Centre for Agricultural Strategy

Food production and our rural environment – The way ahead

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Small-scale farming and its effect on the rural environment

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INTRODUCTION

Our agriculture is at a stage when fundamental re-appraisal of its way ahead is necessary. New thinking is needed of the calibre which led to the legislation enacted just after the last war. This provided farmers with confidence for some 30 years.

But times have changed and confidence has been eroded. To overcome this we have to get to grips with the central problems of commodity surpluses and the need to *blend* production with conservation. Above all we have to do these things within the parameters of a sound farm structure.

I am not going to attempt a reasoned analysis to show that these *are* the central problems to be tackled. It is obvious that in the long run supply has to equate with *effective* demand. It also makes sense that when there are persistent commodity surpluses there should be more emphasis on conservation and less on production. And it surely cannot be denied that having regard to our chronic unemployment problems, it is a good thing to aim for more rather than fewer people actually working the land.

How Small is Small?

A smallfarmer lives on his farm, manages it himself, and with his family does most of the work on it. The concept is easy, but precise definition could well take up the rest of the space allocated for this paper.

To define small-scale farming merely in terms of acres farmed is stupid.

How important are Smallfarmers to the Rural Environment?

To my mind an environment cannot be truly rural without smallfarmers. They are important to the stability and structure of rural communities. Rural schools depend on them, as should village life generally. In the words of Professor Denman 1981 they constitute "the bastion of independence and social liberties". Large-scale farmers depend on them politically.

Farmsteads of smallfarmers should dot the countryside, each surrounded by trees both ornamental and as windbreaks and orchards. The entrances to these homesteads should constitute a natural sanctuary for flora and fauna. The relatively small fields and the enclosures of the farms themselves, often following natural drainage lines, should enhance our landscape. Contrast this with the landscape resultant from large farms geared to large-scale mechanisation.

I do not wish to imply that the smallfarmer is a paragon of virtue or that small-scale farming has not got its problems. However, the difficulties should be resolved not by disposing of the beast but by changing its spots.

In this paper I deal more with the "way ahead" than categorising the effect of small-scale farming on the rural environment. For many reasons, to which I shall refer, small-scale farming should be the cornerstone of agricultural policy and agricultural support programmes. It follows that small-scale farming, just as any other type of farming, must be induced to meet the requirements of food production and our rural environment. To achieve this the two central problems to be tackled are conservation and commodity surpluses.

What IS "Conservation"?

"Conservation" is a difficult concept to pin down. The mention of it can cause anxiety, and misunderstanding among smallfarmers. It has to cover the whole gamut of procedures which those who are concerned about farming and the environment consider appropriate. Its meaning is clarified somewhat, but not much, when prefixes are added, such as *Landscape* conservation, *Nature, Wildlife and Energy* Conservation. There is also *Soil* Conservation which I mention because I happen to have served in the Soil Conservation of Tanganyika from 1948 to 1951.

In the context of small-scale farming and its effect on the environment, I do not see conservation as mere "preservation". It is more a matter of maintaining an appropriate dynamic balance as between farming and the natural world: in other words to farm in a conservation-like manner. This is the most cost-effective way of looking after our rural environment. It is best done by those living on, and producing food from, the land. Thereby conservation is integrated with food production.

It is important that the integration of conservation with farming be done in a

realistic way. Because we have such a small proportion of the population actually engaged in working the land I see a danger that our society, or significant parts of it, may become neurotic about conservation. My experience is that small-scale farming – with livestock – instills realism about nature. Perhaps it would help to keep the feet of conservationists well on the ground if a required part of their training were to deal with maggots eating through a live sheep!

On this question of hard realities, it is significant that there is no term in common use to convey the need to conserve farmers. ie *farmer* conservation. There are now some parishes in which resident farmers have become extinct. Their disappearance has caused a deterioration in the rural environment – social, visual, and economic. I would like to see the conservation movement take on board the need for *farmer* conservation.

Trends in British Agriculture

One cannot talk about the "way ahead" without a brief look at the way behind, and this I will do from a personal perspective.

When I returned in 1971, after 26 years in Africa, to start farming in Mid-Wales it soon became apparent to me that UK agriculture was set on an undesirable course. I could see the changes clearly because I had been away. (If you want to see how bullocks are growing don't look at them too often). Big farms had got much bigger and the number of people getting their living from the land had got much smaller. A very disturbing aspect of this was that it was considered a good thing in the interests of efficiency.

This worried me not only because of its effects on the nation but also because of the effect on my own farm. I had started to buy my farm in 1966 when its 113 acres of mainly valley land represented a good-sized farm by UK standards, and above average in its locality. However on the prevailing farm enlargement trends, it would have to more than double in size by the end of the century. This meant that, unless I acted like the proverbial ostrich, I should have to attempt to buy out neighbours or be myself bought out. Neither prospect appealed to me.

ADAS now considers 113 acres to be too small to produce a living from grass-fed beef and sheep: and yet it is a big farm by the standards of continental europe.

It also worried me to find that the process of farm enlargement was approved of by the Farmers' Unions. They were not concerned about the reduction in their membership which the process entailed. The leadership could not appreciate that, from when it became clear that we were going into the Common Market, there was no justification for allowing our big farms to get bigger at the expense of the disappearance of many small family-farmers.

I have come to believe that there is inadequate recognition in this country of

certain fundamental factors which render the all-out application of conventional industrial principles inappropriate to agriculture. Our forebