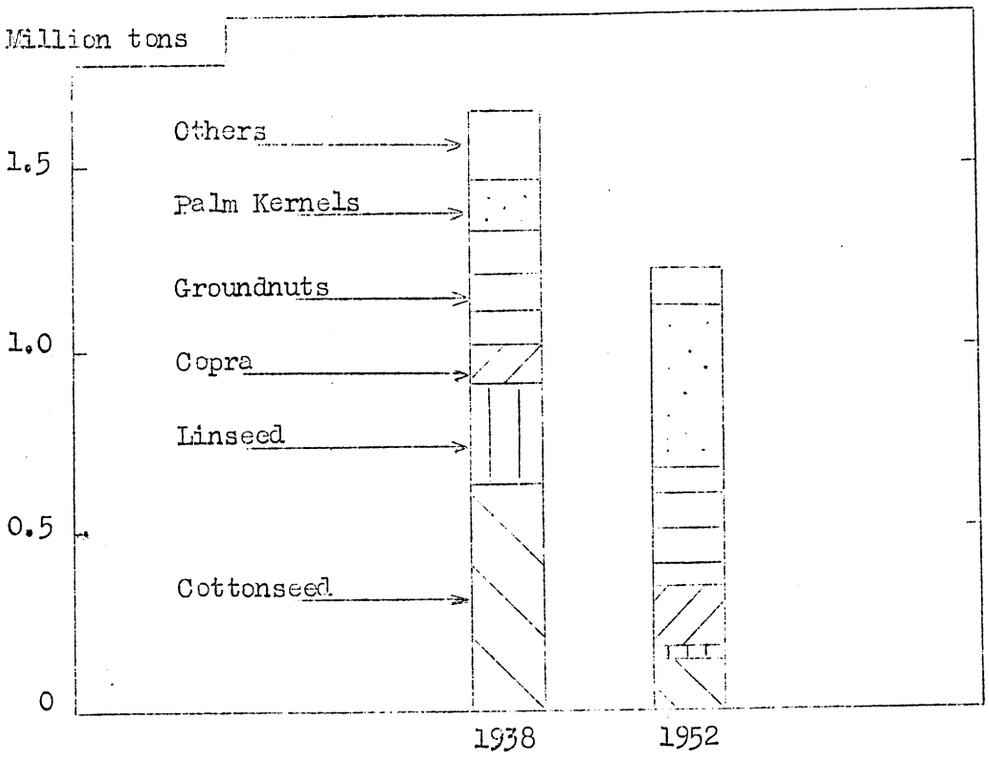


CHART 52a IMPORTS OF OILSEEDS AND NUTS INTO THE UNITED KINGDOM IN 1938 and 1952.

Source: Vegetable Oils and Oilseeds 1953, Commonwealth Economic Committee.

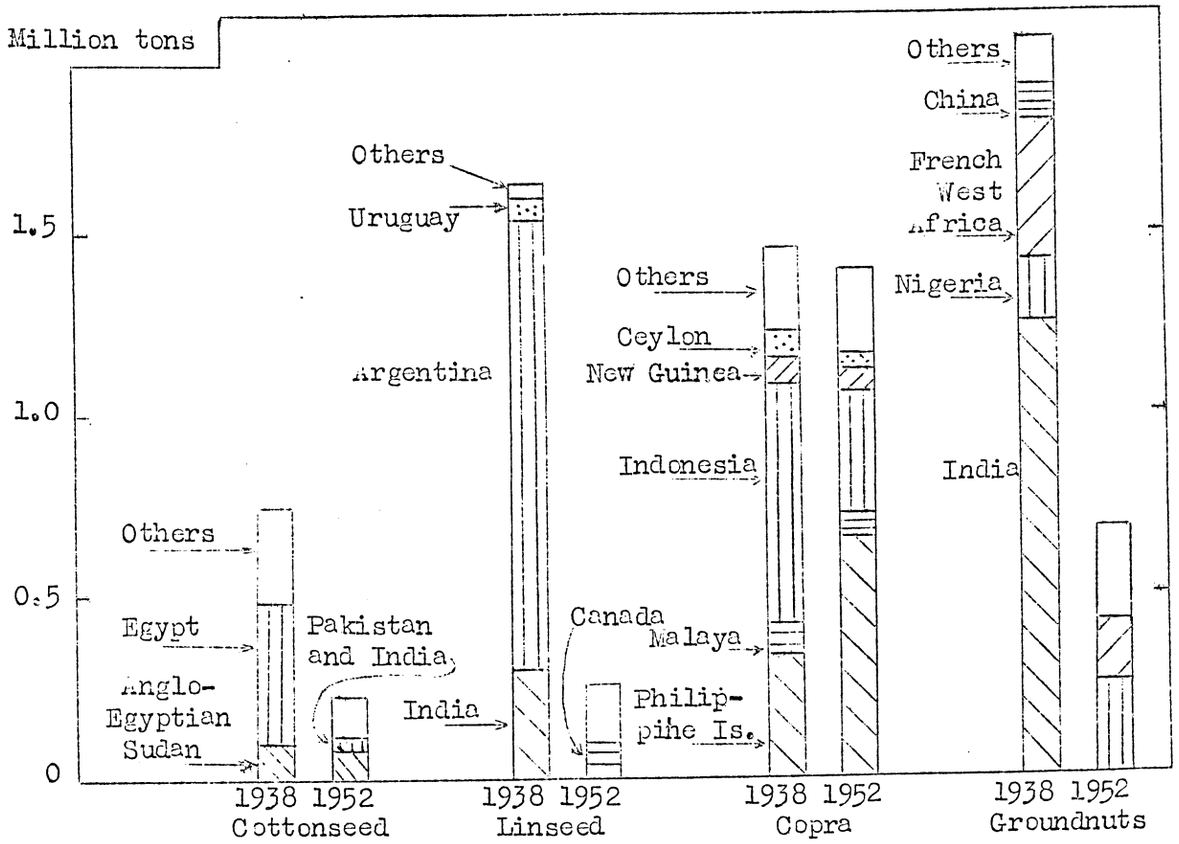


CHART 52b EXPORTS OF COTTONSEED, LINSEED, COPRA AND GROUNDNUTS (decorticated value) FROM PRINCIPAL EXPORTING COUNTRIES. 1938 AND 1952.

Source: Vegetable Oils and Oilseeds 1953. Commonwealth Economic Committee.

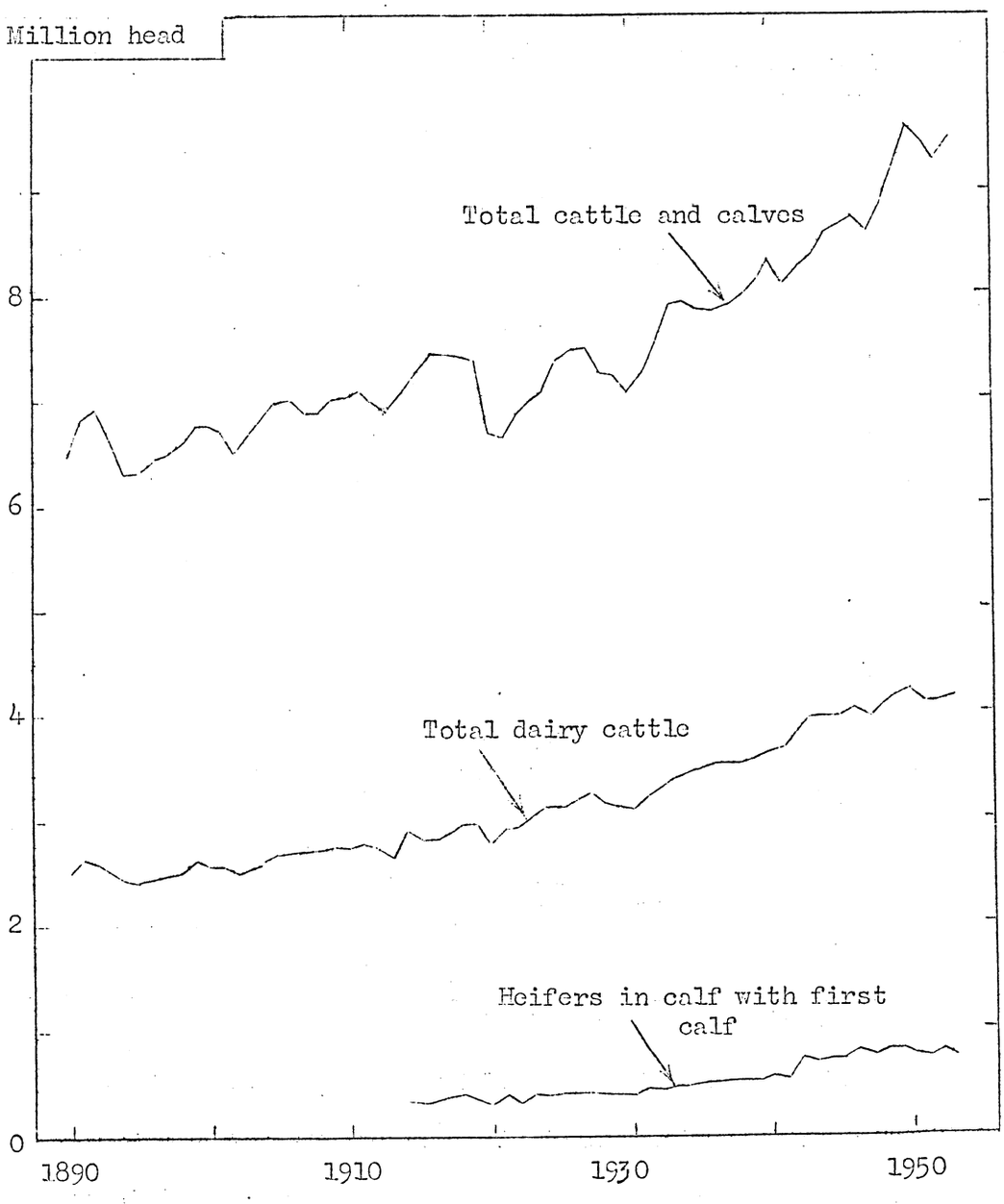


CHART 53 CATTLE POPULATION, GREAT BRITAIN (June census) 1890-1953.

Source: Official Agricultural Statistics

1. For the purpose of this chart "total dairy cattle" include all cows in milk, heifers in milk, cows in calf but not in milk and heifers in calf with first calf. This total has increased from 35 per cent of the total cattle population in the 1870's to 45 per cent in 1938. It was 44 per cent in 1953. The decrease since the prewar period is largely due to an increase by some 40 per cent in the number of cattle over 2 years old other than breeding cattle, due to increased age at slaughter.

2. The use made here of the term "total dairy cattle" is a gross over-simplification but it was all that the statistical classification allowed. In the last year or two a useful subdivision has been introduced. In Great Britain in June 1953 some 2880 thousand (84 per cent) of the total cows and heifers in milk and cows in calf but not in milk were recorded as being kept for 'producing milk or calves for the dairy herd'. The other 541 thousand were 'intended mainly for producing calves for beef'. Some 87 per cent of the 'for milk' and 72 per cent of the 'for beef' cows were in England and Wales.

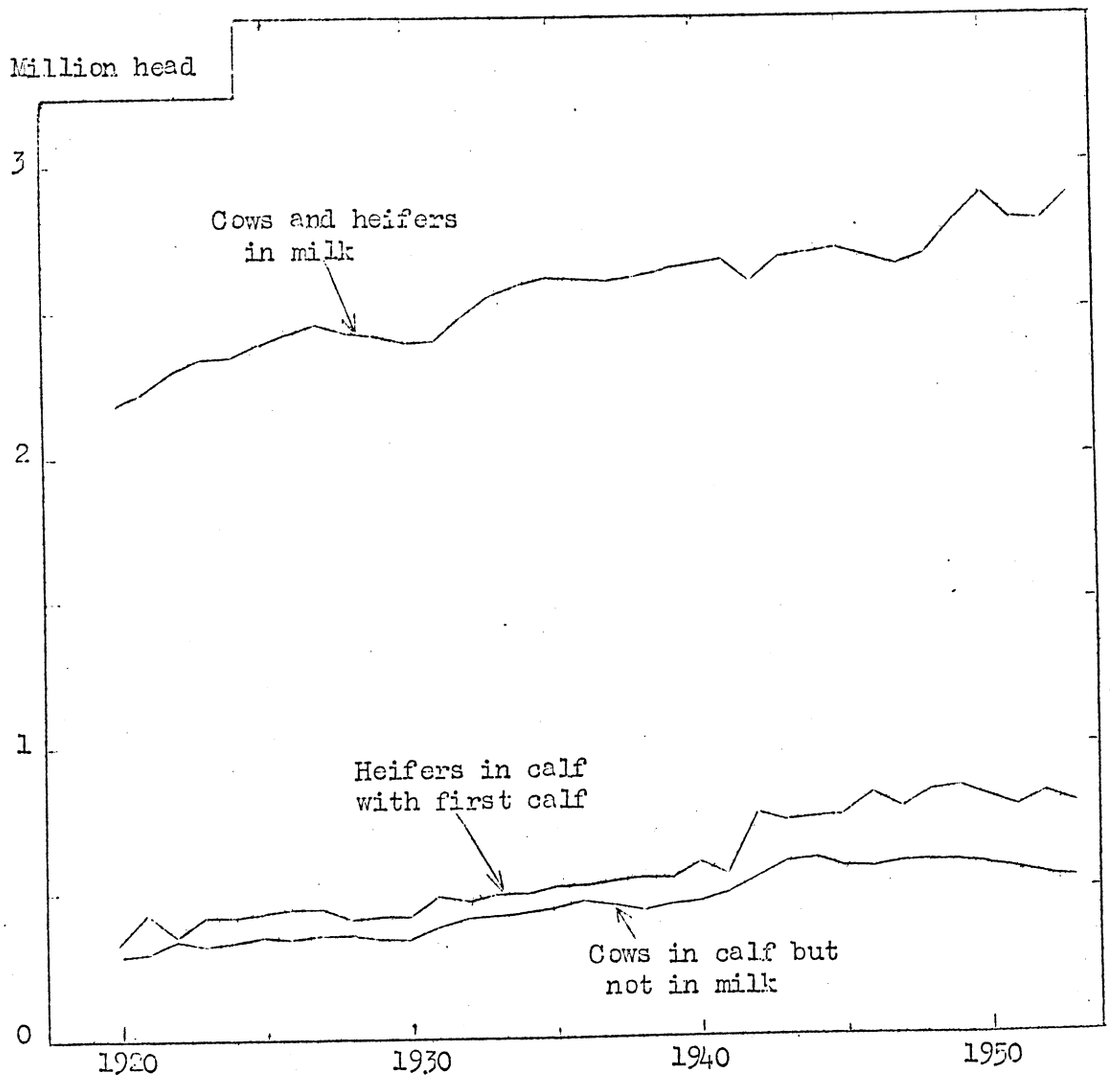


CHART 54 DAIRY COW POPULATION, GREAT BRITAIN (June census), 1920-1953

Source: Official Agricultural Statistics.

1. The basic reason for the generally upward trend in the numbers of cows between the wars can be seen in the charts (see Contents) of the relative prices of milk and other livestock products. An additional reason was the regularity of the payment to farmers, many of whom were living from hand to mouth. Since 1939 until recently, milk production has been fostered because of its nutritional value.

2. Since 1939 the increases in numbers of cows have been spread widely over the country but increases per unit area have been greatest in the western and high land areas which were formerly concentrating on rearing.

3. For reasons which will be apparent on later charts, winter milk production has been encouraged relative to summer. This is probably being reflected in the tendency for the numbers of cows in calf but not in milk to decline since about 1947 even though numbers in milk were increasing. A producer may well argue that the more dependent on summer sales he remains, the more vulnerable he is likely to be to the most probable adjustments to come in the economic situation of the industry.

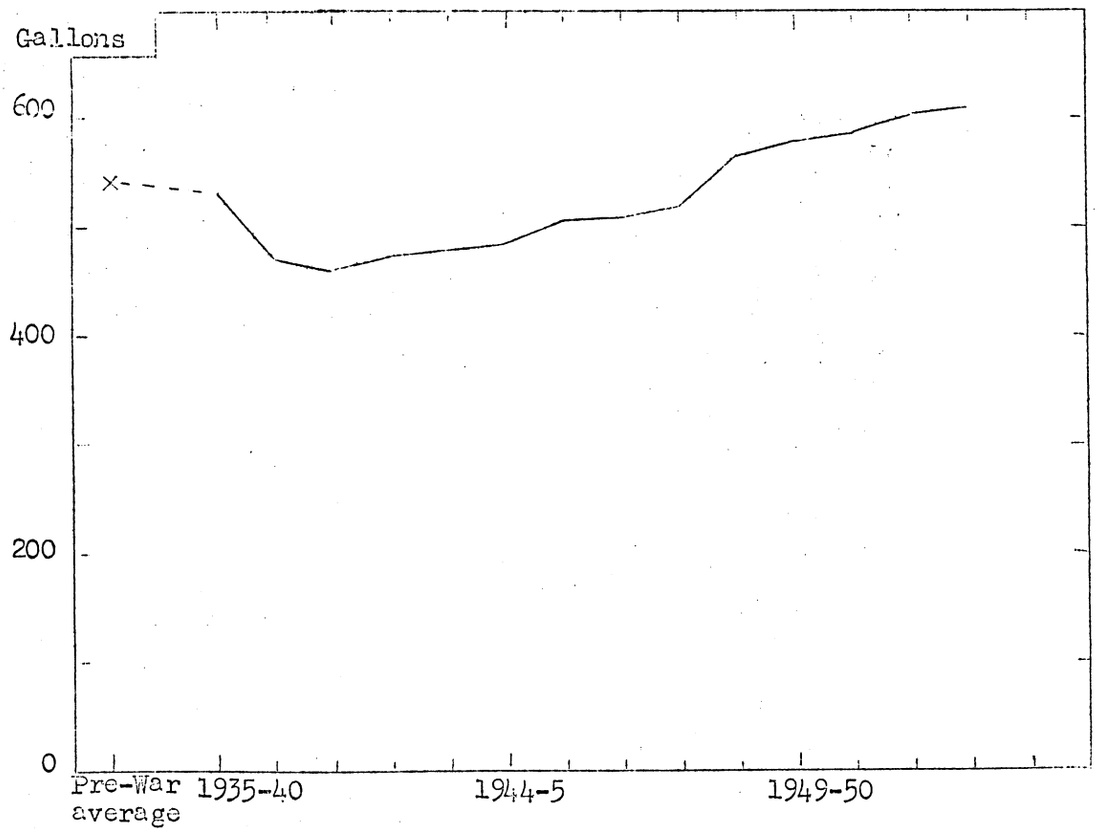


CHART 55 ESTIMATED AVERAGE MILK YIELD PER COW PER YEAR. UNITED KINGDOM. PRE-WAR, 1939-40 TO 1953-4.

Source: Based on Official Agricultural Statistics.

4. A tendency towards greater self-sufficiency in replacements underlies the changes in heifer numbers but it has been stimulated in several ways. The sudden increase in 1941-2 was caused by the loss of 70 thousand head, or thereabouts, of Irish breeding stock because of a ban on imports following the foot and mouth disease epidemic. More recently, a general interest in breeding and improvement has encouraged more farmers to be interested in the origin of their replacements. Artificial insemination has lent speed to this trend. The Attested Herds Scheme encourages healthy, well managed herds through elimination of T.B.

5. In mid-June 1953 some 4.2 million head of cattle were in Attested herds and Areas in G.B. This represents 44 per cent. of the population but the corresponding percentages for England, Wales and Scotland were 36, 65 and 65. There were about 112 thousand Attested herds.

6. Probably several factors have contributed to the steady upward trend in milk yield per cow, the 1953 level was about 13 per cent. above the pre-war level. Greater attention to management details is one; a trend towards more autumn calving might be another. The number of cows artificially inseminated has increased from under 3 thousand in 1944-5 to over 700 thousand in 1951-2, - say to one-fifth of the total cow population in Great Britain. More than one-third of the inseminations were from Freisians. The growth of milk recording must have had some effect too. Under 5 thousand herds were recorded in 1943 but 25 thousand in 1950. This represents about 10 per cent. of the herds in England and Wales, or about one quarter of the dairy herd.

1. A distinction needs to be drawn between the quantity of milk produced and the quantity sold through the Milk Marketing Boards. This latter quantity is referred to in some publications as 'production' but in addition there is milk used as liquid milk in farm households, or fed to livestock, or made into manufactured products on the farm (other than that used under the Farmhouse Cheese Scheme which is included officially as sales). Practically all milk sold off farms in the liquid state is now sold through the Milk Marketing Boards. During the war the boards have acted as agents of the Ministry of Food.

2. Comparison of the two bars for 1952-3 shows that three influences have affected the supply for disposal by the Milk Marketing Boards. Even if milk yields per cow had not increased at the rate of nearly 1 per cent a year, averaged over the whole period, the increase in the number of cows would have given about half the increase in total production achieved; increase in yield accounted for the other half. The third effect was the decrease in the farm use of milk brought about during the war. This decrease was still evident in 1949-50 but seems to have been largely restored.

3. By 1949-50 some 700 million gallons were being sold for liquid consumption more than in the prewar period out of a total supply for sale through the Boards only 600 million gallons greater.

4. Milk sales through the Boards decreased between 1950 and 1951, reflecting changes in cow numbers (see Contents for charts). The upward trend was then resumed. The critical features of the present situation arise from the fact that total sales through the Boards have <u>in</u>creased between 1951 and 1953 by 148 million gallons but sales for liquid consumption have <u>de</u>creased by 48 million gallons.

5. The milk noted as 'reduced price' in the lower chart is sold to children under school age at a price some one-fifth to one-quarter of the full price, and distributed free in schools. It accounts for about 15 per cent of the liquid consumption.

6. This chart also shows that in the earlier postwar years the milk surplus to that disposed of for liquid consumption was mainly a seasonal feature. In September, October and November there was a margin of 5-10 per cent, little more than was needed to smooth out irregularities in regional distribution. In the last year or two, however, only in September has the margin been small, and after that it widened rapidly.

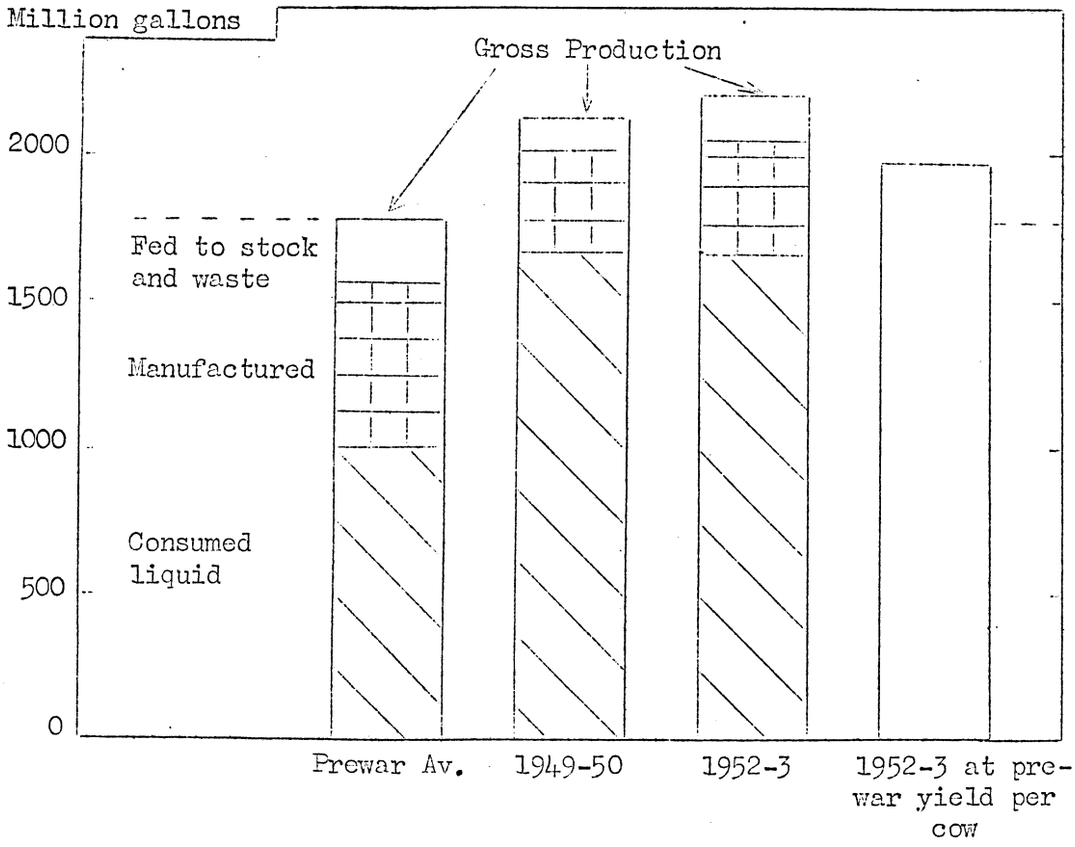


CHART 56: UTILISATION OF PRODUCTION OF MILK, U.K.

Source: Prewar, 1949-50. Agricultural Statistics U.K. 1952-3 Estimation derived from Official Agricultural Statistics.

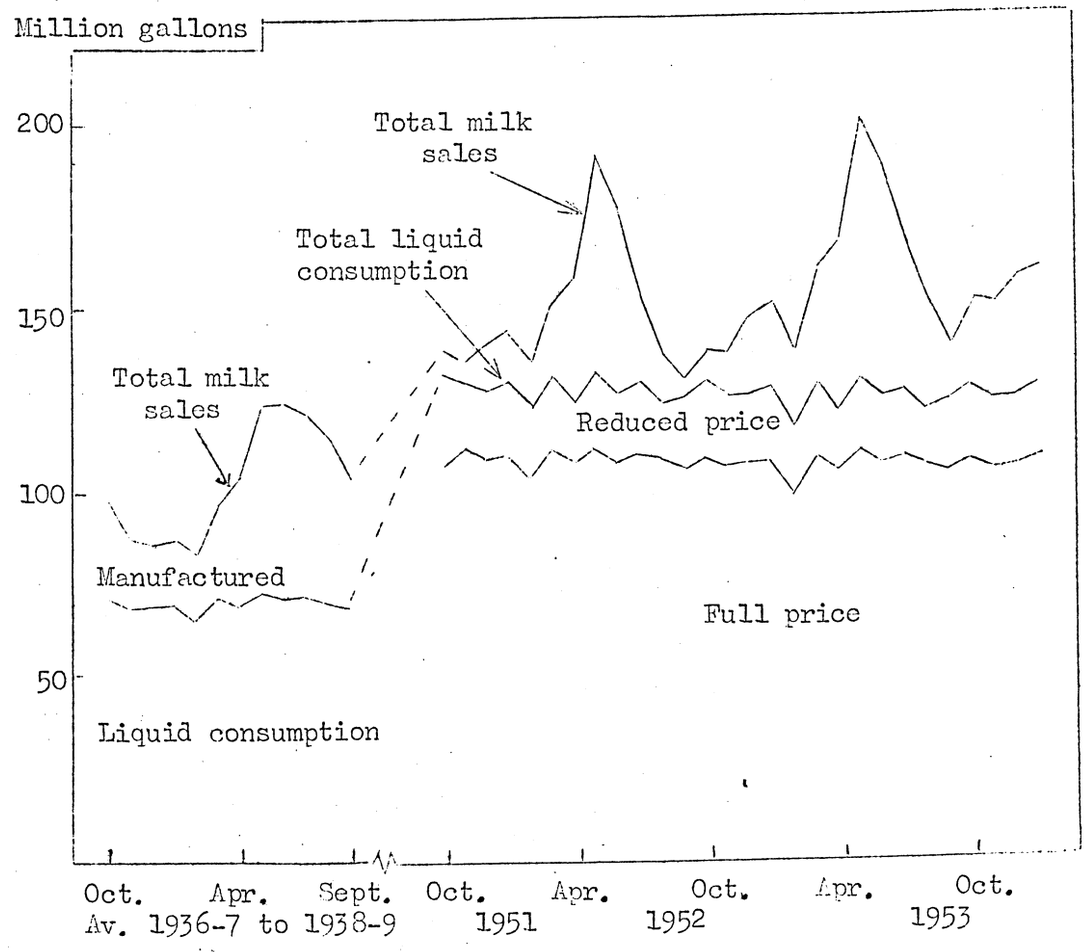


CHART 57: SALES OF MILK THROUGH MARKETING BOARDS AND LIQUID CONSUMPTION COMPARED WITH MANUFACTURED, UNITED KINGDOM.

Source: Official Agricultural Statistics and Monthly Digest of Statistics.

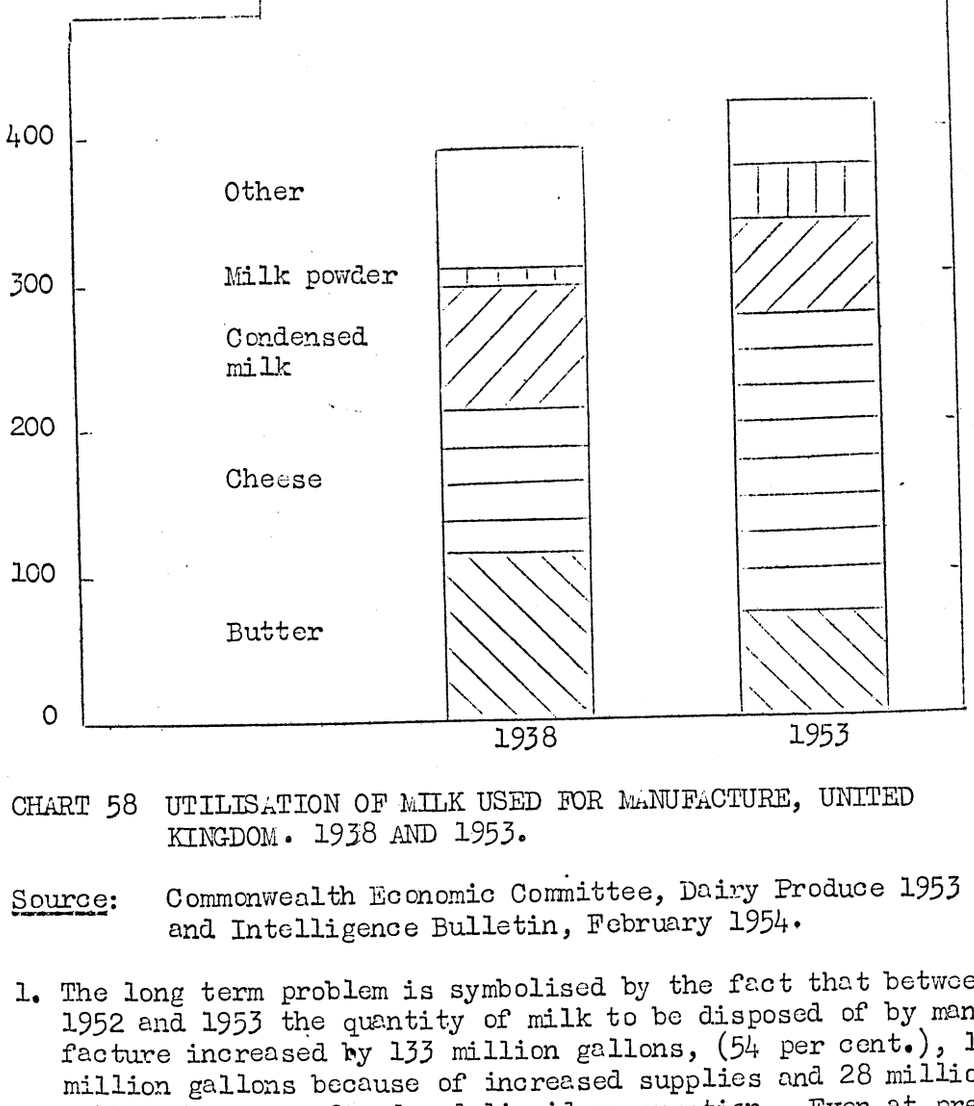


CHART 58 UTILISATION OF MILK USED FOR MANUFACTURE, UNITED KINGDOM. 1938 AND 1953.

Source: Commonwealth Economic Committee, Dairy Produce 1953 and Intelligence Bulletin, February 1954.

1. The long term problem is symbolised by the fact that between 1952 and 1953 the quantity of milk to be disposed of by manufacture increased by 133 million gallons, (54 per cent.), 105 million gallons because of increased supplies and 28 million gallons because of reduced liquid consumption. Even at present retail prices, liquid milk consumption is tending to fall and, since retail prices are subsidised, the possibility of their increasing further must be kept in mind. The upward trend in supplies has been illustrated already.

2. At least up to 1953 there were many day-to-day problems. When supplies were at their shortest, the problem was to allocate supplies for the manufacture of such priority products as baby foods; at other times the problem was to process milk before it went bad. In order to allow factories to use milk from near at hand, the source of London's milk has often been changed.

3. The big change since the pre-war period has been the increased production of cheese. Some of the 'other uses' were a good deal more remunerative than butter and cheese. It is reported that the market for some has been seriously impaired by the events of the last decade though, when it again becomes responsible for milk marketing on 1 April 1954, the Milk Marketing Boards may regain some of them.

4. Nevertheless, unless exotic products suddenly become popular, much of the milk will have to be disposed of for butter, cheese and other standard products. However, it was stated in 1951 that the unsubsidised cost of home produced cheese would be double that from Australia and New Zealand, and that the difference for butter would be even greater. This seems to suggest that the diversion of 10 gallons in a 100 to manufacture of cheese would entail a drop in receipts of the order of 2d. a gallon on the average.

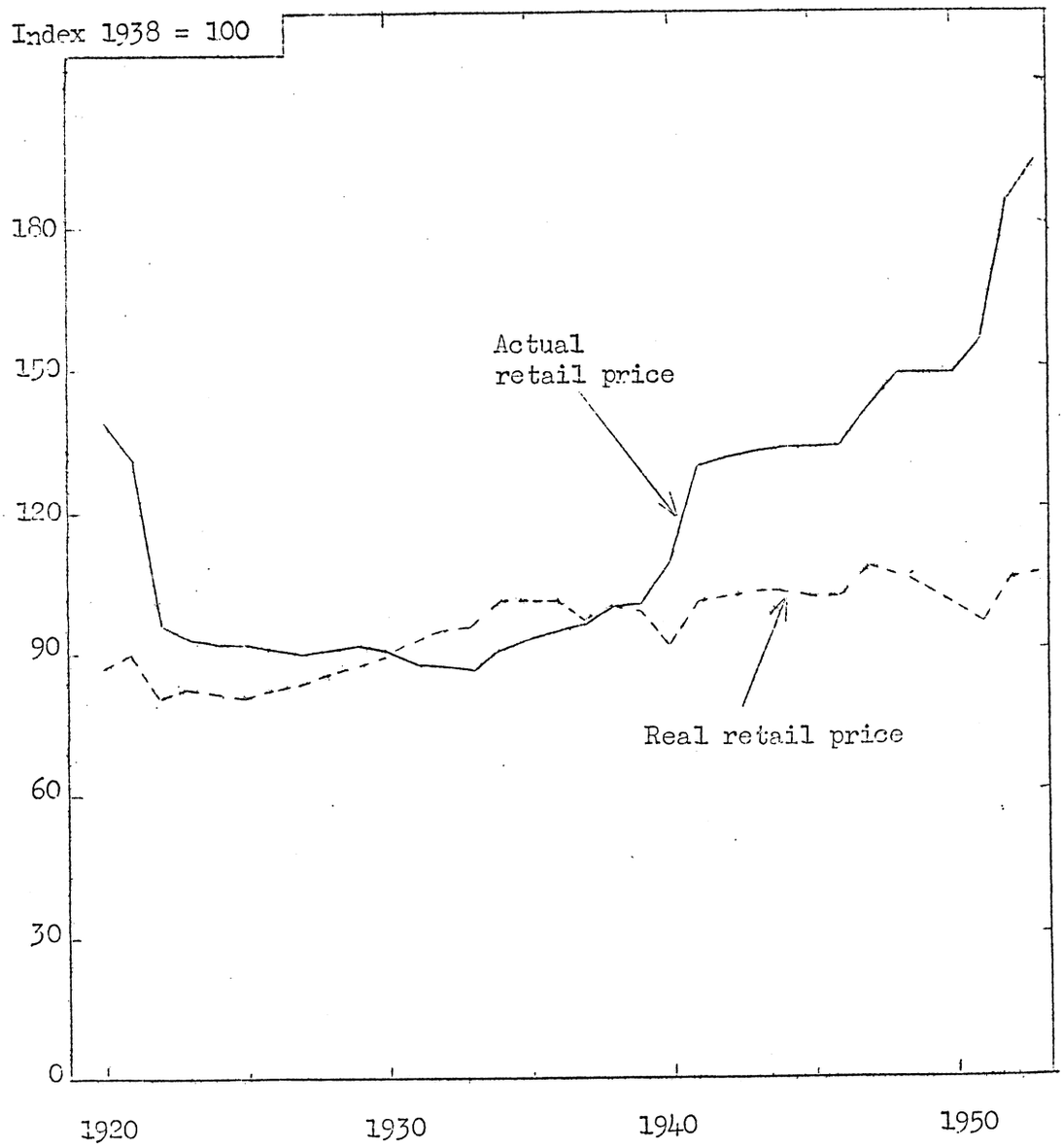


CHART 59: INDEX OF THE ACTUAL RETAIL PRICE OF LIQUID MILK AND OF THE REAL RETAIL PRICE OF MILK IN TERMS OF THE GENERAL COST OF LIVING INDEX, UNITED KINGDOM, Calendar Years 1920-1953

(index of "real" price = $\frac{\text{index of actual price x 100}}{\text{general cost of living index}}$)

Source: Based on Official Agricultural Statistics and Mr. J.R. Bellerby's National Cost of Living Index.

1. The welfare schemes are not immune from reduction but it would probably be reasonable to assume that they would be more nearly so than the other subsidies. It is arguable that they have a value beyond the present, both in the eyes of the doctor who wants to see well grown children and in the eyes of the milk producer who wants to see more people with an ingrained habit of drinking liquid milk.

2. It is unwise to be dogmatic about the factors which affect the consumption of milk. Some surveys suggest that milk consumption varies closely with income others that it does not. In some areas it has been shown that income and the price of milk accounted for only one third of the variations in the amount of milk which families drink (for some discussion see Ashby and Ashby, XII International Dairy Congress Report 1949). In fact, published information is not very informative about present habits. A survey in 1938 (Murray and Rutherford, Milk Consumption Habits. Oxford) showed that over one third of the raw milk consumed was used in tea, coffee or cocoa and less than one third as raw milk and as drinks made mainly with milk. This must have changed greatly, for example consumption of breakfast cereals had doubled between the prewar period and 1952.

3. The price charts show how sharp have been the recent increases in the

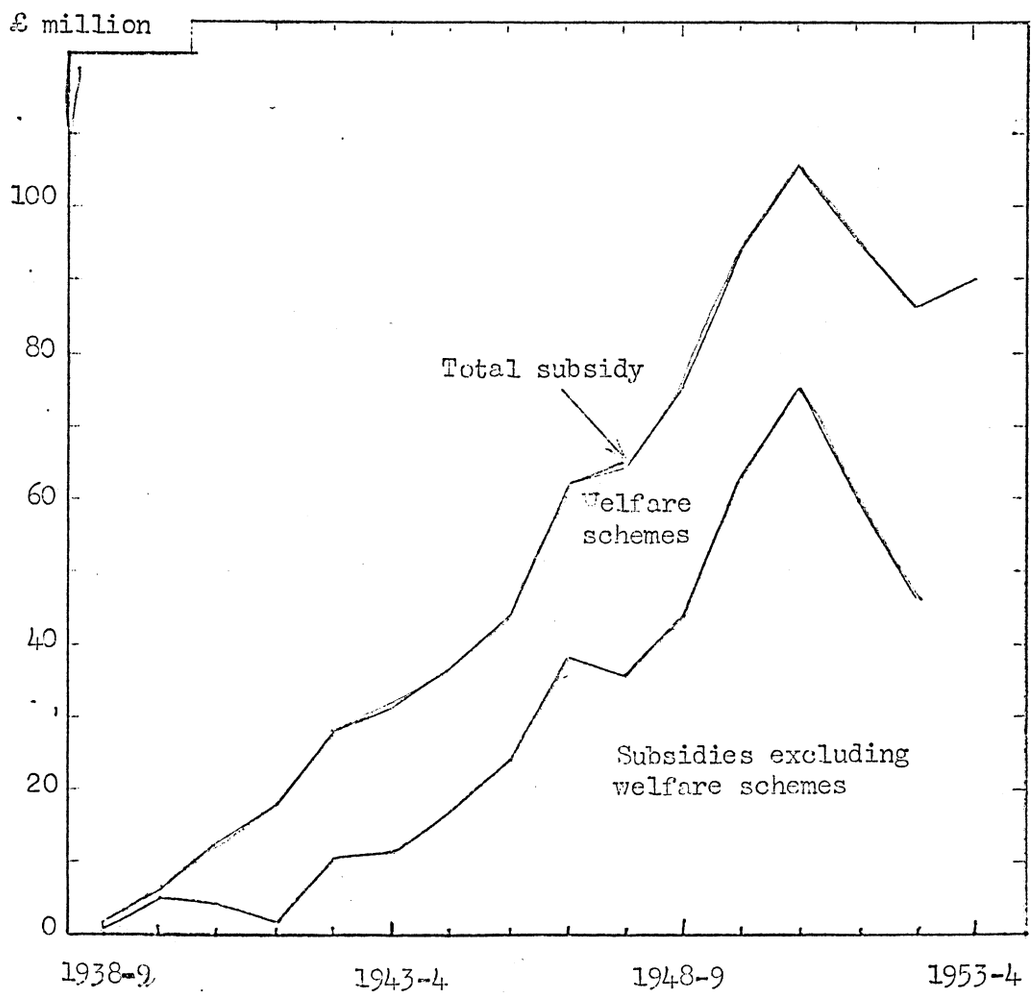


CHART 60: ANNUAL COST OF GOVERNMENT SUBSIDIES ON MILK, 1938-9 to 1953-4 (APRIL-MARCH YEARS), UNITED KINGDOM.
(Figures for 1938-9 to 1940-1 and 1950-1 include amounts borne on the Votes of the Agricultural Departments).

Source: 1938-9 to 1952-3. Midland Bank Review, February 1953, 1952-3 and 1953-4 (Total subsidy) Ministry of Food Bulletin.

(Notes continued)

retail price of milk and provide some explanation of the fact of declining liquid consumption, even though, compared with living costs generally it does not seem especially dear. It may well be that many housewives look not so much at the price per unit as at the total sum expended.

4. The incidence of prices on different families is, however, difficult to visualise. The above chart shows the full retail price and many families with young children will be paying on average much less than this. (Under the cheap milk schemes ordinary milk costs 1½d. a pint).

5. The results of surveys of milk consumption in 1949 and 1950 showed some interesting variations with income and family size. Thus, prewar surveys showed consumption per week decreasing from over 5 pints a head for the highest income group to 1-1¼ pints a head for the lowest. The range in 1949 was from about 6 pints to some 4 pints a head a week. The average consumption for families of different sizes ranged from some 5.8 pints a head for a man and woman down to 4.9 pints for 1 man 1 woman and 4 children The cheap milk for children must have played a big part in this reduction of the variation with income . Only families with 2 children or less were getting as much milk as the doctors recommended but probably they were better off than they were before the war in this respect. (Hollingsworth, British Journal of Nutrition 1951. pp. 392-402.

1. Public dissatisfaction with the state of meat supplies arises from a complex of factors, including a supply smaller than people remember being used to, poor quality, differences from formerly in the proportion of different kinds, irregularity of supply from one month to another, and the size of the butcher's bill. Complaints on most, if not all, of these counts will need to be at least partly met before consumers are reasonably content - mere increased total quantity will not be enough.

2. This chart shows that there was less butchers' meat (beef, veal, mutton, lamb and pork) in the United Kingdom in 1953 than pre-war. 150 But increases in population mean that to give pre-war supplies per head to the 1953 population would require some ~~200~~ thousand tons more meat than the pre-war total.

3. Whether consumers on average are prepared to buy pre-war supplies per head depends on earnings, meat prices, and the attraction of other goods - a difficult equation to solve. In late 1953 English beef ribs and most mutton seemed to be about twice the pre-war retail price, English thin flank and foreign rib $2\frac{1}{2}$-$2\frac{1}{4}$ times, and foreign thin flank 3 times. Wages were, perhaps, $2\frac{1}{2}$ times the pre-war level and earnings rather more. And incomes were more evenly distributed.

4. This would suggest that a consumer might be expected to buy as much per head as pre-war.

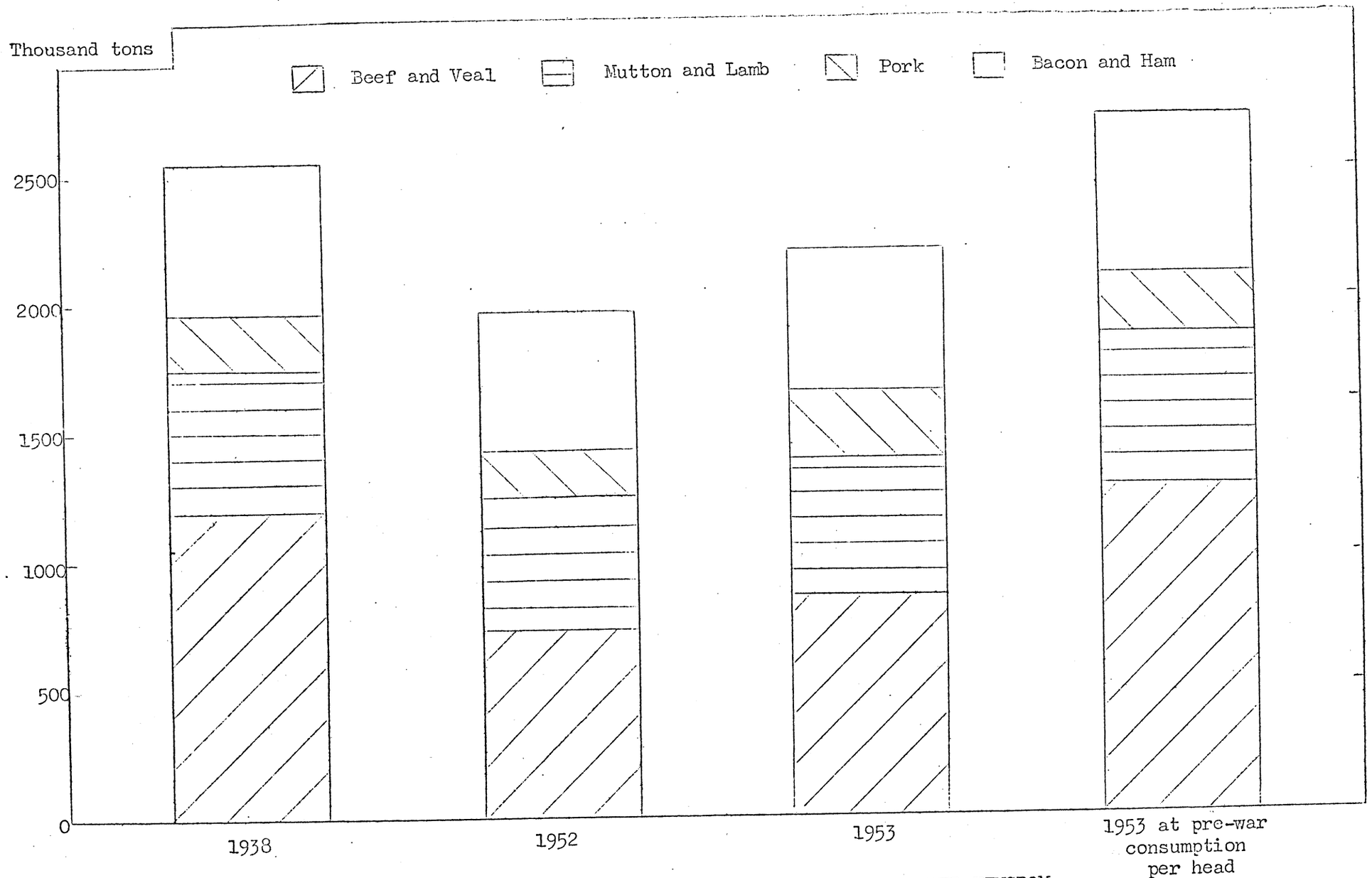


CHART 61 TOTAL SUPPLIES OF CARCASE MEAT AND BACON AND HAM, UNITED KINGDOM

1. Pre-war, imports of butchers' meat about equalled home production. Taking meat and bacon together imports exceeded home production. (It has often been useful in recent years to consider butchers' meat and bacon and ham together because the allocation of home produced pigs between pork and bacon has been more or less a matter of expediency.)

2. Pre-war, also, imported and home produced supplies of beef were similar; the rest of home production was about equally divided between mutton and lamb and pork, but the rest of the imports consisted mainly of mutton and lamb.

3. Home production in 1953 was similar in amount and make-up to pre-war.

4. The main loss in supplies was in imports. And amongst imports the main loss was of beef. This reflects the reduction in imports from Argentina. It seems unlikely to be made good unless Argentina resumes her former volume of exports.

5. Both absolutely and proportionately there was more pork and mutton and lamb in total meat supplies in 1953 than pre-war. The proportionate changes would suggest that consumers are not likely to become satiated if the quality is reasonable. Since pig carcases for pork seem recently to have been 60 lb. or so heavier than pre-war, too many old, or very fat, pigs may mean much poor quality pork.

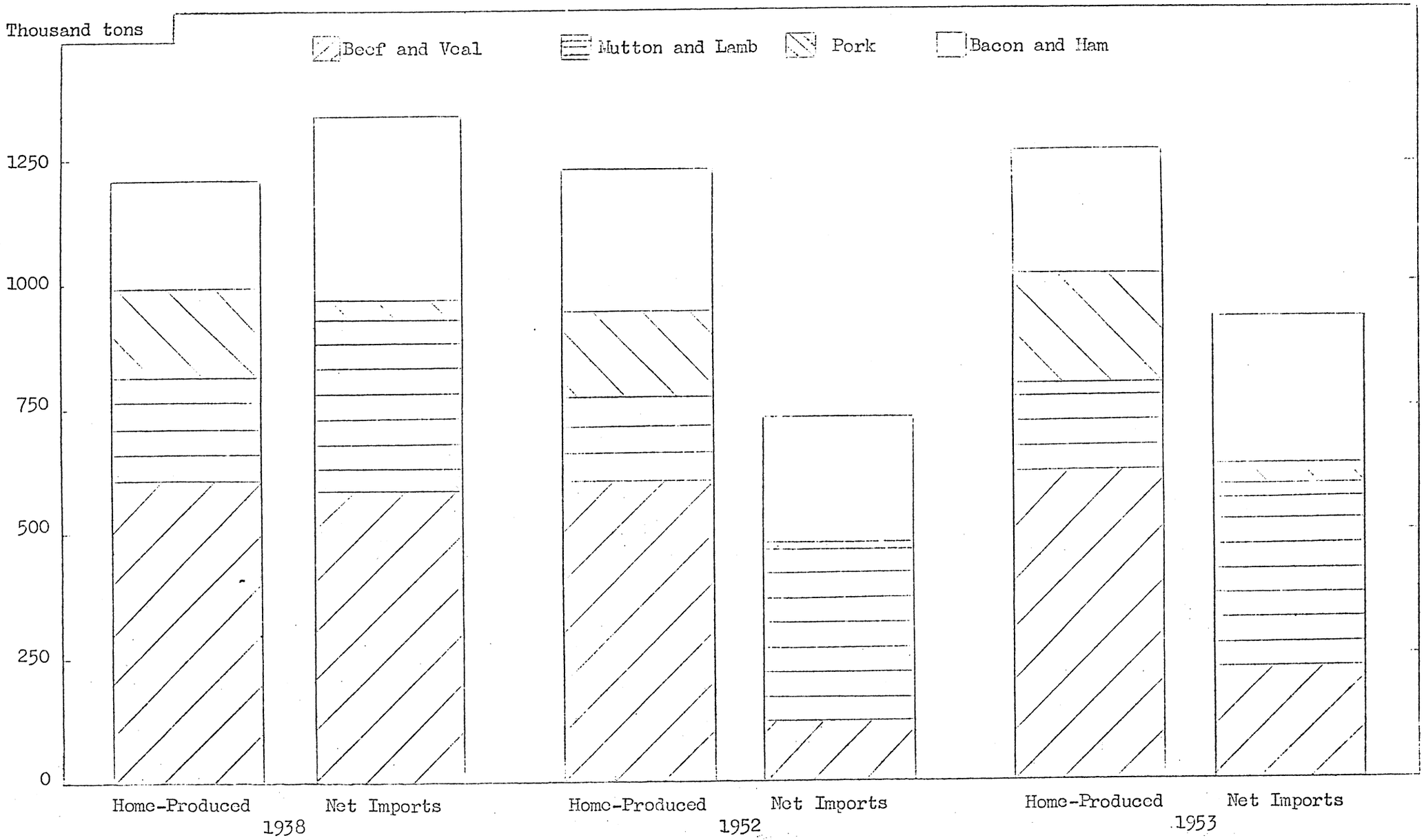


CHART 62 HOME PRODUCTION AND NET IMPORTS OF CARCASE MEAT AND BACON AND HAM, UNITED KINGDOM

1. The trend of meat consumption during 1951, 1952 and 1953 shows two interesting features:
   (a) the considerable seasonal variation
   (b) the fact that only in September 1953 did the consumption, for the country as a whole, exceed the pre-war annual average.

2. General reports suggest that, at the prices ruling, meat was in ample supply, even in excess for a while in September. Since total national consumption was little above the pre-war average, the consumption per head was probably below it which hints that demand may be rather lower than the argument on the preceding chart might suggest.

3. If so, straightforward dissatisfaction with quality may have been partly the cause.

4. During rationing people may have got used to eating less meat and now value it less highly than they used to do - the demand curve may have shifted downwards.

5. For some income groups wages may have kept in step with rising meat prices and prices of other consumer goods. But the more even distribution of income may have been largely offset by the bigger increase in the prices of cheaper cuts. Housewives may also look at the <u>total</u> outlay on meat as closely as at the price per lb.

6. Though there are these doubts and uncertainties so far, there seems to be a considerable unsatisfied demand in all months except August to November.

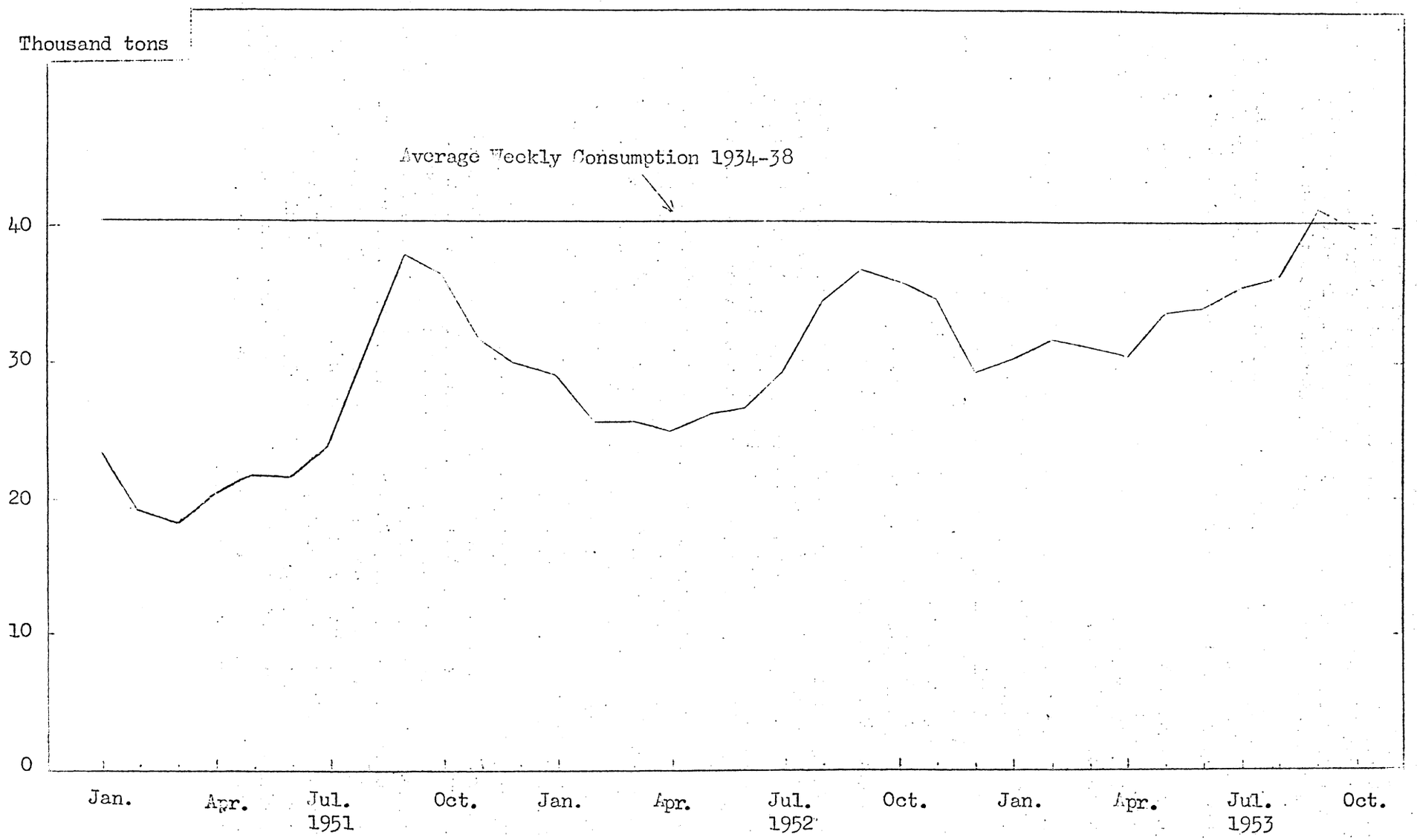


CHART 63 AVERAGE WEEKLY CONSUMPTION OF CARCASE MEAT AND OFFAL, UNITED KINGDOM

1. In 1952 about 3,350 thousand cattle and calves were bought by the Ministry of Food for slaughter. Of these some 30 thousand head were cattle imported from Ireland in a fat condition to be slaughtered here. About 1200 thousand were calves. Of the rest 590 thousand were cows and cow-heifers (heifers which have had one calf but yield a good carcase) and 1470 thousand steers and heifers, probably 150-200 thousand cows, in addition went to knackers. (Annual Abstract of Statistics. 1953)

2. Out of the 1470 thousand steers and heifers, probably some 1050 to 1100 thousand are home bred and the rest imported from the Irish Republic. Probably rather less than half of the 1470 thousand were heifers.

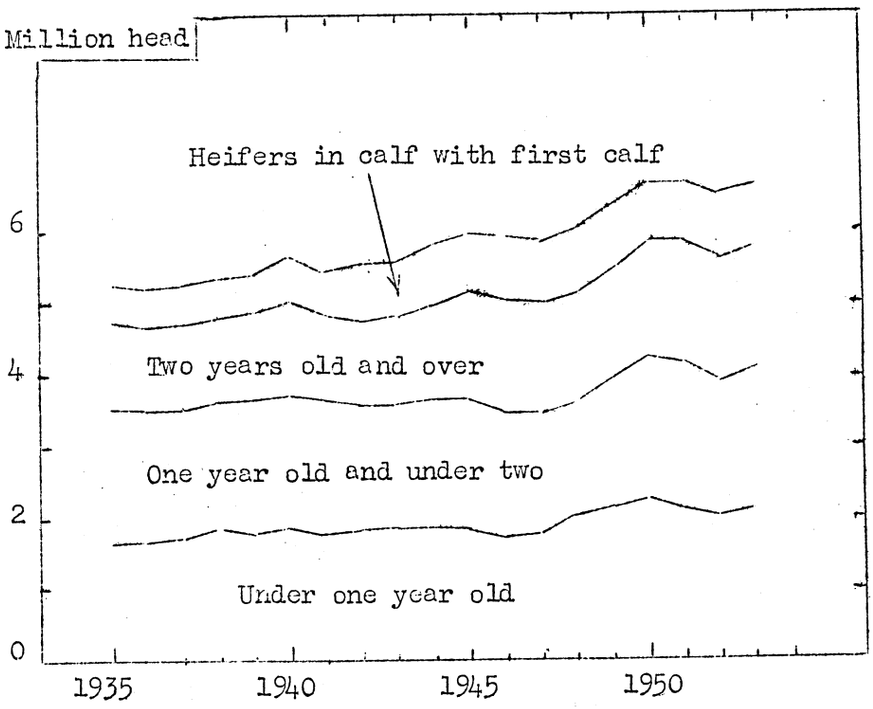
3. Two interesting features of the upper of the charts opposite is the effect of the calf subsidy on the numbers of cattle under one year old and the effect of the conditions since 1939 on the numbers of cattle 2 years old and over.

4. For some years up to 1947 the number of cattle under 1 year had been around 1800 thousand. Under the influence of a subsidy on each calf reared, equivalent to about 6-8 per cent of its value at slaughter, numbers rose to a little over 2300 thousand in 1950. The lower chart shows them to have been mainly steers. They then decreased to about 2000 thousand though they recovered a little in 1953. This is perhaps 200 thousand above the prewar level but against this must be set the decrease of 250 thousand head in the numbers of stores imported from Ireland when considering the raw material available for beef production.

5. In 1938 there were about 1200 thousand head of "clean" cattle 2 years old and over. This had increased to about 1550 thousand in 1947 and thereafter it reached 1720 thousand in 1952 and 1953. This means that, of the increase of some 1600 thousand head in total numbers of cattle since 1938 and 1939, some 500 thousand are cattle 2 years old and over.

6. These extra two year old cattle seem to contribute little to the production of the industry except perhaps that they may be better treaders of straw than younger beasts. The net result of an increase between 1947 and 1950 of some 500 thousand in the numbers under 1 year old was to increase the numbers 2 years and over in 1952, already well above the prewar level, by about 200 thousand and to increase the output of clean cattle for slaughter by some 300 thousand head.

7. This is an over-simplification but there nevertheless seems to be a restraint being imposed on the output of the beef industry other than shortage of stores for fattening. Presumably there is an interlocking network relating several factors including supplies of rough feed to be consumed if possible, a limited amount of concentrated feed to be used to the best advantage, cheap fattening material in the form of grass, the supply of stores and the cost of stores relative to the price of fat cattle. Both technical and economic considerations seem to contribute to a vicious circle, - one view , at least, suggests that if once fat beasts could be sold for slaughter a little earlier there would be the chance to finish even more quickly those which came after and so on. The problem is to make a start. Mere increased rearing seems, initially at least, to make the problem worse rather than better



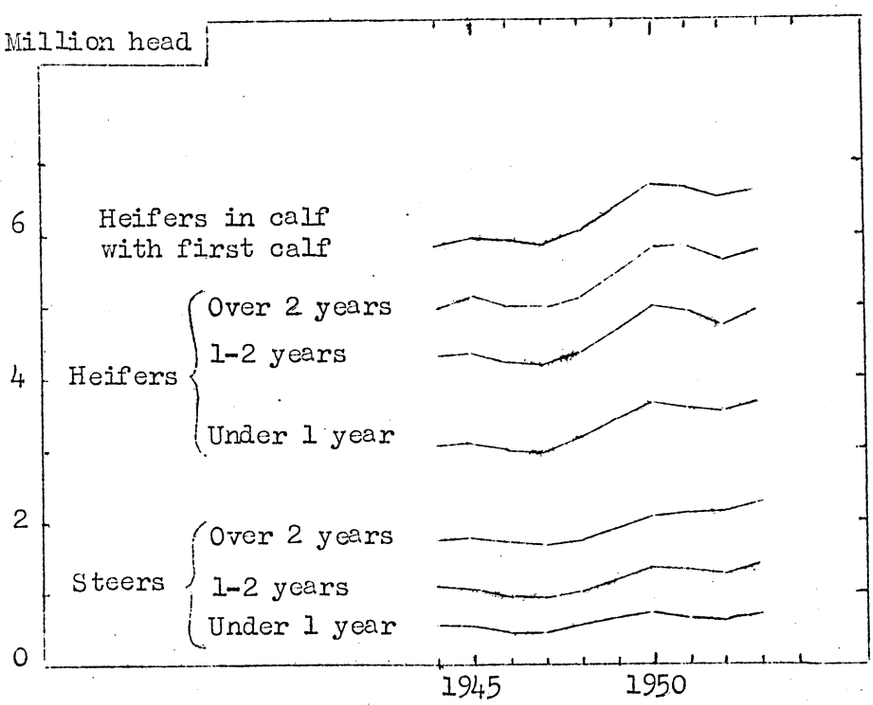


CHART 64 HEIFERS IN CALF WITH FIRST CALF, AND "OTHER CATTLE" UNITED KINGDOM. (Other cattle excludes cows and heifers in milk, cows in calf but not in milk, bulls for service and bull calves being reared for service).

Source: Agricultural Statistics and Agricultural Returns for United Kingdom.

1. During the 1930's the trade relations between the Republic of Ireland and the United Kingdom were uneasy. However, by the end of the period we received from her well over 700 thousand head of a cattle a year out of the total of some 2200 thousand slaughtered annually in the United Kingdom. Of these 700 thousand, rather more than 600 thousand received some feeding on farms in the United Kingdom. Arrangements have been made, both under the prewar measures for supporting cattle prices, and under the buying methods of the Ministry of Food, to pay rather lower prices for these Irish-bred stock.

2. Compared with the prewar figure of Irish imports, representing 30 per cent of numbers killed in the United Kingdom, the 1953 figure was probably about 20 per cent. Ireland as a supplier of stores also seems to command rather less news comment than she did before the war.

3. However, as the upper chart shows, Southern Ireland is breeding as many cattle as she did then. There have, however, been some developments of late. The Irish people are eating rather more beef themselves but in 1952 this seems to have been equivalent to no more than 15-20 thousand head a year. They have also been producing more carcase beef for export. In 1952 this was about 26 thousand tons - say, 100 thousand head - compared with neglible quantities before the war. The United Kingdom took rather less than half of this. She has also been sending more live cattle to continental countries. In 1952, 34 thousand went to such countries compared with 18 thousand in 1938. She has also been canning more meat. In 1952, again, she produced some 17-18 thousand tons (? equivalent to 100 thousand head). Virtually all of it came to Britain.

4. There thus emerges the picture that increased Irish consumption; increased live exports to Europe; increased exports of carcase beef; and increased exports of canned beef, account for the loss of perhaps 240 thousand a year in exports of live cattle to the United Kingdom. Of this, carcase and canned beef account for some 200 thousand, and of the total decrease of 240 thousand head under these classifications, the United Kingdom took 140 thousand head in the new forms.

5. Even after this analysis has explained most of the decrease in exports an impression remains that Irish output has decreased compared with 1938. The upper chart provides some hint of a reason. She, too, is suffering from the problem of having a bigger cattle population mainly because of increased numbers of older cattle, and due, presumably, to their being kept to greater ages.

6. This may in its way be one item in as complex a network as that which exists in the United Kingdom. For one thing the terms on which we buy her meat or fat cattle are likely to be patterned on those under which we buy our own. These have tended to put little penalty on weight and hence to be only a slight deterrent to keeping cattle till they are older than formerly. The same pattern is reflected in our demand for stores. Ireland argued, before the canning industry developed so much, that it would help in clearing the pastures of some of the less good beasts and thus contribute to a speeding up of the finishing process, but any such effect, in practice, does not seem to have been very big.

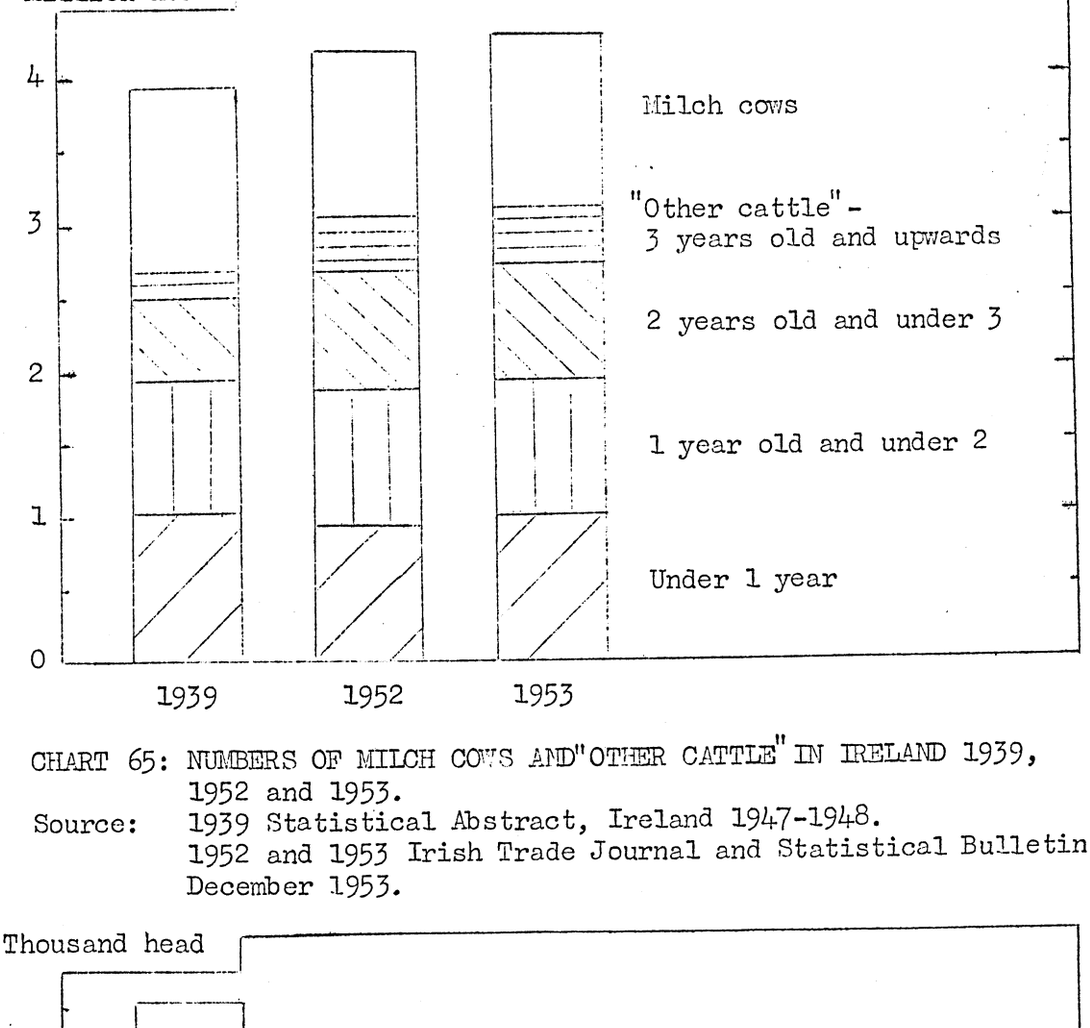


CHART 65: NUMBERS OF MILCH COWS AND "OTHER CATTLE" IN IRELAND 1939, 1952 and 1953.

Source: 1939 Statistical Abstract, Ireland 1947-1948.
1952 and 1953 Irish Trade Journal and Statistical Bulletin, December 1953.

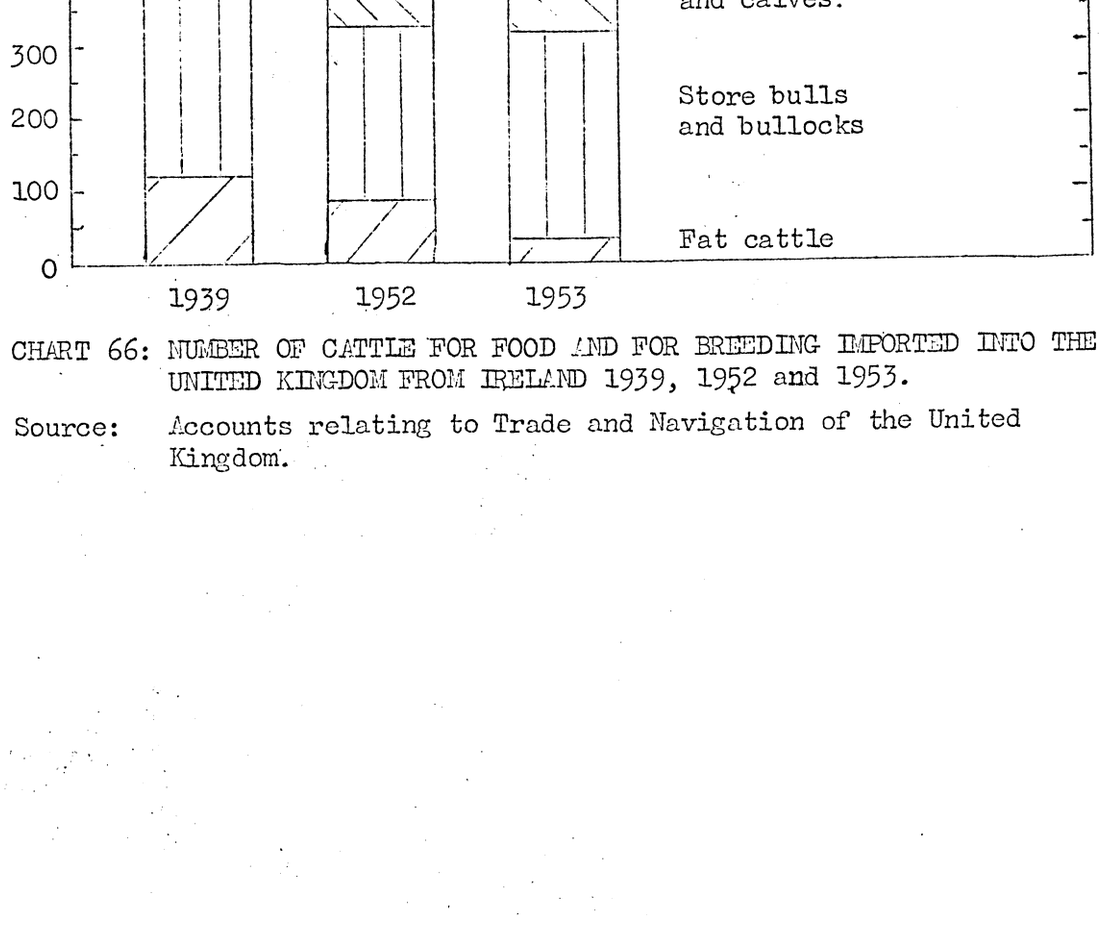


CHART 66: NUMBER OF CATTLE FOR FOOD AND FOR BREEDING IMPORTED INTO THE UNITED KINGDOM FROM IRELAND 1939, 1952 and 1953.

Source: Accounts relating to Trade and Navigation of the United Kingdom.

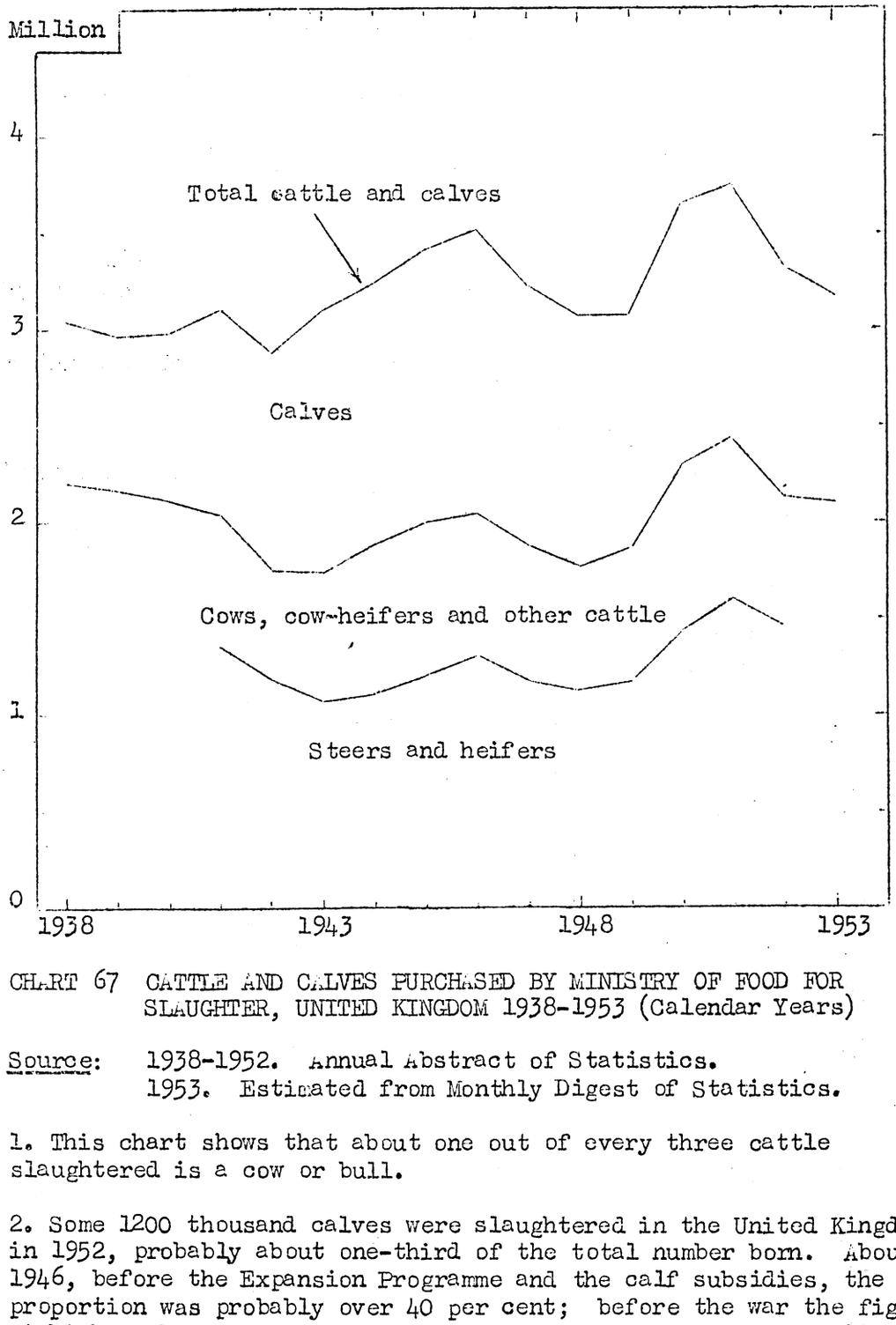


CHART 67 CATTLE AND CALVES PURCHASED BY MINISTRY OF FOOD FOR SLAUGHTER, UNITED KINGDOM 1938-1953 (Calendar Years)

Source: 1938-1952. Annual Abstract of Statistics.
1953. Estimated from Monthly Digest of Statistics.

1. This chart shows that about one out of every three cattle slaughtered is a cow or bull.

2. Some 1200 thousand calves were slaughtered in the United Kingdom in 1952, probably about one-third of the total number born. About 1946, before the Expansion Programme and the calf subsidies, the proportion was probably over 40 per cent; before the war the figure might have been around one quarter. An unknown, but some would say considerable, proportion of these calves would not have given a reasonable carcase even if they were reared; 90 per cent of those slaughtered in 1952 were bull calves. The fact that 10 per cent of the services through artificial insemination schemes in 1952-3 were for colour-marking of calves, is a sidelight on this problem.

3. If account is taken of the fact that cattle numbers have been increasing over recent years, it can be seen that the output-per-head-on-the-farms has been much lower than it was before the war. Then, about 60 head were slaughtered per 100-head of cattle in the June census over 1 year old, other than cows. This had decreased to about 40 in 1947-8 to 1949-50. In the following two years it rose to a little under 50 but decreased for 1952-3 and seems likely to be no higher in 1953-4.

4. Concurrently the average amount of meat distributed per beast slaughtered, - roughly speaking, the average carcase weight - increased from 590 lb. before the war to about 605 lb. in 1952, as might be expected considering the increase in age at slaughter. True veal calves are now seldom marketed, with milk at present prices, and this is reflected in the decrease in carcase weights from 64 to 48 lb. Only 4 per cent of the slaughtering in 1952 were first quality veal calves.

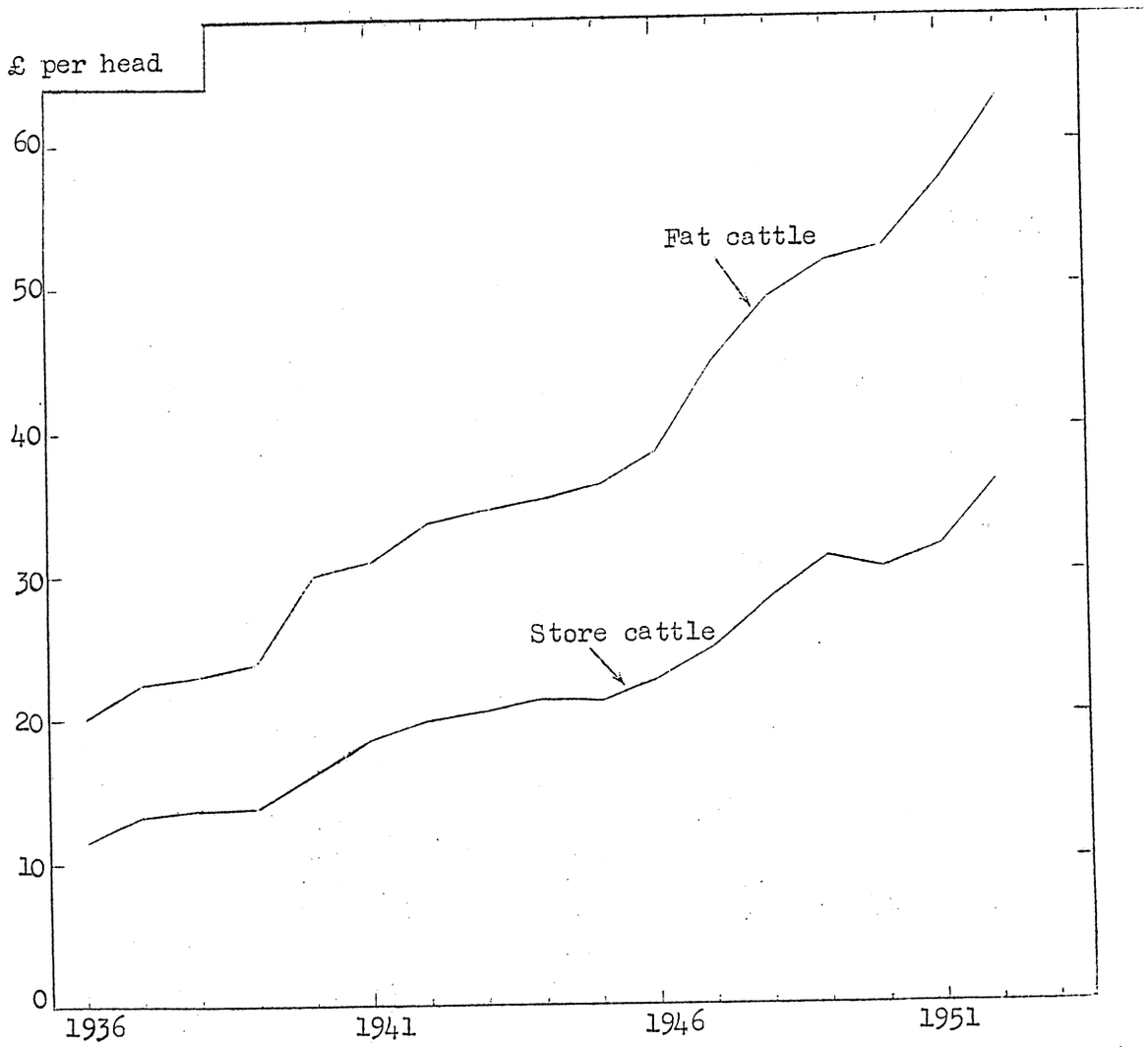


CHART 68 PRICE FARMERS RECEIVED FOR FAT AND STORE CATTLE, ENGLAND AND WALES.
(Price per live cwt. of Fat Cattle multiplied by 10 to bring to price per head)

Source: Based on official Agricultural Statistics.

5. This chart shows that store prices have been moving pretty closely in line with fat cattle prices over the longer run. Both in 1936-9 and 1950-2 the gross margin between the price of the store and the price of the fat beast was 74 per cent of the store price. Generally speaking, the guarantees of prices given to fat cattle producers have been reflected back to the store raisers. There have, however, been considerable changes in the pattern of the store trade during the period, stock are often bought by the fattener much longer before sale for slaughter than used to be customary. Comparison of the curve of store prices 1948-1951 with that of young cattle numbers (see Contents for Chart of cattle numbers) for that period raises the question of how big an increase in store numbers could occur without an easing in prices.

6. Broadly speaking the price of store cattle has increased by 170 per cent between the prewar period and 1952. Milk has been an attractive alternative for many store raisers for its price has increased by 190 per cent over the same period. Various pressures might come to be placed on the "marginal" milk producer to turn back to store raising but these must be weighed amongst many considerations. At 1952 prices an adjustment of, say, 1d a gallon on the milk price changes the index compared with prewar by 8 points and a £4 a head calf subsidy is equivalent in value to about 25 gallons of milk.

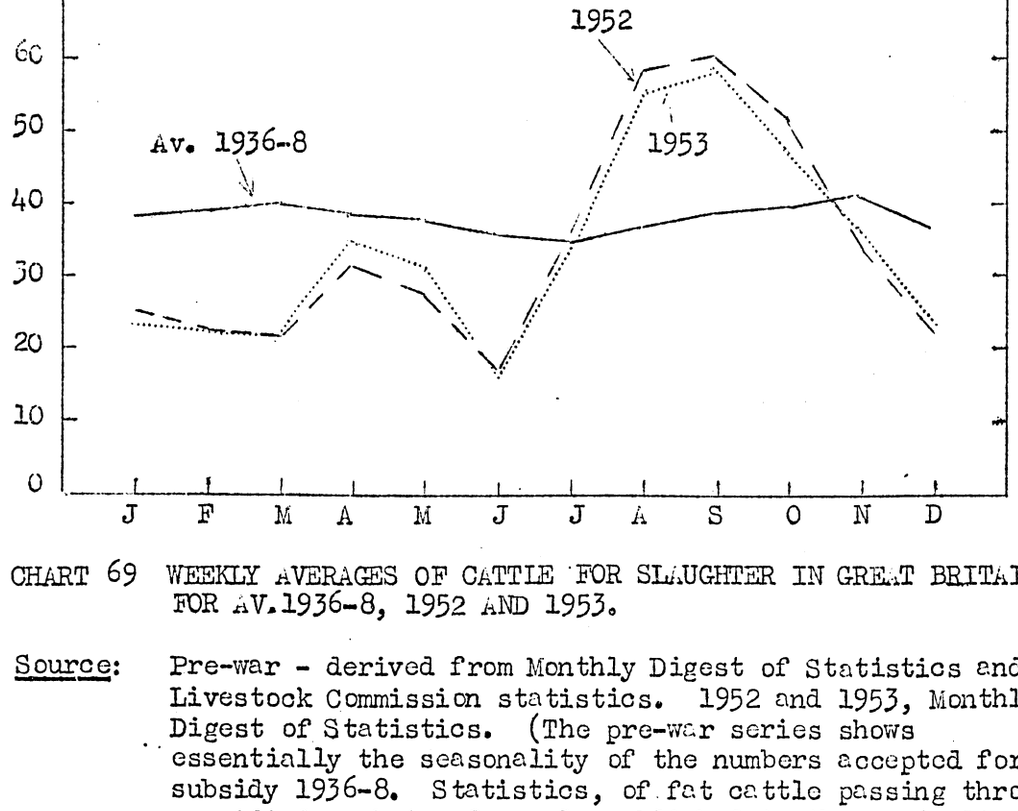


CHART 69 WEEKLY AVERAGES OF CATTLE FOR SLAUGHTER IN GREAT BRITAIN FOR AV.1936-8, 1952 AND 1953.

Source: Pre-war - derived from Monthly Digest of Statistics and Livestock Commission statistics. 1952 and 1953, Monthly Digest of Statistics. (The pre-war series shows essentially the seasonality of the numbers accepted for subsidy 1936-8. Statistics, of fat cattle passing through specified markets, formerly published in the Agricultural Market Report, give a very similar curve. It is a little higher in January and reaches a peak in October at a level perhaps 10 per cent. above the one entered).

1. The pronounced seasonal variation shown here for 1952 and 1953 is probably the summation of two distinct seasonal patterns, one for steers and one for heifers. Before the war, heifers tended to be marketed fat off the grass and steers out of the yards, the two together giving a fairly level flow. During and after the war, the tendency towards grass fattening of heifers was accentuated while steers also became mainly grass fattened. It is believed that this tendency has continued, though the sub-peak in April and May is probably mainly steers.

2. Home produced beef accounts for one-third to one-half of meat supplies so that fluctuations in its production can markedly affect supplies coming to the consumer, (see contents for charts of meat supply and consumption). The impact of the autumn glut depends greatly on the seasonality of imported supplies.

3. There has been considerable discussion of cold storage for the autumn glut. There is at present no equipment available in Britain for freezing home-killed beef on a commercial scale - 24 tons were frozen in a recent year! Since, for technical reasons, chilling would not be practicable, if British meat were frozen it must be expected to sell at a discount when thawed out, - perhaps even at a discount compared with imported chilled meat.

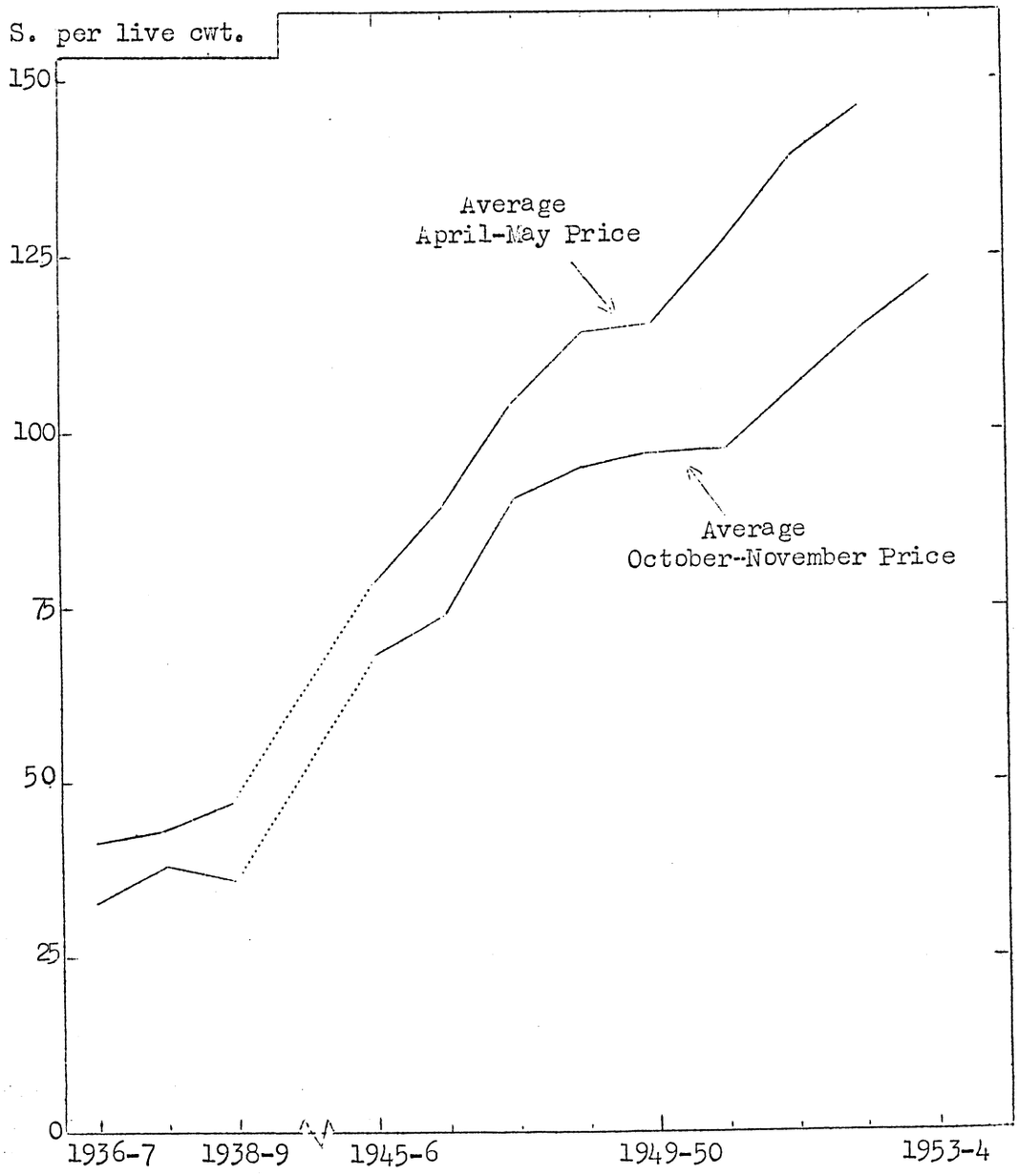


CHART 70 SUMMER AND WINTER PRICES OF FAT CATTLE, ENGLAND AND WALES 1936-7 TO 1938-9 AND 1945-6 TO 1953-4
(The October-November 1936 price is entered on the same vertical line as the April-May 1937 price.)

Source: Official Agricultural Statistics.

1. Broadly, the best prices for fat cattle are obtained in April-May and the chart shows that these have markedly improved since 1947-8, compared with the prices in the late summer. However, it is clear from the continuance of a considerable degree of seasonality in marketings that the attraction is insufficient to overcome the costs of all kinds incurred.

2. Some estimates of the cost of fattening cattle in the summer and in the winter have been published but, though interesting, they are not closely relevant to the practical problem which is, essentially, reorganize the farm so as to have less grazing but more winter feed, using no more labour than is available.

3. The other question is - After the free market has operated for a year or two, by how much will the spring prices come to exceed the autumn one, and by how much will this differential still be modified by the guarantee arrangements?

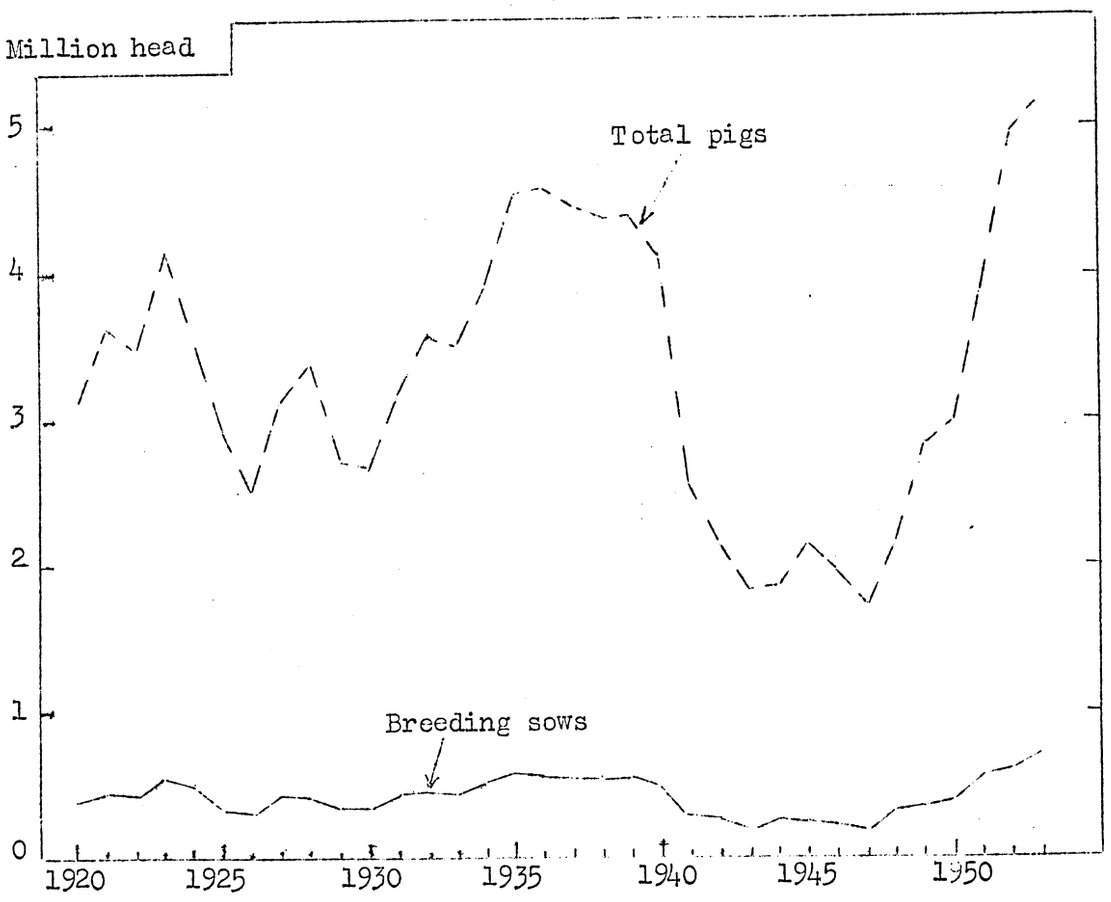


CHART 71 PIG POPULATION (June census) UNITED KINGDOM. 1920-1953

Source: Official Agricultural Statistics

1. Since 1939, pig keepers have suffered from two features of the animal, - that it competes with humans for food and that it reproduces itself very rapidly. Because of the first characteristic, numbers were deliberately reduced during the war by being given low priority in the feedingstuffs rationing scheme and by a price which was not particularly paying for anyone whose output had to be reduced in line with rationed feed supplies. The second characteristic, - the fact of rapid reproduction - led to special encouragement being given to them when meat supplies were reduced, encouragement which it is difficult to believe has not been over-enthusiastic.

2. The supply of concentrated feed in the United Kingdom in 1952-3 was about 16 per cent below that in the prewar period. In 1953-4 it should be higher than this. However, more hens and more pigs were kept, and more milk was produced in 1952-3 than before the war. Presumably grass and other fodder crops made up a bigger part of the feed of all classes of stock, except perhaps hens, and there had been economies in feeding. The last word on the feed supply side has not been said, however, until the slow rate of turnover of the beef cattle population has been mitigated. (See Contents for cattle charts).

3. It has been stated (Feb. 1954) that home produced bacon costs £380 a ton, and Danish and Dutch bacon c.i.f. British port £237.10s. a ton, a difference of 60 per cent. Before the war the price of British bacon was about one quarter more than that of imported.

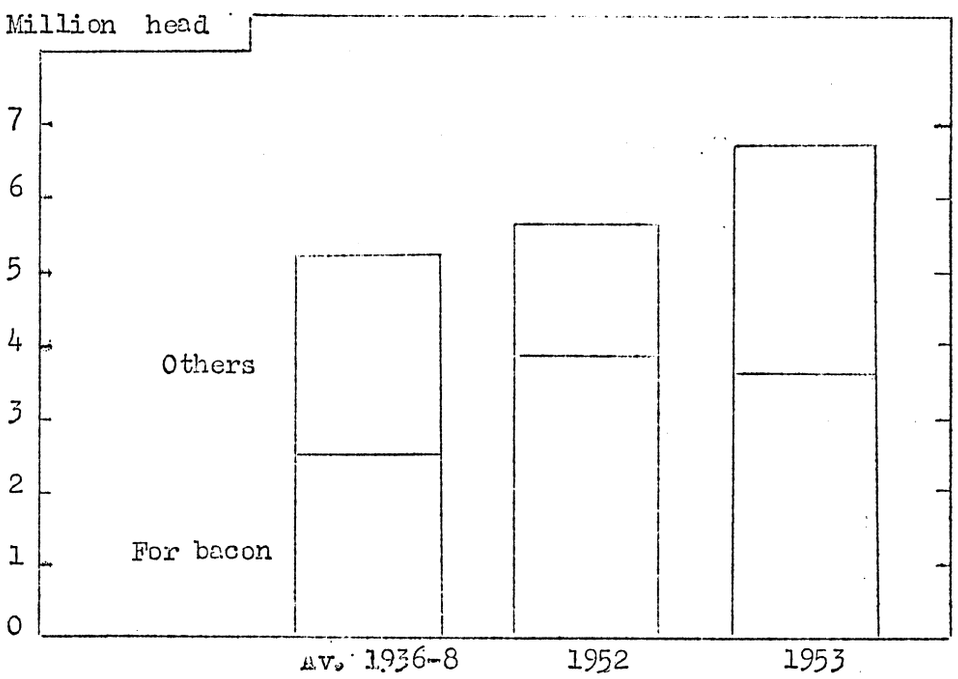


CHART 72 NUMBER OF PIGS PURCHASED FOR SLAUGHTER, FOR BACON AND NOT FOR BACON, IN GREAT BRITAIN, FOR AV. 1936-8, 1952 AND 1953.

Source: Monthly Digest of Statistics.

1. In 1953 supplies of bacon and ham in the United Kingdom had regained prewar levels but using some 46 per cent more home produced supplies as the chart shows.

2. About the same number of pigs were used for purposes other than bacon - i.e. for pork and manufacturing meat - in 1952 as before the war. This was a marked change from the war years when all pigs which it was feasible to turn into bacon were so used.

3. Pigs deteriorated with respect to both weight and type during the war period. The weight of bacon produced per baconer averaged over the whole country was about 135 lb. in 1938. By 1944 it had risen to 204 lb. but has gradually fallen so that in 1952 it was only 131 lb. The type, too, has been improved, encouraged first by a period of "educational grading" and then by payment on the basis of backfat measurements among other factors.

4. Weights of the pigs not used for bacon increased considerably - from 173 lb. before the war to 202 lb. in 1952. These are averages of very mixed items. One change has been the decrease in the production of highly finished London pork of 120 lb. L.W. or so, leaving mainly sows and other heavy pigs. This may well mean that more heavy fat pork has been available than consumers will willingly buy, for there was one-third more home produced pork in 1953 than prewar.

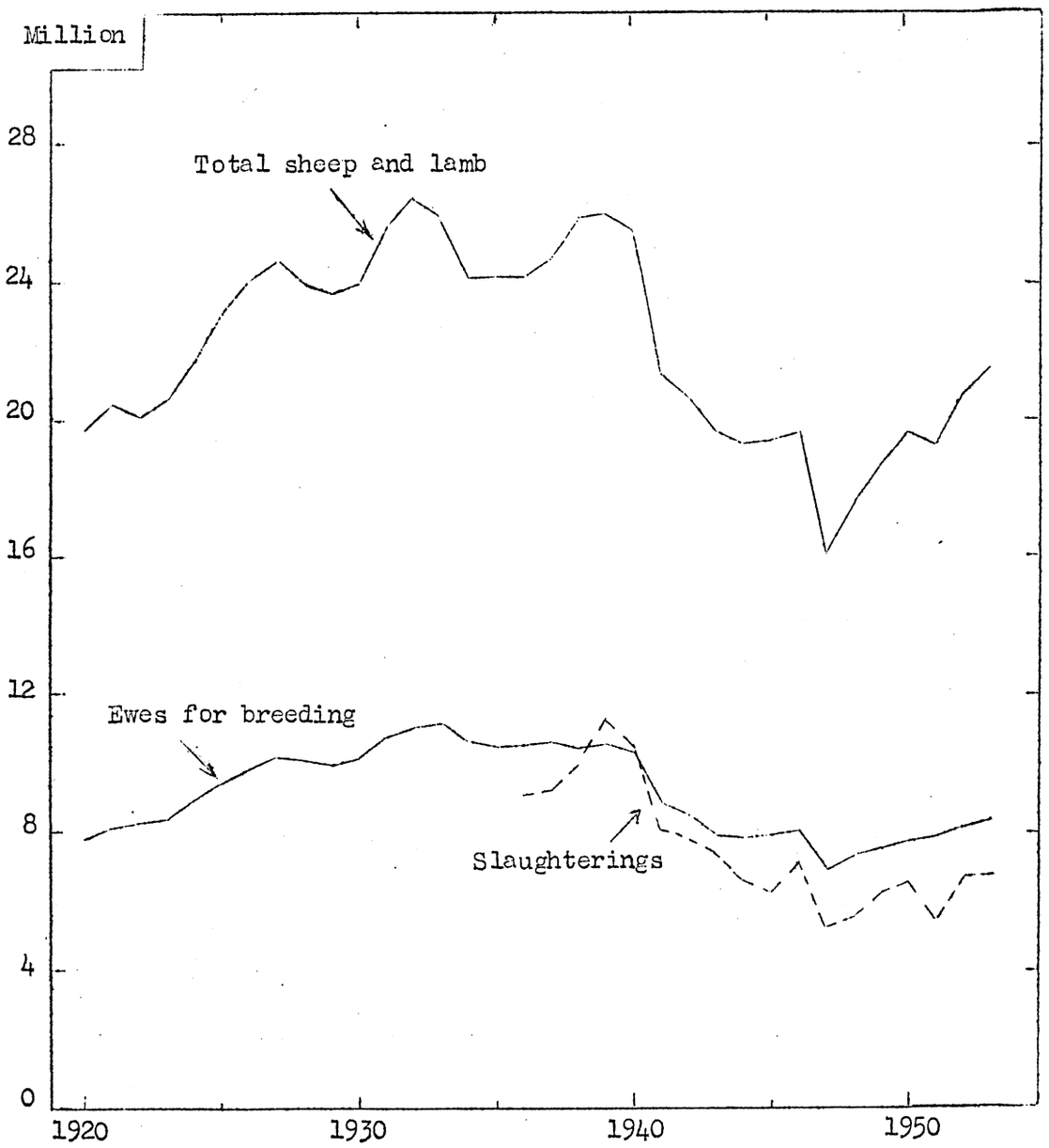


CHART 73 SHEEP POPULATION (June census) AND SHEEP AND LAMBS PURCHASED BY THE MINISTRY OF FOOD FOR SLAUGHTER (Calendar years), GREAT BRITAIN, 1920-1953.

Source: Official Agricultural Statistics and Monthly Digest of Statistics.

1. Much of the decrease during the war was in the lowland districts, especially where much grassland had been ploughed up. After the war the total numbers were beginning to increase again until the severe losses of the winter of 1946-7. Recovery from this had barely been reached by 1952. Increases lately may have been spread rather widely, a few sheep being often associated with dairy cows and other stock.

2. The number slaughtered per 100 ewes has been lower than prewar, presumably partly because stocks have been built up, and partly because the flocks on arable farms which had a high proportion of twins have been reduced most since before the war. Slaughterings have shifted slightly towards the June-November half year.

3. Mutton and lamb imports have been reduced less than beef so British sheep producers may have a somewhat less open market than beef producers. International wool markets have often been firm mainly because of rather ad hoc purchases ... e.g. by Russia, but in 1949-50 wool accounted for only 15 per cent of the receipts of the British sheep industry.

1. Since the annual sales of eggs and poultry are worth more than beef, veal and mutton and lamb together, it seems a pity that the statistics available to describe the poultry industry are so crude and general.

2. Broadly speaking, the poultry population of the United Kingdom has been stationary for several years at a level some 15 million head above pre-war. Many of these extra birds are reported from Northern Ireland.

3. There is some general evidence of an expansion in table poultry production. Producers seem also to be culling more pullets at the end of their first laying year and/or culling earlier, for whereas three or four years ago June numbers of adult birds were 86 per cent. of the December numbers, in 1952-3 they were only 77 per cent.

4. Maps of the regional distribution of poultry now and pre-war show decreases in some of the former specialist areas, e.g. Lancashire, and increases in many arable districts, bearing out the observed increase in farm flocks.

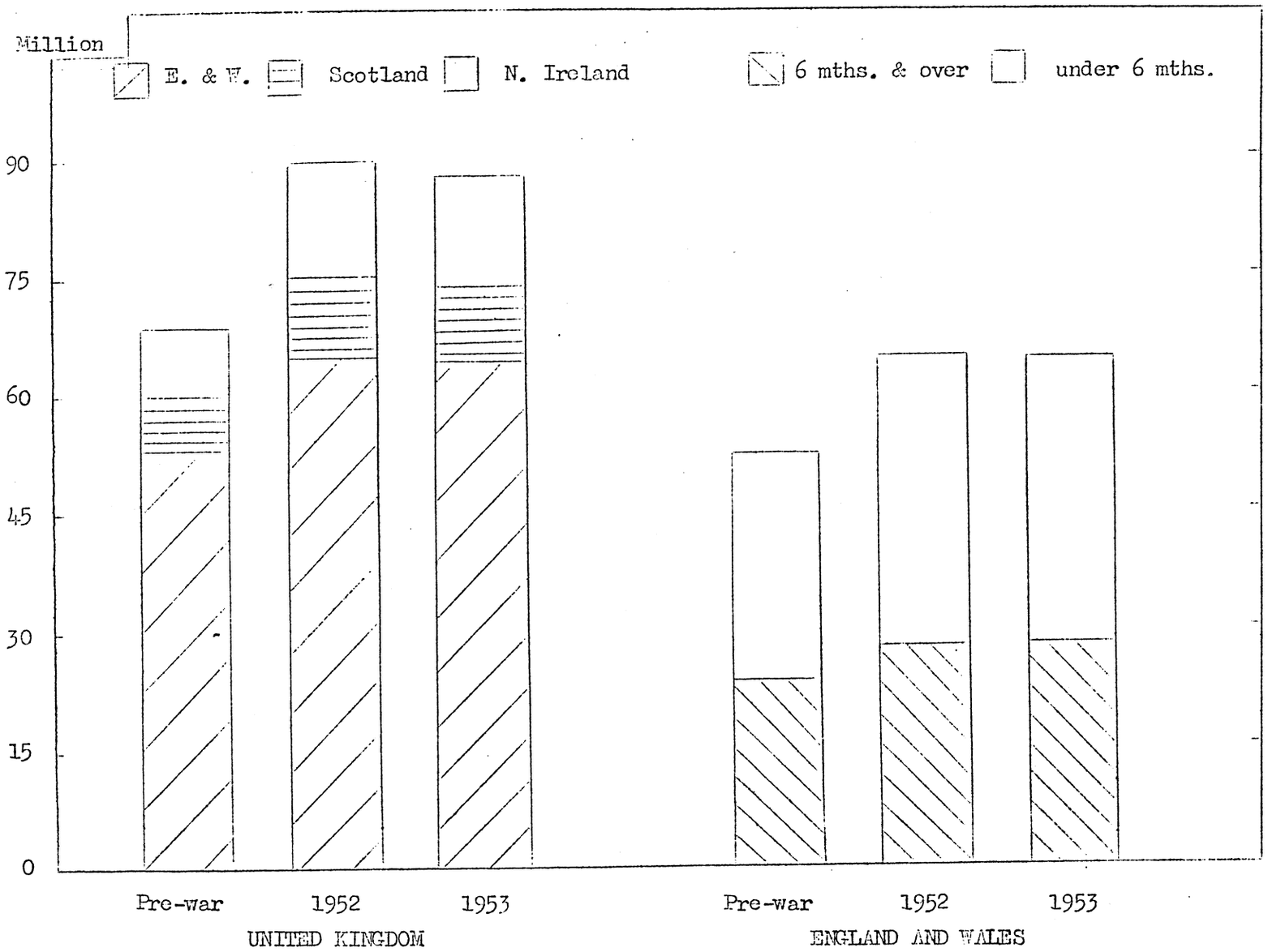


CHART 74 TOTAL FOWL POPULATION IN THE UNITED KINGDOM AND FOWLS UNDER AND OVER 6 MONTHS IN ENGLAND AND WALES (JUNE CENSUS)

1. There were 5 to 10 per cent. fewer shell eggs per head in the United Kingdom in 1952-3 than pre-war, taking the available figures at their face value.

2. This represents total supplies about equal to pre-war but they were made up of appreciably less imported supplies and more home produced now than pre-war.

3. Supplies of egg products were less than half the pre-war level due mainly to the ending of the pre-war import of some 40 thousand tons a year of liquid egg from China.

4. About 4¾ thousand million eggs passed through packing stations in 1952-3 out of the total estimated production of some 8 million. The effects of the control in March 1953 would not show in these figures. Sales to packing stations in the winter period have been increasing.

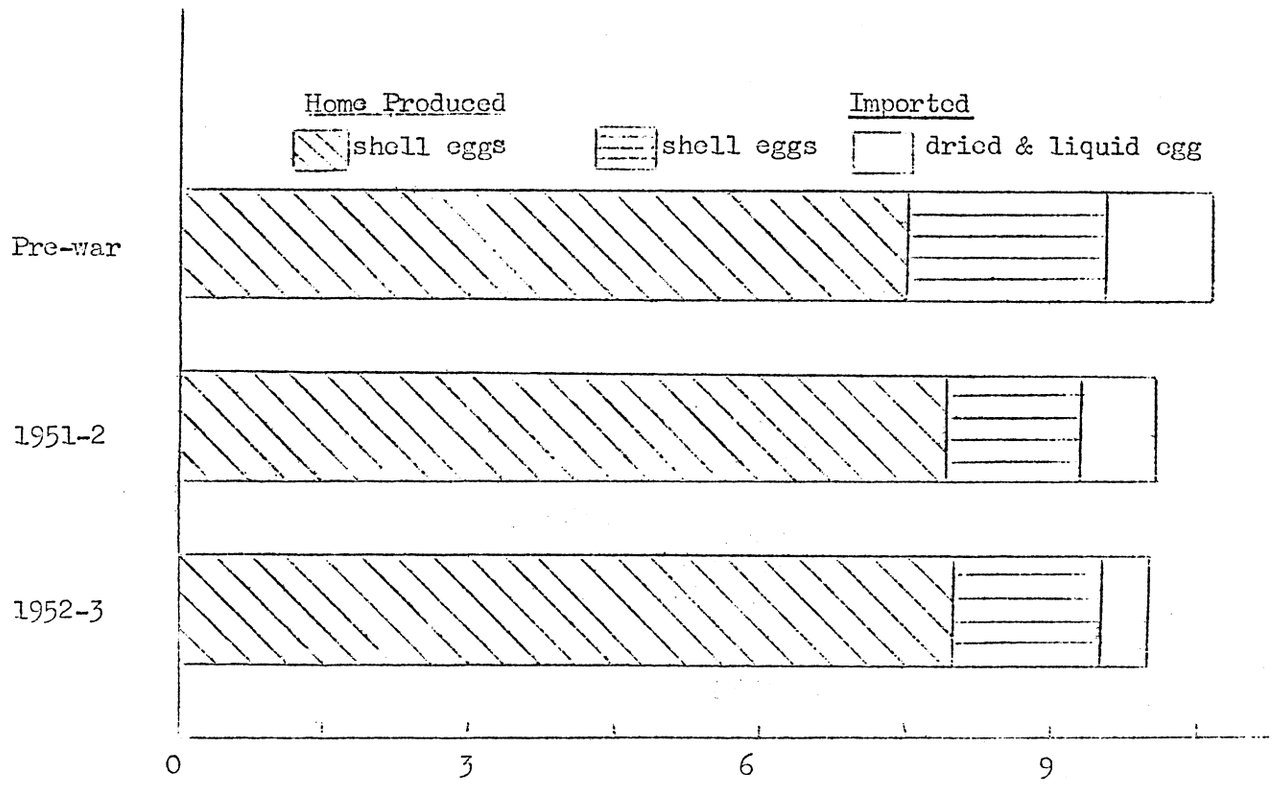


CHART 75 SUPPLY OF EGGS IN THE UNITED KINGDOM, JULY/JUNE YEARS

1. From 1939 to early 1953 the prices and distribution of eggs were controlled. The chart thus omits the key factor in the situation, - namely the changing extent to which supplies fell short of what the public would have taken at the ruling retail prices.

2. The post-war history of the egg situation resembles that for milk in showing a period of rising consumption concurrently with rising retail prices. At some point, however, high retail prices did curtail consumption; for eggs it appears to have been in the late summer of 1953.

3. After the relaxation of control in March 1953 the government guaranteed to producers a minimum price, varied seasonally.

4. The situation in autumn 1953 is confused. The season was exceptionally favourable for production. The government paid to packers a sum per case which was judged sufficient to enable them to pay at least the guaranteed minima to farmers. But the factors which would determine over a period the price packers would offer to producers, the retail price, and the government payment, were not clear.

5. Lately retail prices of eggs have been $2\frac{1}{4}$ - $2\frac{3}{4}$ times pre-war and, though industrial wage rates may be $2\frac{1}{4}$ times pre-war, there seems no ready prospect of consumers taking substantially increased quantities of eggs at about the present state of prices.

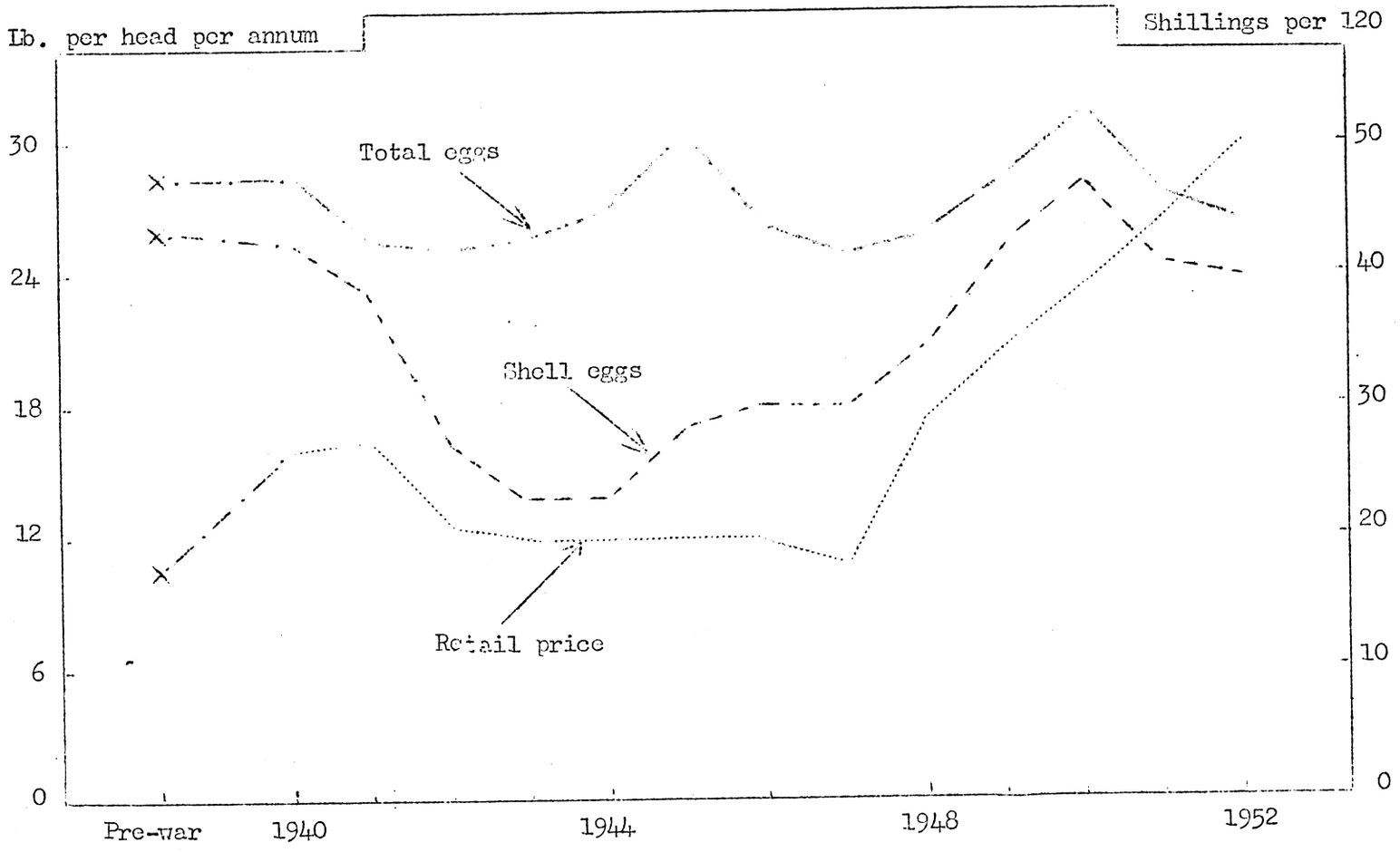


CHART 76 RETAIL PRICE OF HEN EGGS AND SUPPLY PER HEAD PER ANNUM MOVING INTO CIVILIAN CONSUMPTION OF SHELL EGGS AND OF TOTAL EGGS (INCLUDING DRIED AND LIQUID EGG AT SHELL EGG EQUIVALENT), UNITED KINGDOM.

1. At least three interesting features emerge from such a comparison.

   (a) the relative prices of home produced and imported eggs,

   (b) the diversity of prices received by different countries in the years just after the war and the recent tendency for these to come into line with each other,

   (c) the big rise in the price of eggs from sources which pre-war were cheap.

2. Up to 1952-3 home produced eggs maintained their premium over imported. The fact that it then represented about 1s. a dozen indicates that, if imports came in freely, competition might be very sharp. So far the government has controlled purchases abroad.

3. Irish and Polish eggs, which formerly were low priced sources, have recently been receiving prices comparable to those for Danish. It is an open question whether a free market would bring further adjustments.

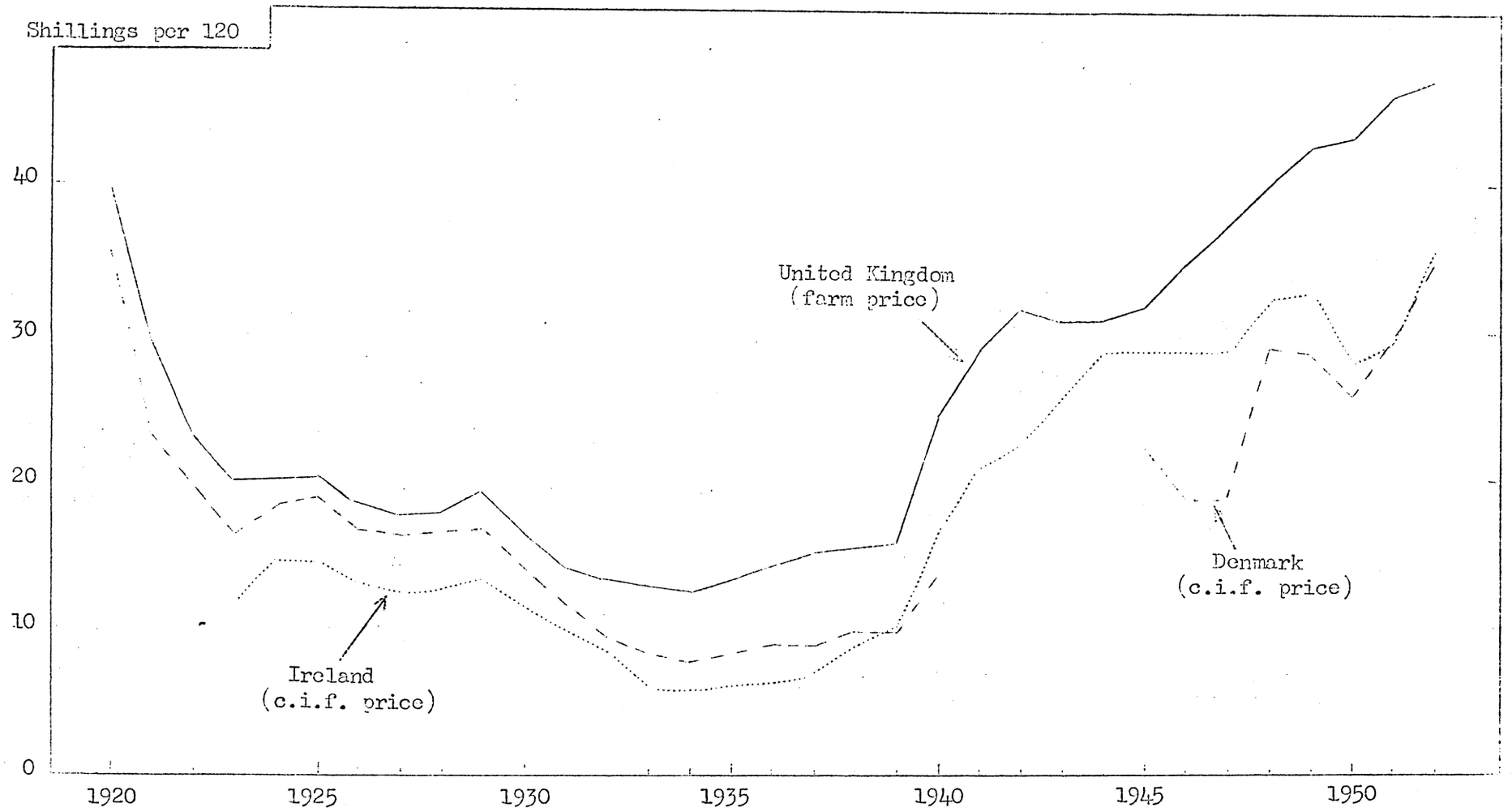


CHART 77 PRICE OF HOME-PRODUCED AND IMPORTED SHELL EGGS, UNITED KINGDOM (Calendar Year)

1. Pre-war world exports of eggs came from two big exporting countries (Denmark 24 per cent., Netherlands 23 per cent. and thirty or more little ones. Likewise these supplies were taken by two big importers (United Kingdom 57 per cent., Germany 27 per cent.) and a score of little ones.

2. In recent years the minor exporters have tended to drop out and some minor importers to take more. In 1951 the United Kingdom took 30 per cent. and Germany 36 per cent. of imports.

3. Two different types of agricultural producers are represented amongst the exporters; highly organised specialist producers, such as in Denmark and the Netherlands, and peasants who regard eggs as a useful means of securing cash. Small quantities of eggs of peasant origin are likely always to be available. Supplies from the others depend on prices and on supplies of feedingstuffs.

4. Though the difficulty of importing feedingstuffs has embarrassed Denmark and the Netherlands, the prices offered for their eggs seems the key factor, - it determined whether they could afford to buy and use feed for egg production and whether they would take their egg trade elsewhere. After disagreement with Britain in 1950 over prices the Netherlands turned to Germany and in 1952 sent there 89 out of a total export of 101 million dozen. Denmark sent there 27 compared with 30 million dozen pre-war.

CHART 78 SOURCE OF IMPORTS OF SHELL EGGS INTO THE UNITED KINGDOM, Calendar years

1. The history of egg prices in 1953 after control was relaxed in March was such as to cause considerable public concern. The most obvious issues were the very high retail price for eggs in August and the very heavy subsidy required over the year. These two charts show some features of the supply and price situation.

2. The upper chart summarises the supplies of imported and home produced eggs sold through commercial channels. Small quantities of imported eggs in addition to those sold were imported, but only in December would they be noticeable on a chart of this scale. In that month imports exceeded sales by 8.9 mill. doz. (45 per cent) but sales exceeded imports in January by 5.3 mill. doz. As far as can be judged frompublished statistics, the total consumption of eggs in 1953 was about 816 mill. doz., the total sales through packing stations plus the quantity of imports sold totalled 554 mill. doz., leaving 262 mill. doz. (32 per cent) as disposed of locally.

3. The lower chart indicates that the greater part of the variation in retail prices (and hence in subsidy) was due to changes in supplies. There is a hint from this chart that there may have been a shift in the demand curve since August, as indicated by a line running through points (4),(5),(6) and (7) compared with one through (8),(9),(10),(11),(12) and (1). Before August increase in supplies was accompanied by a fairly small drop in price, since then by a much larger one, but this must be looked on with great reserve until more data are available.

4. Supplies of imported eggs do not appear to be very important in bringing about these variations, though they presumably affected the general level of prices.

5. The comparison of the 1953 seasonality with that of the early 1930's shows a general similarity between the two, especially if some allowance is made for the mild weather late in the year. This would suggest that too much weight should not be given to arguments that the seasonality has been greatly changed by change in the system of production.

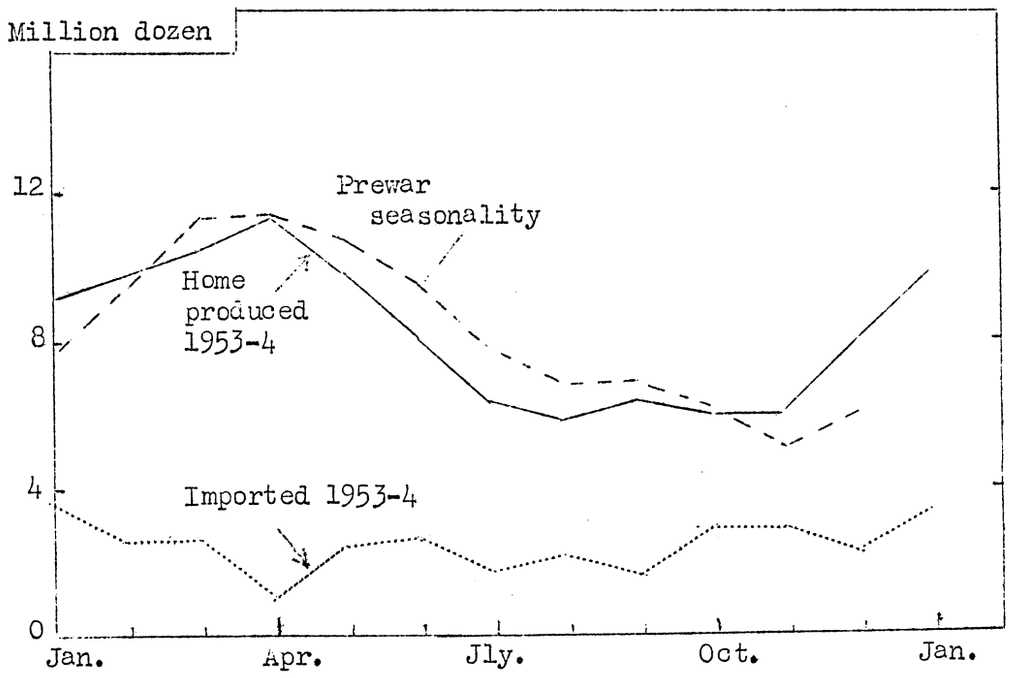


CHART 79a AVERAGE WEEKLY THROUGHPUT OF PACKING STATIONS AND SALES OF IMPORTED EGGS 1953-4 together with the seasonal pattern of sales through National Mark packing stations 1930-4.

Source: Answer to question by Mrs. B.A. Castle in House of Commons, 22 February 1954, and Beilby, 'Egg Prices' (Oxford).

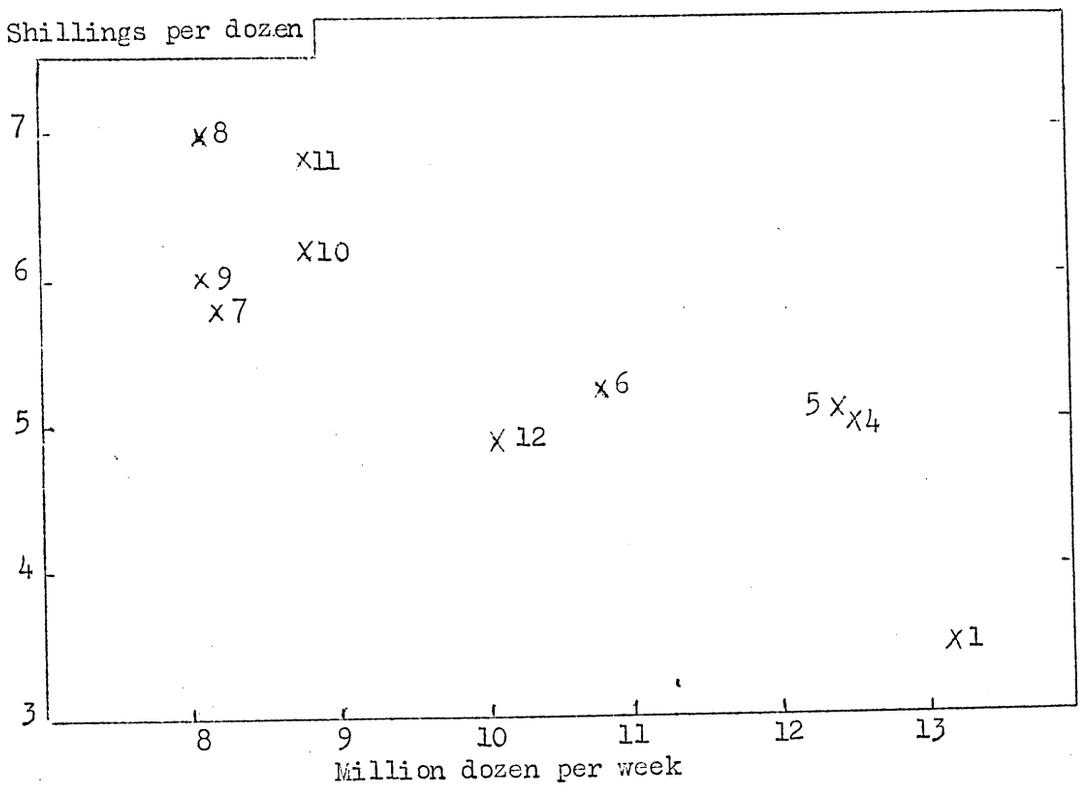


CHART 79b RETAIL PRICES OF EGGS (roughly estimated) AND QUANTITIES OF EGGS SOLD THROUGH COMMERCIAL CHANNELS AFTER DECONTROL. (Each cross represents the average situation for one month, 4 = April 1953, 5 = May 1953, ... 1 = Jan. 1954).

Source: Answer used in upper chart, Press notices of retail prices of eggs.

United Kingdom.

Agricultural Price Review Procedure.

[The Reviews are conducted by representatives of the Farmers' Unions and the Agricultural Departments. Among the basic statistical data available, are estimates of the net income on the national farm for a series of years, estimates of the effect of changes in costs on the expenditure side of the account, and a large body of financial accounting data furnished by University Economists, analysed by size and type of farm. The statistics are almost always agreed by all parties before the Review starts.]

Extracts from Speech by (Mr. George Brown), the Joint Parliamentary Secretary to the Ministry of Agriculture in the House of Commons. 26th May, 1950. Weekly Hansard.

Col.2463....when the government announce a price they do so on their own responsibility and give a general idea of the considerations which led to their decision. Of course, these considerations will vary from price review to price review ....

Col.2464....It is almost impossible to give a standard description of a price review either in general terms or by reference to its statistical basis. ... The function of the statistics is to ascertain the upper and lower limits within which negotiation should take place.....

[The seven stages of a Price Review.]

Col.2465 to Col.2466

[Firstly,] The review begins by the Government communicating to the representatives of the farmers the production targets which we hope to reach. That gives us the chance to discuss the prices to be fixed against the background and in relation to the output we hope to achieve. Thus, we can measure the degree of attraction which the prices will offer.

Secondly, consideration is given to the statistics to which I have referred - the statistics of aggregate farm incomes - and to the distribution of those incomes among sizes and types of farms. That is most important. I think that probably it is the one great point which the hon. Member for Wednesbury completely missed, and which he probably did not realise existed - the difference in the distribution of incomes between sizes and types of farms. Consideration is also given to a comparison of the income of farmers with those of others in the rural communities - sand and ballast merchants, for example - and to a comparison of the prices of like domestic and imported produce.

Perhaps I ought to mention especially the examination of the figures and of the aggregate net incomes, because they give the sort of evidence whether a general level of farm prices is too high or too low.

The third stage is to study all the changes, if there have been any, in regard to farm costs since the last review.

[Fourthly.] When we have got this stage over, we are able to proceed to a general conclusion about the general

level of farm prices, whether they need to go up or down and, roughly, by what amount they need to move either way.

The fifth stage is to take the global total which is arrived at, and to sub-divide it among the various commodities by reference, first, to the individual commodity production target; second, the cost change for that commodity; and, third, profitability data for farming types in this connection. During this sub-division, the actual global total becomes more precise and definite.

The sixth stage is that, at that point, the results of the review so far are reported to the Government. The Government are then able to take, as I emphasize that they do take - and they alone do it - the final decisions in the form in which they are then published in the Press announcements. That having been done,

The seventh and final stage is the preparation by the commodity interests of the Ministry of Agriculture, the Ministry of Food and other parties concerned, of the detailed price schedules incorporating the grades and the seasonal differences.

If one sees it done in that way, one gets a better picture of how much has to come into review; how little the actual statistics, important as they are, finally determine the ultimate picture; how easy it would be to give a completely incorrect and misleading picture merely by publishing one set of the data that is relevant without being able to publish the other; how hopelessly inaccurate it is to suggest that the negotiators, much less one side of the negotiators, fix the ultimate price; and how right it is to emphasise as much as we can that the Government do this. The Government accept their responsibility, and justify themselves to the people by their policy on agriculture which is announced and defended at intervals in this House.

Methods of implementing the guarantees of prices and assurance of markets for British agricultural products after decontrol

1. The guarantees and assurances under the Agriculture Act 1947, at present cover the following commodities:

Wheat	Potatoes	Fat cattle	Milk (Cow's, liquid)
Barley	Sugar beet	Fat sheep	Eggs (hen and duck in shell)
Oats		Fat pigs	
Rye			Wool

2. The guarantees and assurances up to 1953 were given in different ways for different products. Wool has been marketed since 1950 through a producers' marketing Board which sells wool for what it can get and will be recouped by the Government if over a 5 year period it has lost money. All the other guarantees and assurances, however, were carried out by some kind of direct action by the Government, - e.g. by the Ministry of Food buying all produce or standing ready to buy at a minimum price.

3. In March 1953, the control of distribution of home produced eggs was relaxed. The return of grains to private trade followed on 1 August 1953. The Milk Marketing Boards are to resume responsibility for marketing milk on 1 April 1954 and decontrol of fatstock is expected in Mid 1954. The Government's withdrawal has not necessarily been made in one move, - for example it continued to be responsible for importing eggs until the beginning of 1954.

4. It is probable that producer controlled marketing boards will be set up to market several further commodities. If in the normal course of trading they secure prices as high as, or higher than, those guaranteed from time to time, for a satisfactory quantity, then little Government action may be called for. If they do not, then the Government must have means to inject the necessary funds or otherwise to carry out its commitment. Even if no action of this kind is needed, the Government will presumably retain an interest in at least the public health aspects of 'quality' of agricultural products, and possibly in fostering standardisation of grades.

5. The following notes do not attempt to be a source of reference on the actual machinery of administering the guarantees or on the respective prices. Their sole purpose is to indicate the nature of the new methods and hence the kind of risks against which the farmer is guarded and those which he must still run. Details are contained in the following publications;

   Annual Review and Fixing of Farm Prices 1953. Cmd. 8798. (20 March, 1953)

   Annual Review and Determination of Guarantees, 1954. Cmd. 9104. (18 March 1954)

   Decontrol of Food and Marketing of Agricultural Produce. Cmd. 8989. (5 November 1953)

   Guarantees for home grown cereals. Cmd. 8947. (18 January 1954)

   Details will also be found in the technical press in the issues following the date of the respective publications, and in various information leaflets published individually or jointly by the Ministries of Agriculture and Food. More details can be expected soon after the date this is being written (29 March 1954).

Cereals

The home trade in home grown grain was returned to private hands from 1 August 1953. Importing returned to private hands on the same date. The London Grain Exchange opened 4 January 1954 for dealing in coarse grains, and the Liverpool Exchange opened on 1 December for dealing in wheat.

1953 crop. Farmers may sell to anyone prepared to give them a price they think satisfactory. However, during this crop year the Ministry of Food will follow past practice and be prepared to buy grain for which a buyer cannot be found at the appropriate fixed prices for wheat and the minimum prices for barley and oats.

1954 crop. For this and later crops the Government is to withdraw from trading. It stated its view in a White Paper on "Guarantees for home-grown cereals" (Cmd. 8947) that a deficiency payments scheme is the only practicable arrangement for home grown cereals. This was the scheme used for wheat before the war, under which a guaranteed national average ("Standard") price was fixed. The ordinary process of private trade disposed of the grain but a record was kept of each transaction so that a national average price for all transactions could be worked out and the total quantity of wheat sold by each farmer was known. Each then received for each hundredweight of grain he sold a sum equal to the difference between the guaranteed standard price and the national average realised price for all transactions. If a farmer received from his merchant more per hundredweight than the national average, either because the grain was better quality or the sale more timely, then he was that much better off.

Prices for the 1954 harvest are to equal those for the 1953 harvest. The guaranteed national average for the 1955 harvest will be reduced below the 1954 levels by 1s. a cwt. for wheat, barley and oats and 2s. a cwt. for rye.

The standard price is to vary seasonally. The extent to which farmers will be rewarded for timely or penalised for untimely selling thus will depend on the view the authorities take of the seriousness of pronounced seasonality when they set the seasonal standard prices. If they set them high at glut seasons there will be little deterrent effect. Quality which attracts good prices should get its full reward, however.

Potatoes

1953 crop. Arrangements are continuing unchanged from those of recent years.

1954 crop. It appears that the guarantee will continue as a fixed price on the pattern of the arrangements in recent years. Discussions have been going on between the Government and the National Farmers Unions and the Potato Marketing Board and presumably the Board might take over the implementation of the guarantee.

1955 crop. As an outcome of these discussions, it has been agreed that the guarantee should be implemented for the 1955 crop by a support price system, the price being set rather below the fixed price of recent years. The Government's aim is that in years of average yields the market should provide producers with a fair return without Government assistance, the latter only operating in a year of above-average yields.

The average of the guaranteed prices of potatoes was increased by 5s. a ton between the 1953 and the 1954 crops. The estimated average guaranteed price for the 1954 crop is 249s. a ton and the support price will be 212s. 6d. a ton, varying regionally and seasonally.

The prewar arrangements for marketing potatoes provided for restrictions on increases in acreage and elaborate arrangements for regulating the quantity of each crop moving to market by controlling the size it was permitted to sell. Economical surplus disposal was an unsolved problem. Until the way these matters are to be handled in 1955 is clear the prospect is vague. If though, as seems likely, both consumption and the area needed to meet a given level of consumption are falling, adjustment may be painful.

Sugar beet

There is to be no change in the arrangements for paying for sugar beet. The price was raised by 3s. 4d. a ton between the 1953 and the 1954 crops and is to remain at that level for the 1955 crop.

Fat livestock

The guarantee for these stock will continue to be implemented up to de-control by purchase on a fixed grade and season scale by the Ministry of Food as in the past. From that date it will be implemented by a two-stage deficiency payments scheme (see Cereals above).

The idea behind this scheme is that a guaranteed average price for the industry will give little satisfaction to the individual farmer if his own sales happen to be at one of the extremely low prices which go to make up the average. Consequently there will be two standard prices, one for the industry as a whole and the other, lower, one for each individual transaction. A farmer's receipts for a beast will therefore be made up of (a) what he receives from the buyer in the market, plus (b) the difference between this price and the guaranteed price for the individual transaction plus (c) the difference between the national average realised price and the national guaranteed price. If his beast makes more than the guaranteed price for the individual transaction he will receive nothing under (b). He will, however, receive (c), whatever price his beast makes. The arrangements for pigs will be broadly on the same basis as for fat cattle and sheep but the individual guarantee arrangements will be adjusted to retain effective payment for quality. Arrangements for sale of bacon pigs by grade and deadweight will also be arranged to be especially encouraging to this form of sale. Pig prices will be varied with the price of feedingstuffs.

In broad terms the national guaranteed price for steers, fat heifers and young cows will be 133s. 2d., and for the individual guarantee will be 114s. gross weight, (the net weight on which the Ministry has been buying is gross weight minus 28 lb. These guaranteed prices on a net basis are about 136s. 6d. and 117s. respectively), to vary seasonally and by grade.

Provision is made for the working of these arrangements if a Fatstock Marketing Board is instituted before the end of March 1955.

It is not yet clear how widely the individual guarantees will operate - i.e. whether the stock which qualify will be scattered between many producers and many days, or whether there will be periods when almost all stock will qualify.

Here, as for grain, it seems probable that quality will receive a reward but whether the evidence of the market place has much effect on the seasonal pattern of supplies depends on how protective is the seasonal pattern of the standard prices.

Milk

During the war and postwar periods the Milk Marketing Boards have acted as agents of the Ministry of Food in the distribution of milk. From 1 April 1954, their principal powers are being returned to the Boards. Broadly speaking, in the period thereafter the guaranteed price will be broken down first into a price for each of 5 large areas so as to reflect the present differences in net returns to producers in these areas. The guaranteed price for each area will also be related to standard quality of milk for that area so that the effective price will fall if this quantity is exceeded. These quantities for 1954-5 are about equal to the actual sales off farms in 1953-4. The guaranteed price for each area will also be broken down into a higher price for a primary proportion and a lower price for a secondary proportion of the milk, aimed to take account of the differences in the returns for milk sold liquid and that sold for manufacturing and to gain control of the problems arising from the increased quantity of milk to be disposed of for manufacture.

Eggs

The guarantee arrangements for the latter part of 1953 for eggs were implemented by an arrangement by which the Ministry of Food paid to packing stations a sum sufficient to enable them to pay at least the minimum guaranteed price to producers while clearing eggs to consumers at the best prices they could obtain. Future support prices will apply only to first quality eggs sold to packing stations. They will vary seasonally and with the price of feedingstuffs. Presumably they will be implemented in some such way as they have been in recent months but appropriate adjustments will presumably be made if a producer marketing board begins to operate.

Wool

No change in the arrangements is proposed.

NOTE

It is clear from the above notes that many changes are in prospect in regard to the detailed way in which prices are to be determined and in the particular form of the quotation of the guarantees.

This makes it very difficult to record on a chart of prices any points for future periods which are entirely comparable with established series of price statistics for past years.

In the following charts points have usually been entered corresponding to two future years, or to the current and one future year. This pair of points can be regarded as comparable one to the other. The comparison of the difference between them with the level of prices over recent years can be looked on as giving a reasonable general indication of the significance of the differences. No significance must be attached to the difference between the last point entered for the long term price series and these points for future years.

DEFINITIONS

Details of the definitions of prices on the following charts are set out on page 120.

CHART 80 PRICE OF WHEAT, ENGLAND AND WALES. (Calendar Years 1920-1947, July/June years 1948/9-). For definition see page 120.

(a) Acreage payments discontinued with effect from the 1950-51 crop.

(b) 1953 crop - fixed price. 1954 and 1955 crops - guaranteed price to be implemented by means of a deficiency payment.

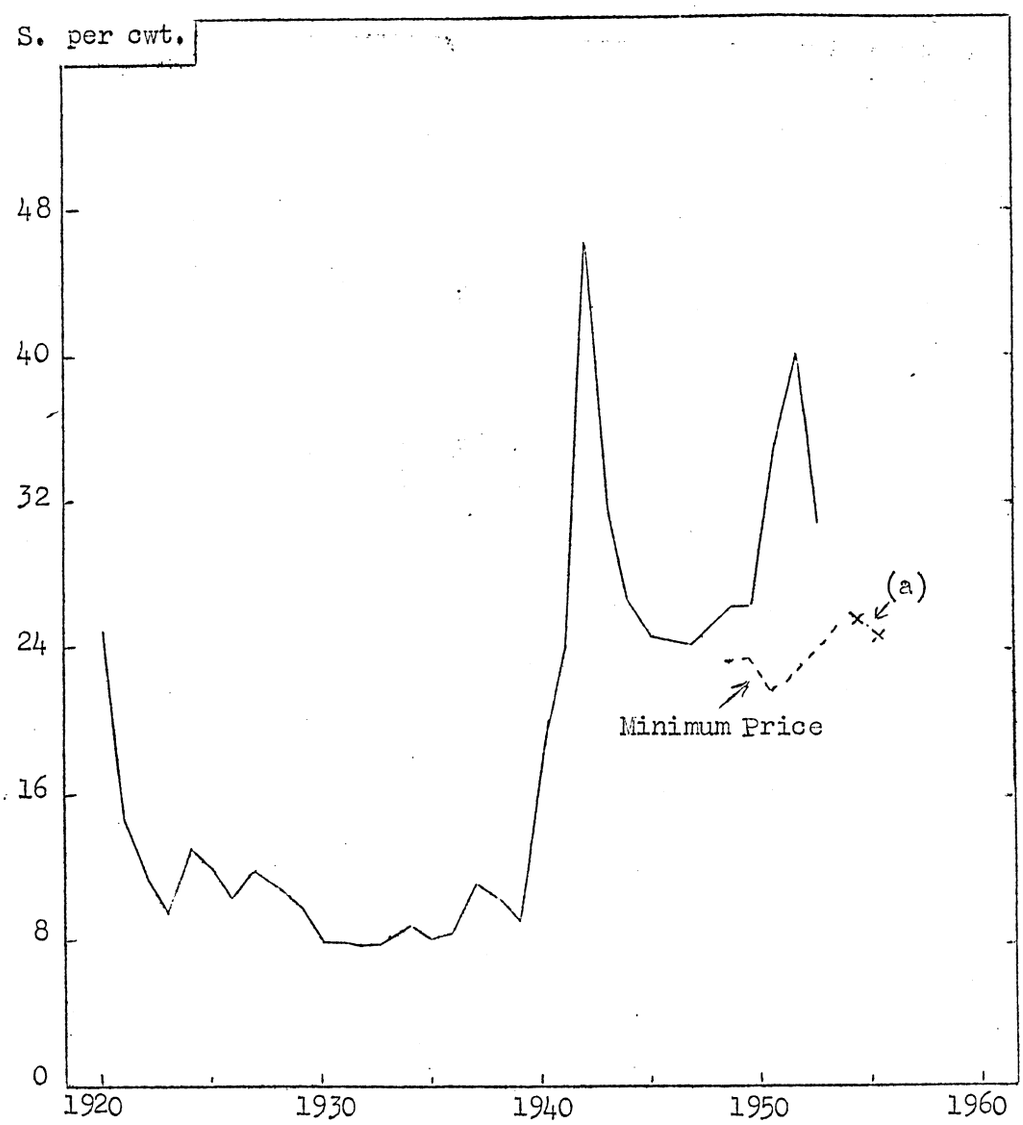


CHART 81 PRICE OF BARLEY, ENGLAND AND WALES (Calendar Years 1920-47. Sept/Aug 1948/9-). For definitions see page 120.

(a) Guaranteed standard price for the 1954 and 1955 harvest.

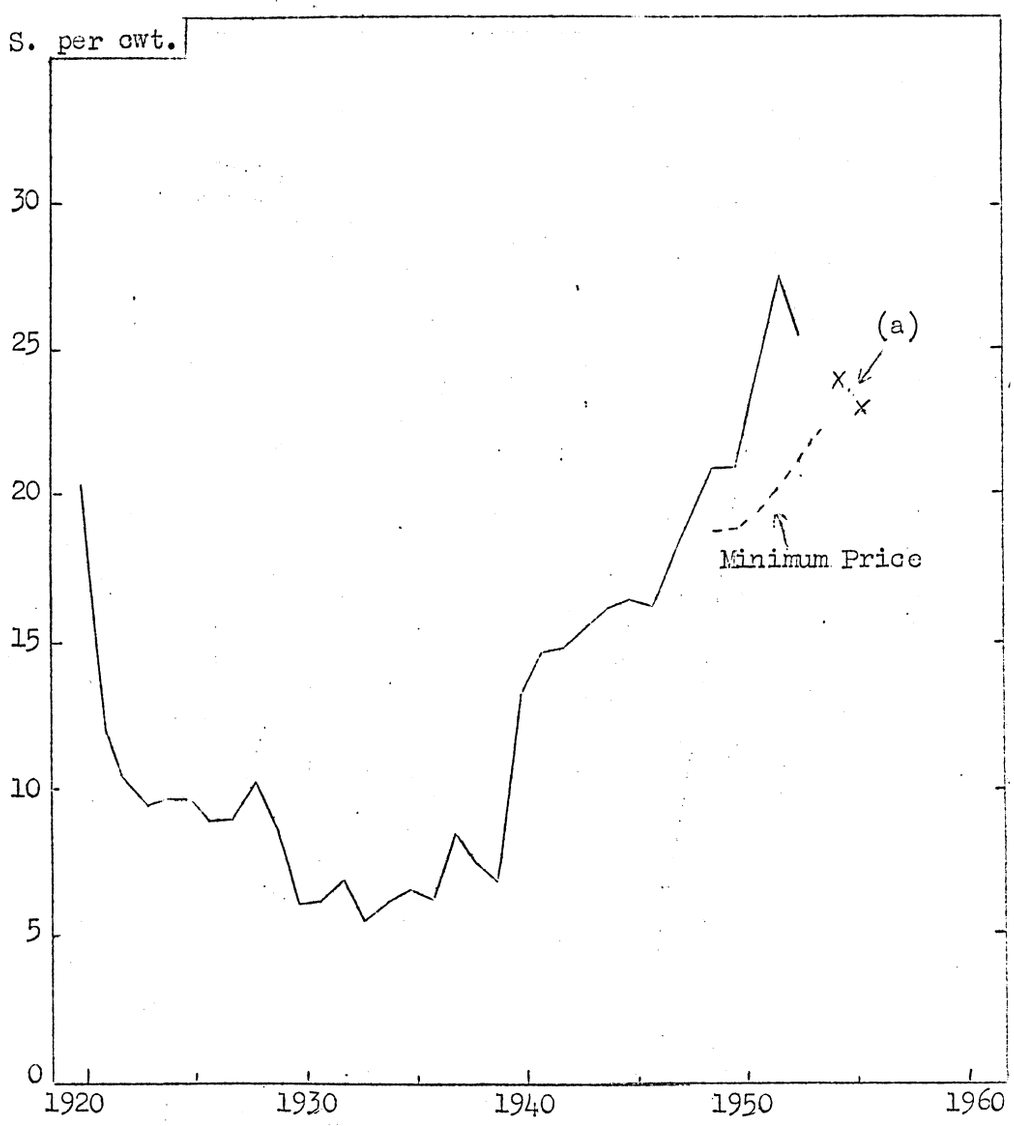


CHART 82 PRICE OF OATS, ENGLAND AND WALES. (Calendar Years 1920-1947 Sept/Aug Years 1948/9-). For definitions see page 120.

(a) Guaranteed standard price for the 1954 and 1955 harvests.

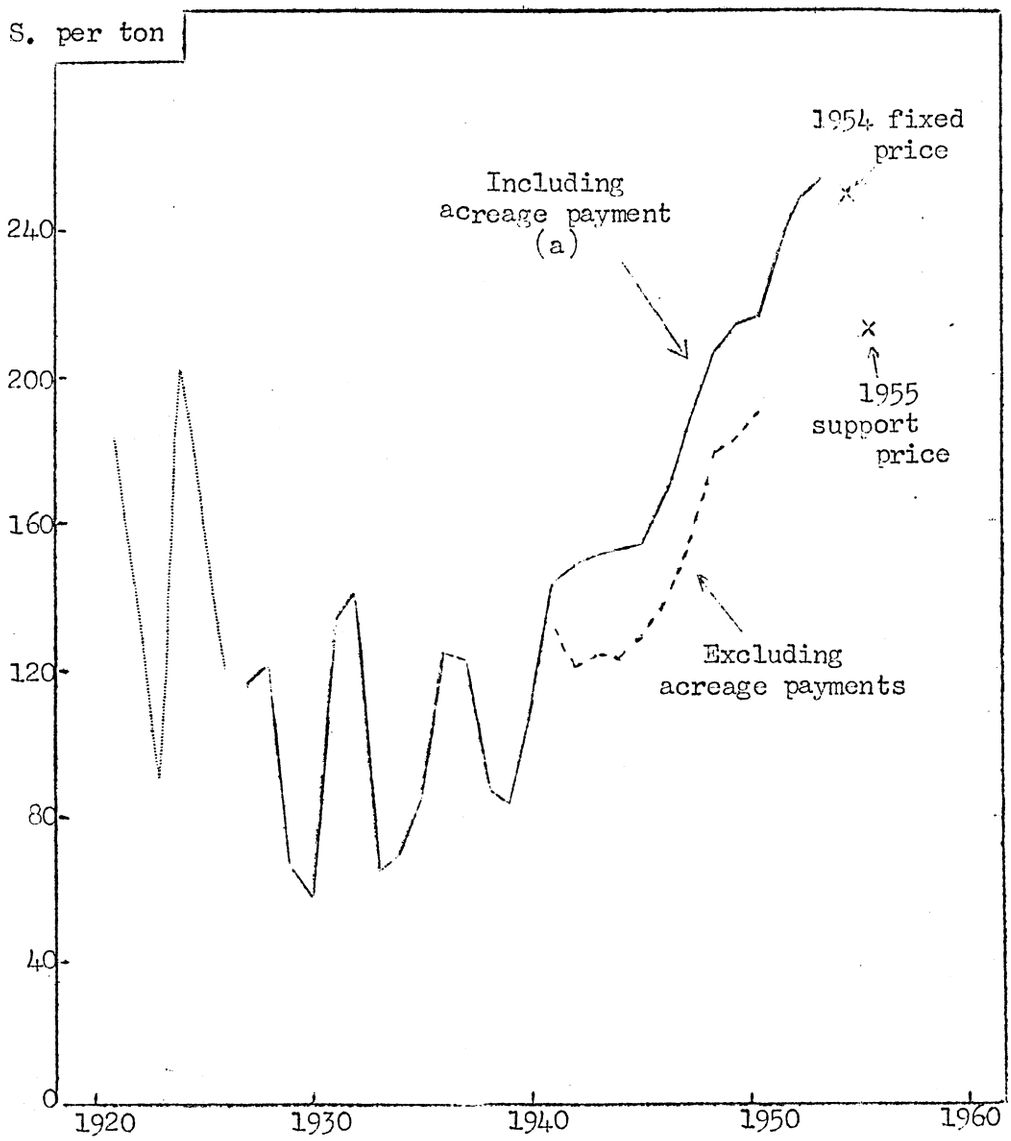


CHART 83. PRICE OF POTATOES, ENGLAND AND WALES. (Calendar Years 1920-1947, July/June year 1948/9-). For definitions see page 120.

(a) Discontinued with effect from the 1951-52 crop.

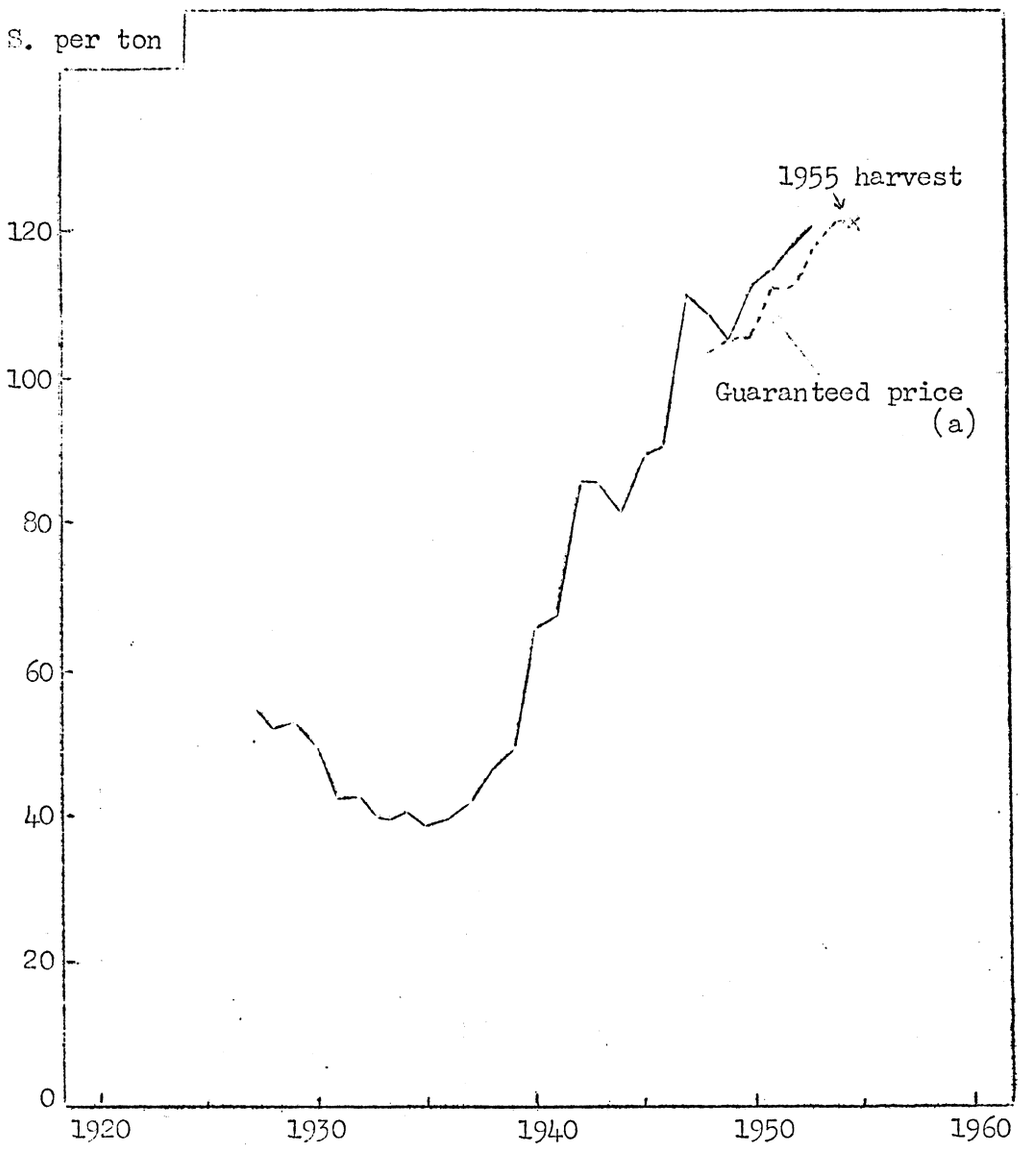


CHART 84. PRICE OF SUGAR BEET, ENGLAND AND WALES (Calendar Years 1927-) For definitions see page 120.

(a) The price for 1953, 1954 and 1955 has been entered in terms of a 15.5 per cent. sugar content (using a premium of 6d. per o.1 per cent. sugar content) so as to correspond with the terms of the statements in previous years. For the 1953, 1954 and 1955 harvest, the announcements of price has quoted 16.5 per cent. sugar content as a basis.

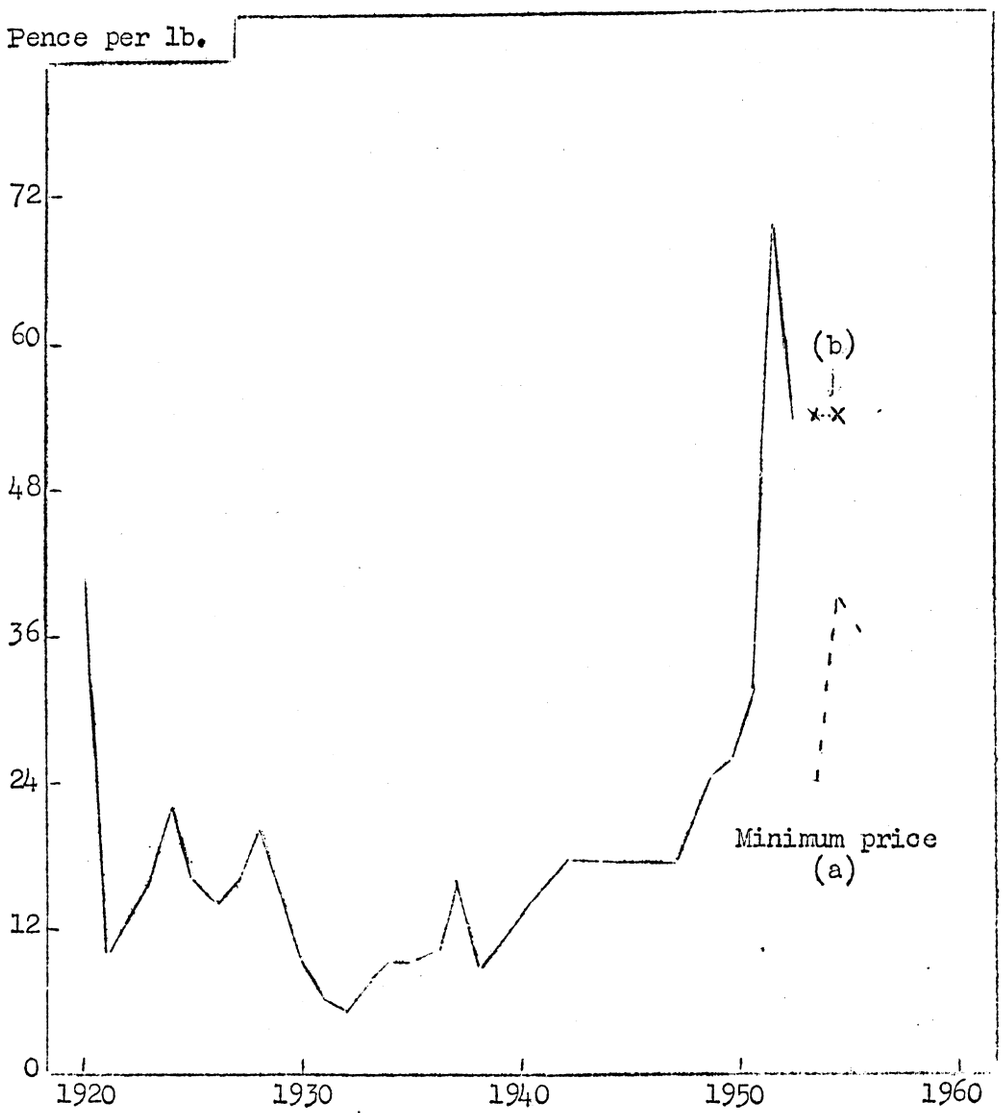


CHART 85 PRICE OF WOOL, ENGLAND AND WALES. (Calendar Years 1920-1947, July-June years 1948/9-). For definitions see page 120.

(a) Average price payable by the Wool Marketing Board for greasy fleece wool.

(b) Estimated average of guaranteed prices for 1953-4 and 1954-5.

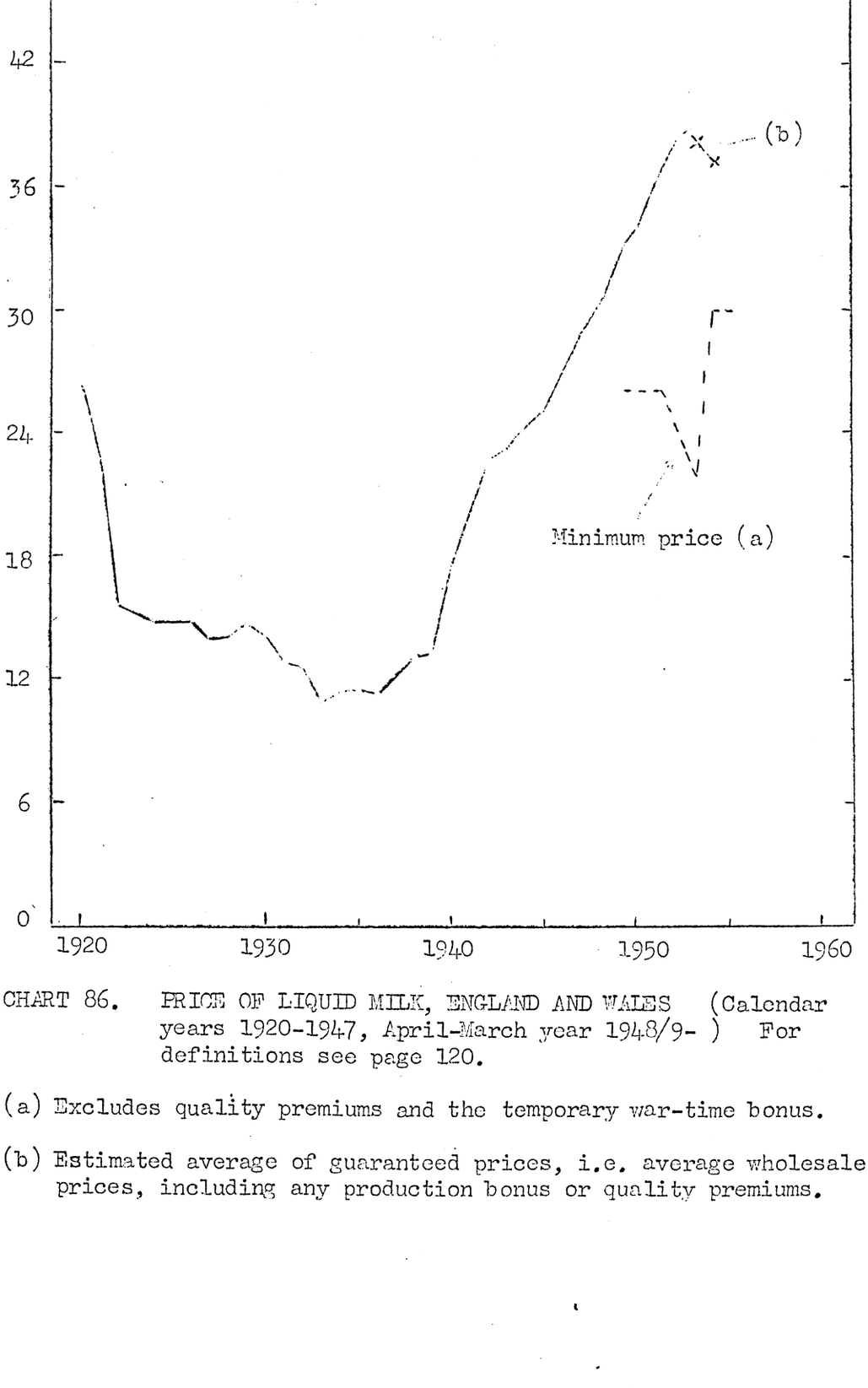


CHART 86. PRICE OF LIQUID MILK, ENGLAND AND WALES (Calendar years 1920-1947, April-March year 1948/9-) For definitions see page 120.

(a) Excludes quality premiums and the temporary war-time bonus.

(b) Estimated average of guaranteed prices, i.e. average wholesale prices, including any production bonus or quality premiums.

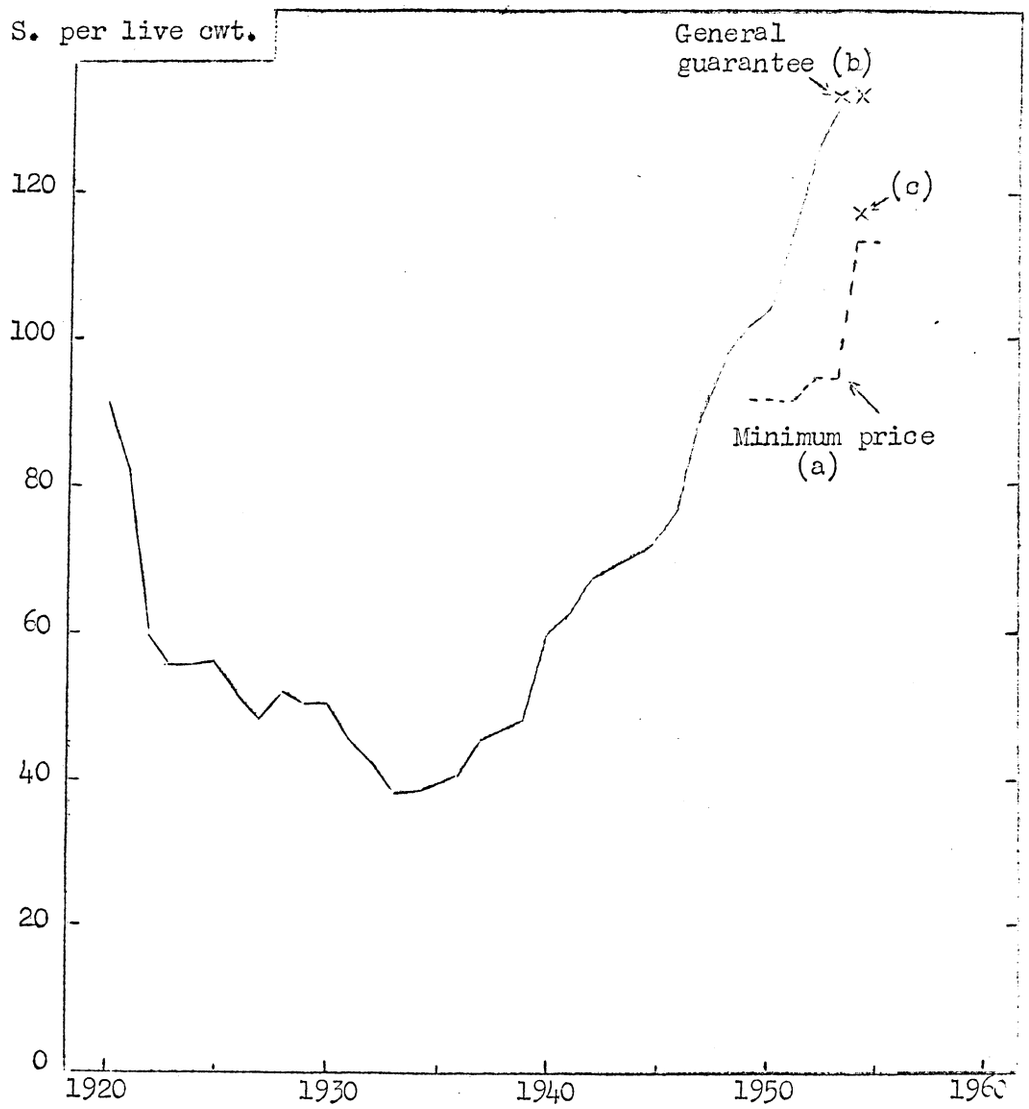


CHART 87 PRICE OF FAT CATTLE, ENGLAND AND WALES. (Calendar Years 1920-1947, April-March 1948/9-). For definitions see page 120.

(a) Weighted average for steers, heifers and cow heifers (other than casualty animals and rejects). It is inclusive of quality

(b) The 1953-4 estimated average of guaranteed prices and the guaranteed 1954-5 standard price for steers, heifers and special young cows after decontrol.

(c) Individual guarantee net weight (gross weight 114s.0d.) for 1954-5.

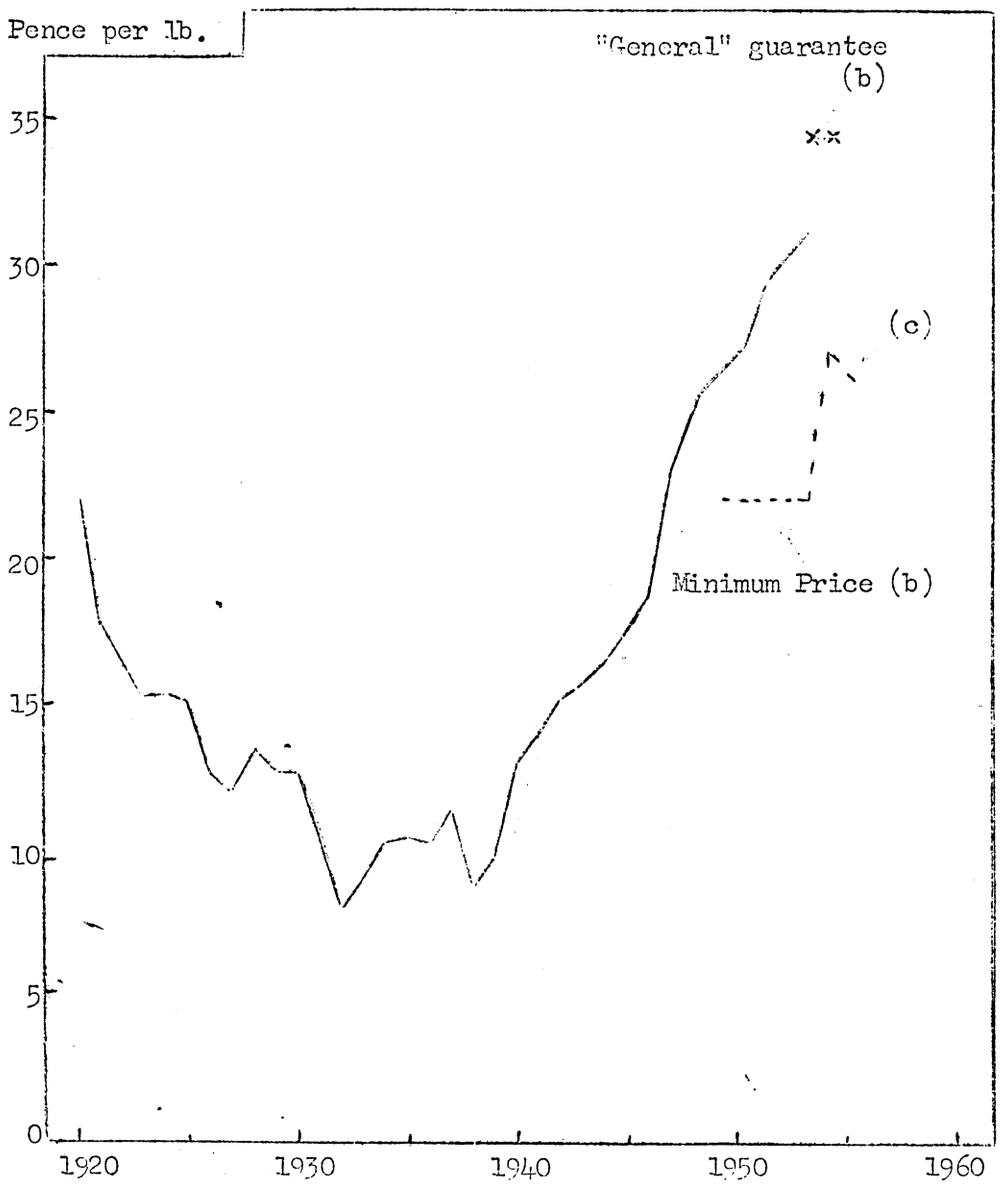


CHART 88. PRICE OF FAT SHEEP, ENGLAND AND WALES (Calendar years 1920-1947. April-March year 1948/9-) For definitions see page 120.

(a) Weighted average for first grade sheep (average of shorn and unshorn) including headage payments.

(b) The 1953-4 estimated average of guaranteed prices and the guaranteed 1954-5 standard price after decontrol, for Fat Sheep and Lambs, estimated dressed carcase weight.

(c) Individual guarantee, 1954-5.

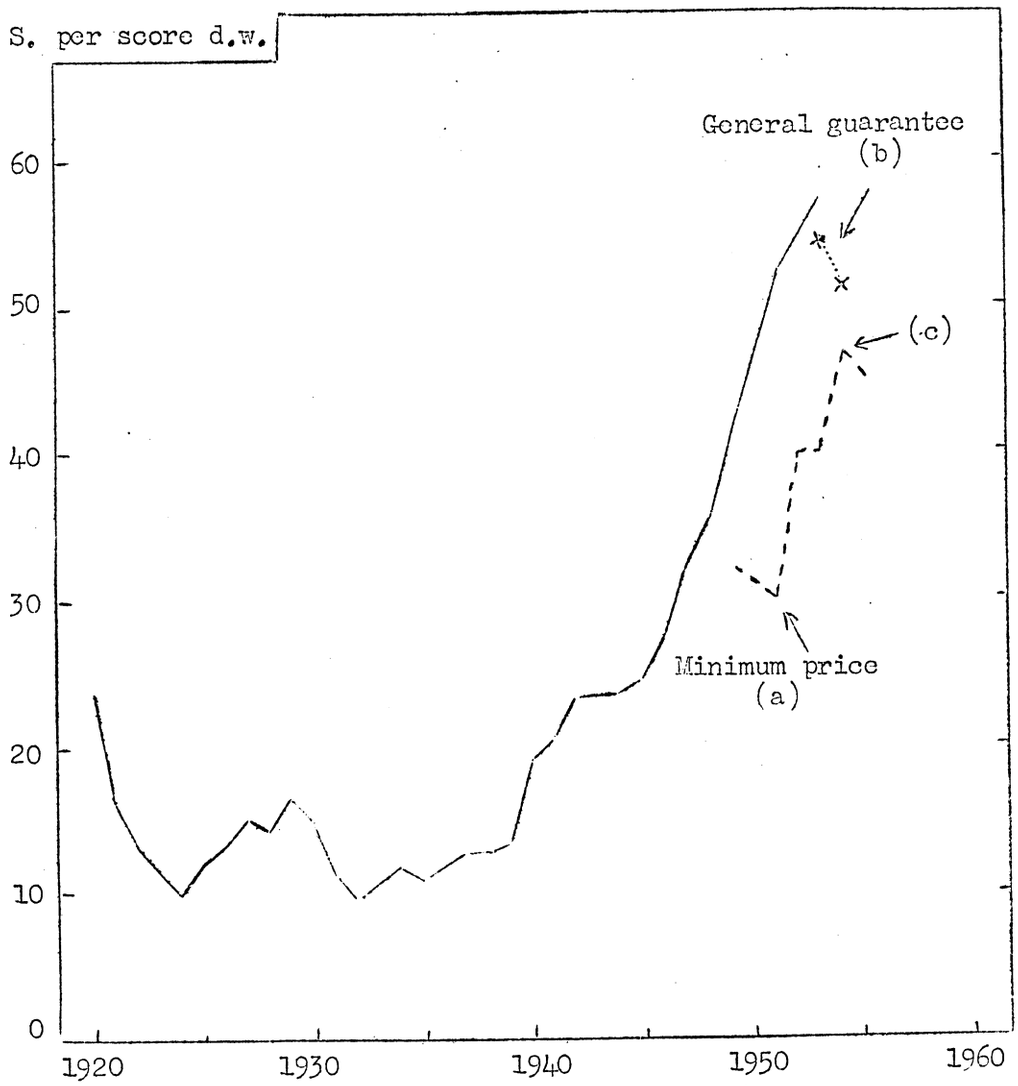


CHART 89. PRICE OF FAT PIGS, ENGLAND AND WALES. (Calendar years 1920-1947, April-March year 1948/9-) For definitions see page 120.

(a) Weighted average for clean pigs of standard weight range. The price for 1952-3 and 1953-4 is subject to reduction for fall in price of standard feed mixture.

(b) The 1953-4 estimated average of guaranteed prices and the guaranteed 1954-5 standard price after decontrol (related to a feed price of 29s.10d. per cwt.)

(c) Also equivalent to individual guarantee, 1954-5 (dead weight basis).

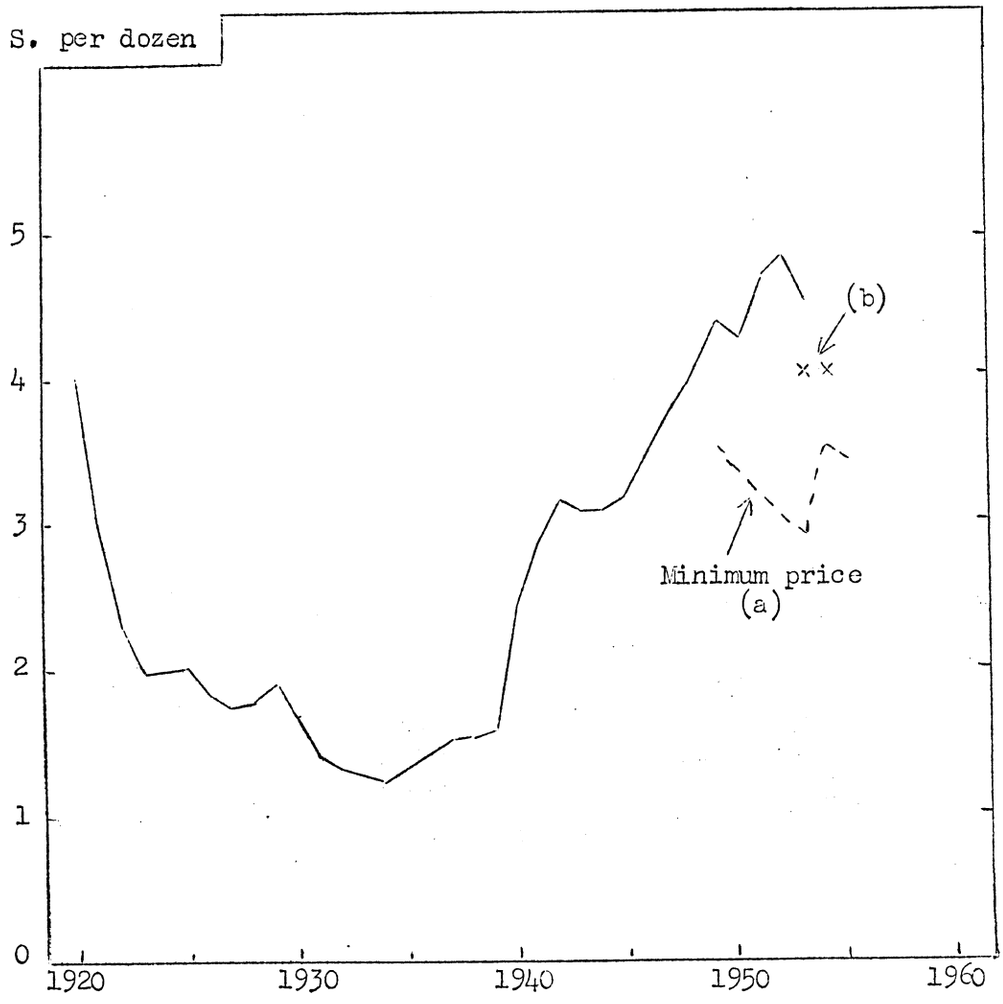


CHART 90 PRICE OF HEN EGGS, ENGLAND AND WALES. (Calendar Years 1920-1947, April-March year 1948/9-). For definitions see page 120.

(a) Weighted average price for hen and duck eggs (other than rejects) delivered to packing stations. Fixed as part of the general provision of minimum prices for livestock.

(b) The 1953-4 and 1954-5 guaranteed average support price for first quality eggs sold through packing stations (linked with feed formula).

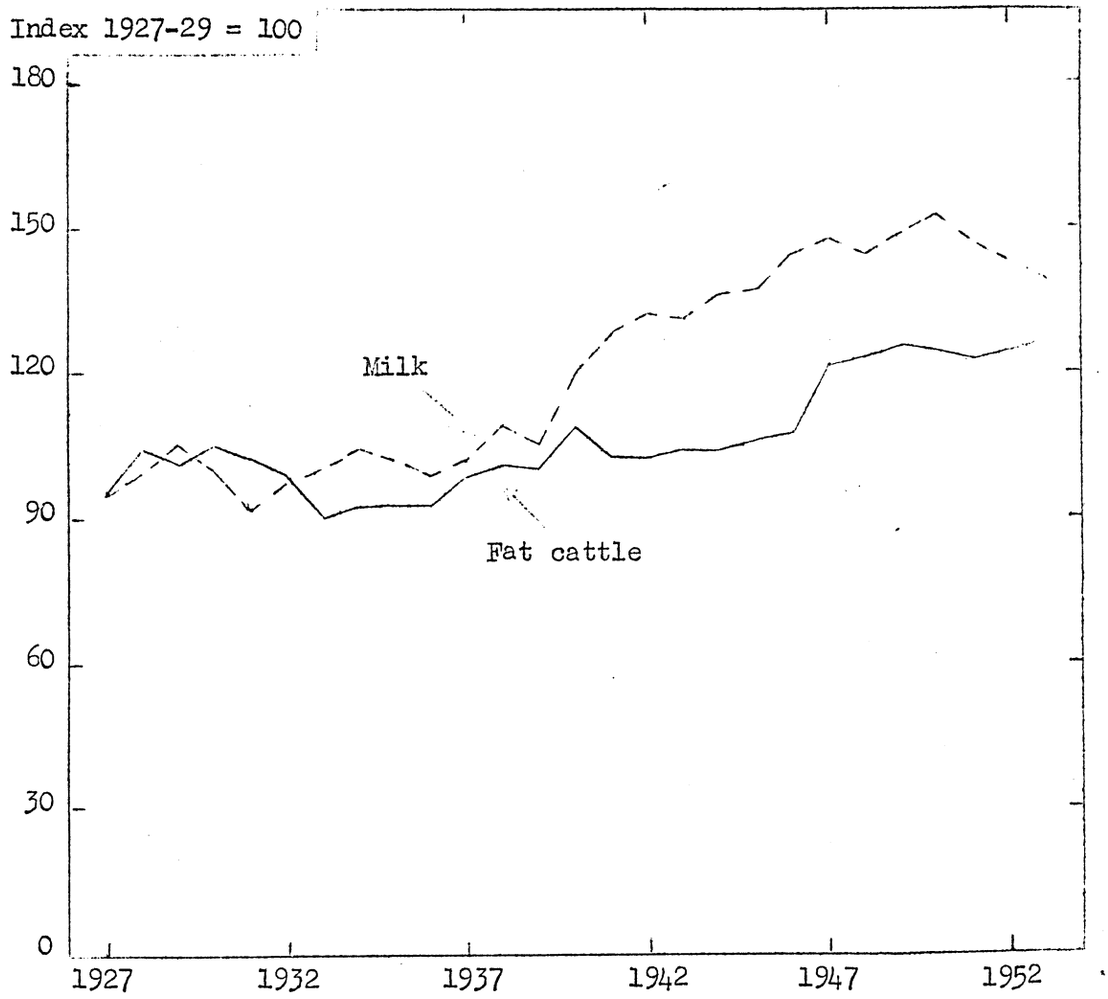


CHART 91 REAL PRICE OF FAT CATTLE AND LIQUID MILK IN TERMS OF THE NATIONAL COST OF LIVING INDEX (compiled by Mr. J. R. Bellerby), ENGLAND AND WALES. 1927-1953, Calendar years.

Source: Based on Official Agricultural Statistics.

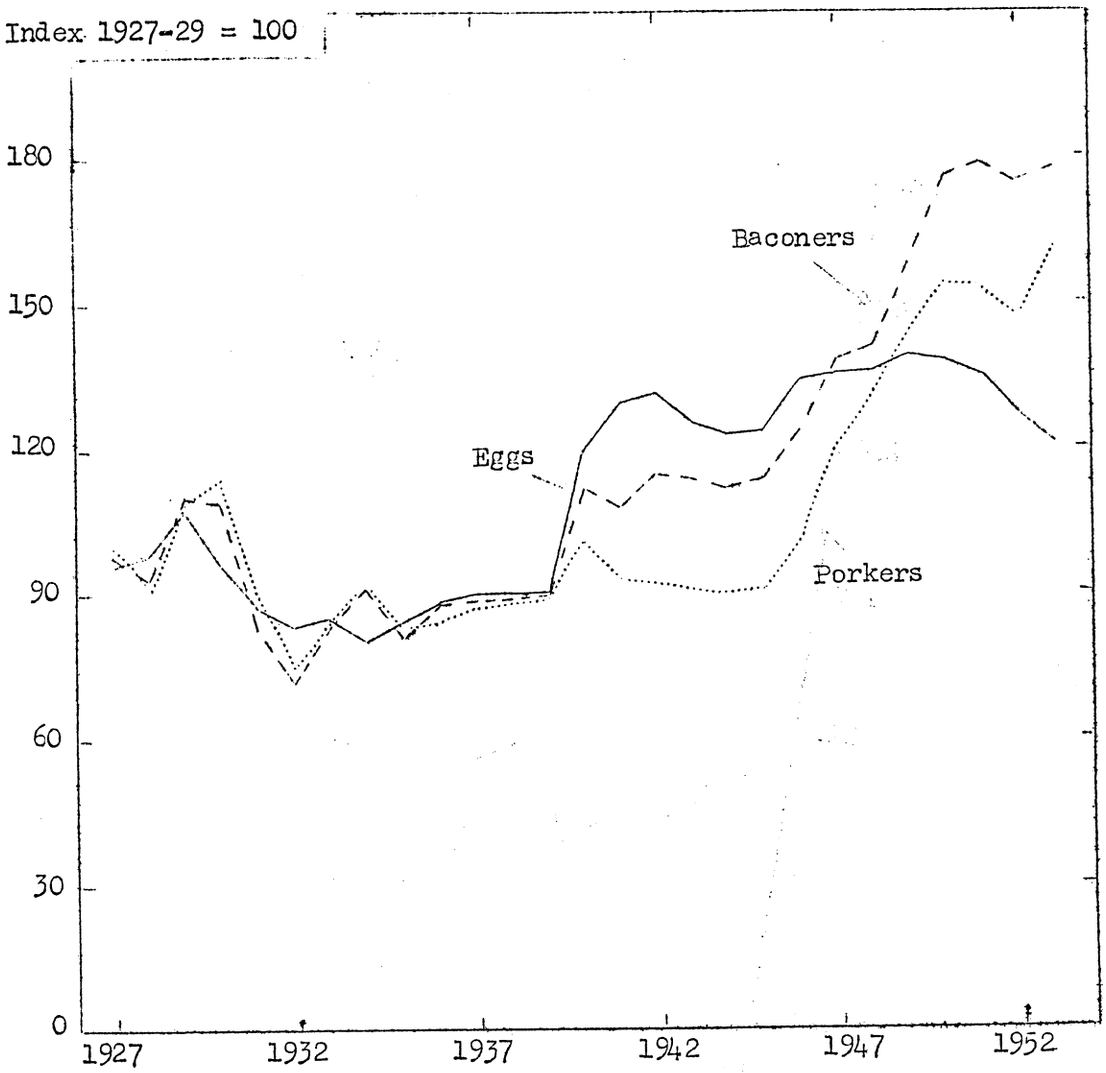


CHART 92 REAL PRICE OF PORKERS, BACONERS AND HEN EGGS IN TERMS OF THE NATIONAL COST OF LIVING INDEX (compiled by Mr. J.R. Bellerby) ENGLAND AND WALES. 1927-1953, Calendar Years.

Source: Based on Official Agricultural Statistics.

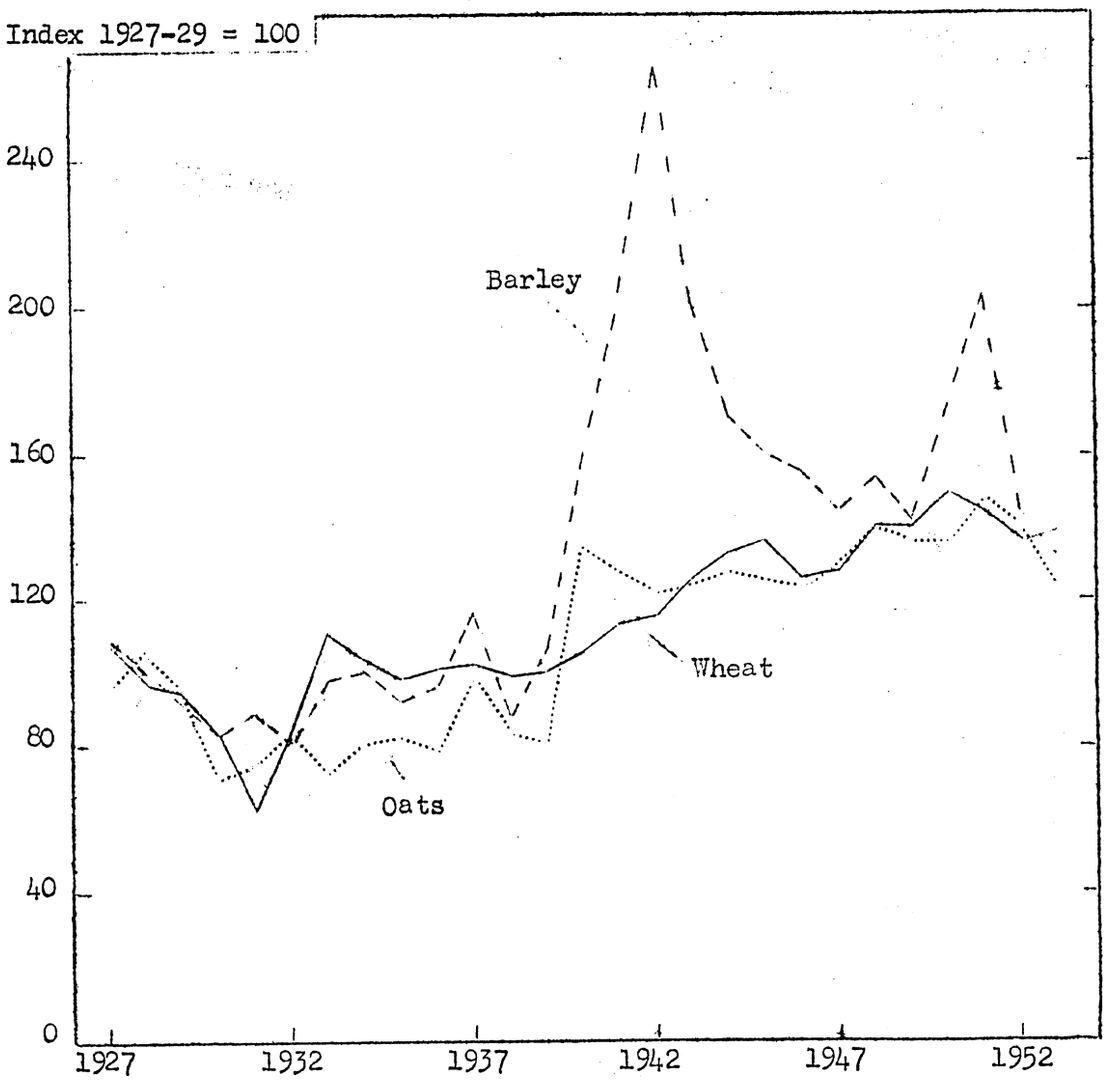


CHART 93 REAL PRICE OF WHEAT, BARLEY AND OATS IN TERMS OF THE NATIONAL COST OF LIVING INDEX (compiled by Mr. J. R. Bellerby), ENGLAND AND WALES. 1927-1953, Calendar Years.

Source: Based on Official Agricultural Statistics.

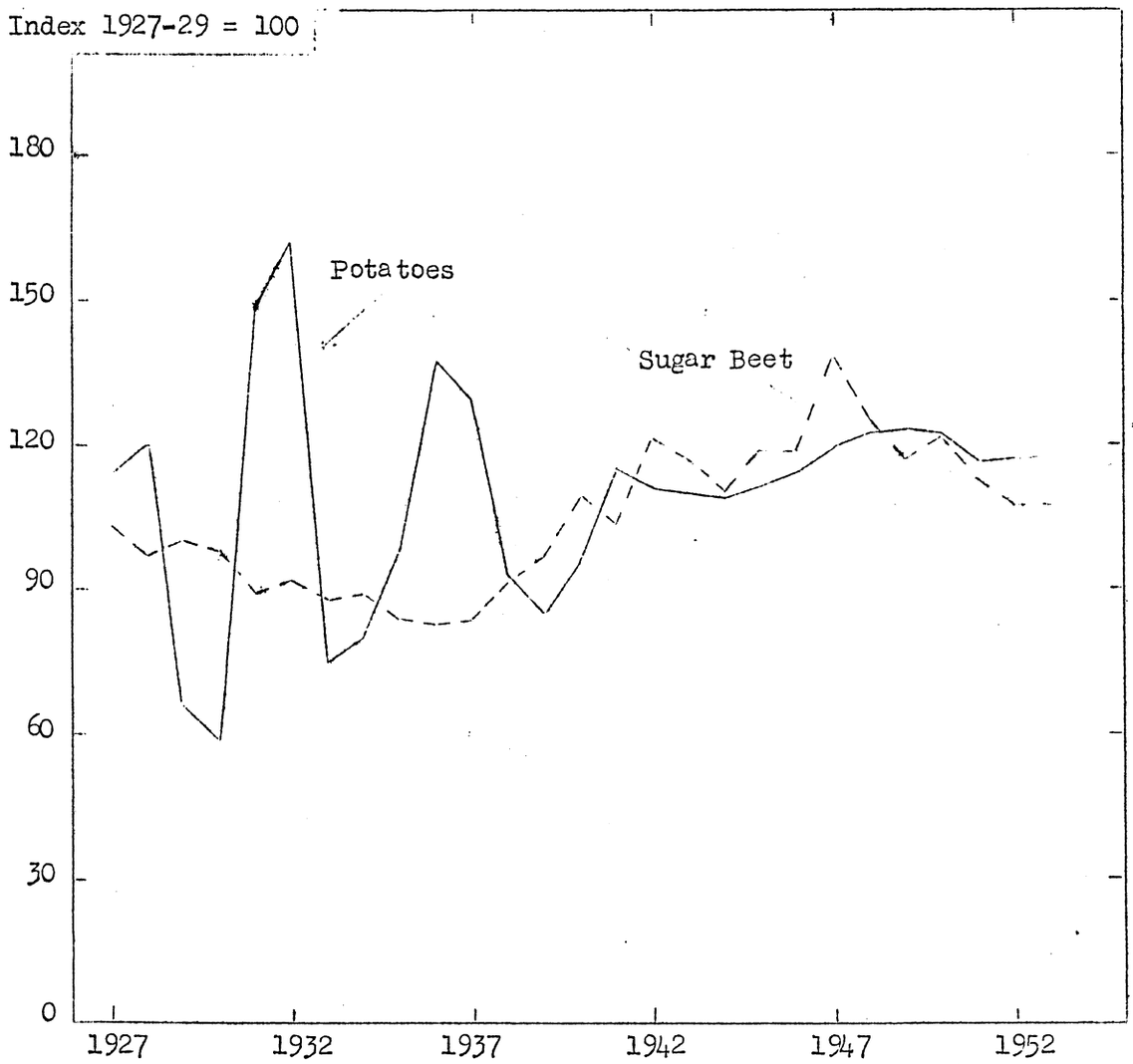


CHART 94 REAL PRICE OF POTATOES AND SUGAR BEET IN TERMS OF THE NATIONAL COST OF LIVING INDEX (compiled by Mr. J. R. Bellerby), ENGLAND AND WALES. 1927-1953, Calendar Years.

Source: Based on Official Agricultural Statistics.

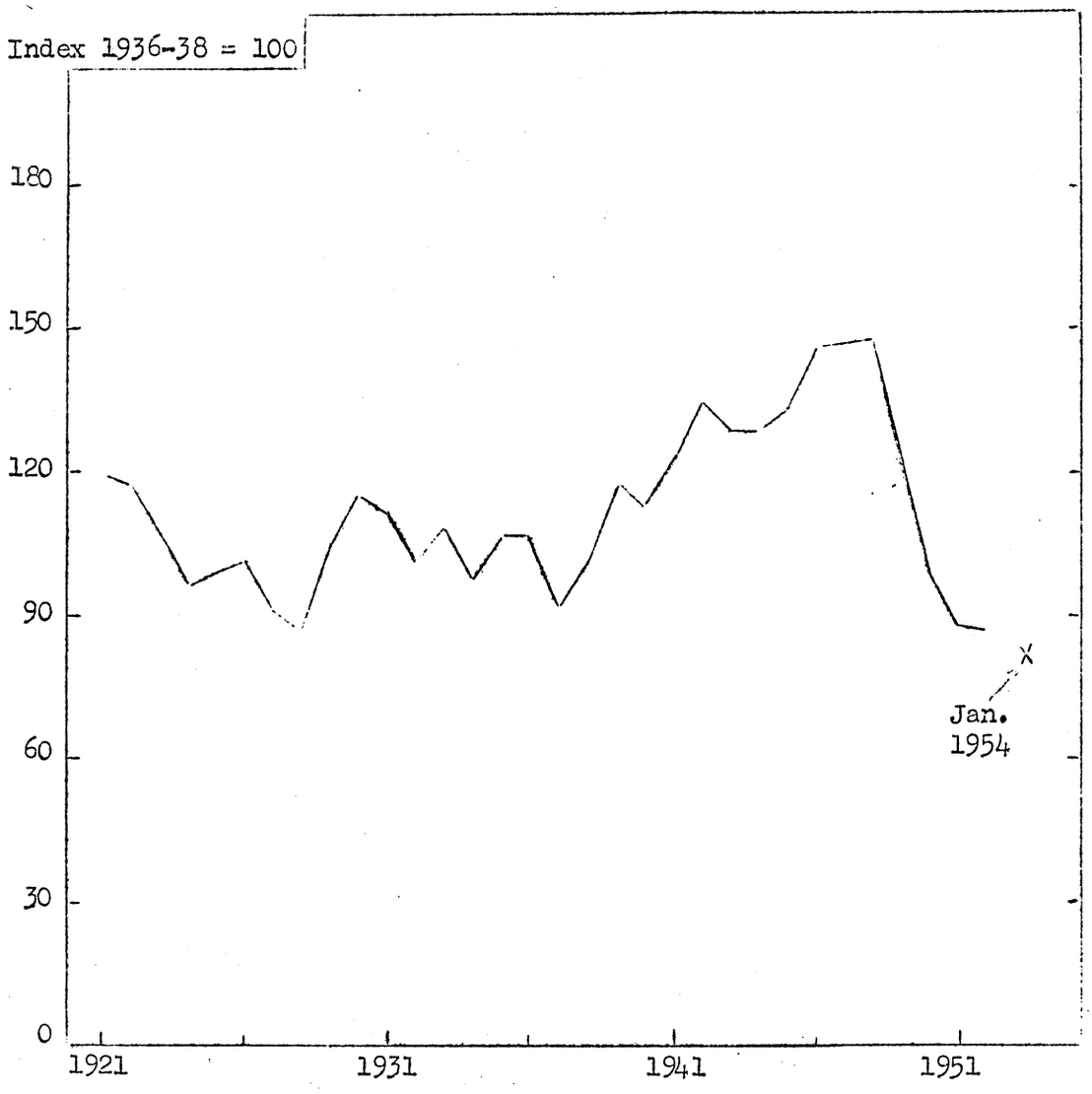


CHART 95 EGG: FEED PRICE RATIO, i.e. INDEX OF PRICES RECEIVED BY FARMERS FOR EGGS MULTIPLIED BY 100 AND DIVIDED BY THE PRICE OF A STANDARD RATION OF FEEDINGSTUFFS, ENGLAND AND WALES 1921-1952.

Source: Derived from Official Agricultural Statistics and Annual Abstract of Statistics.

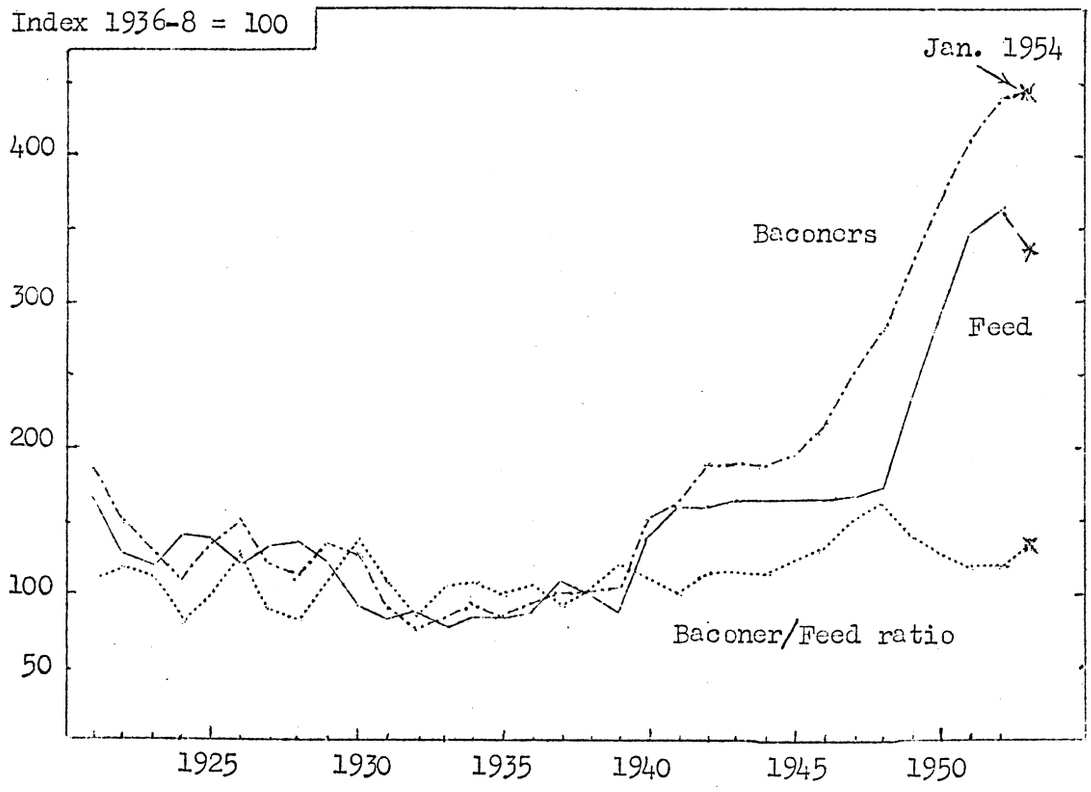


CHART 96. INDEX OF PRICES OF BACONER PIGS AND FEEDINGSTUFFS AND THE INDEX OF BACONER PRICES DIVIDED BY FEED PRICES.

Source: Annual Abstract of Statistics and Agricultural Statistics to 1952. 1954 Unofficial figures, feedingstuff price based on ration of 40 barley meal, 20 maize meal, 30 wheat offals, 10 white fish meal.

Definitions - Charts 80 to 90

Chart 80 Prior to July 1940, prices were the Wheat Commission market prices plus deficiency payments.

From August 1940, the Ministry of Food fixed prices to growers.

Charts 81 and 82 Average price of barley and oats as recorded under the Corn Returns Act and include every description bought and sold either between grower and merchant or merchant and merchant in the prescribed towns. (Do not include subsidies under the Agriculture Act 1937 and Agricultural Development Act 1939.)

Chart 83 Average price at Growers' Markets. From 1921 to 1926, average of 1st and 2nd quality King Edward VII and Arran Chief. From 1927 to September 1939, average of 1st and 2nd quality King Edwards and Majestic. From September 1939, Ministry of Food fixed price for King Edwards and Majestic and including from July 1941 acreage payments (discontinued with effect from the 1951-52 crop).

Chart 84 Weighted average growers' price for beet delivered under contract to factories.

Chart 85 From 1920 to 1939, average of prices of washed and unwashed wool at country wool sales. From 1940, prices based on information supplied by the Wool Control of total weight of both washed and greasy fleece wool and take into account the additional payments made to farmers for late collections.

Chart 86 From 1920 to 1932 regional contract price.

From 1933, average price paid to producers, furnished by the Milk Marketing Board.

Chart 87 From 1920 to 1939, average of 1st and 2nd quality cattle of all breeds at certain markets, including subsidy paid under the Livestock Industry Act. From 1940, weighted average prices calculated from Ministry of Food price schedules, weighted by number of animals presented in each grade at the Ministry of Food Collecting Centres, and since 3rd July 1944 include a sum in respect of the quality premium payable on home-bred animals killing out at 55 per cent. and over.

Chart 88 From 1920 to 1939, average price of 1st and 2nd quality of all breeds of sheep at representative markets.

From 1940, Ministry of Food scheduled prices weighted by number of animals presented at the Collecting Centres, from 3rd July 1944, including headage payments on first grade sheep.

Chart 89 From 1920 to 1939, average of 1st and 2nd quality pigs of all weights at representative markets.

From 1940 weighted average prices of bacon pigs delivered to curers as furnished by the Ministry of Food.

Chart 90 From 1920 to July 1941 average of 1st and 2nd quality prices. After control in July 1941, Ministry of Food fixed prices on sales by a producer to a licensed packer or buyer.

Sources used

Agricultural Statistics, England and Wales.
Agricultural Market Report, and the M.I. Price Series, published by the Ministry of Agriculture and Fisheries, England and Wales.
Annual Review and Fixing of Farm Prices 1953.
Annual Review and Determination of Guarantees, 1954.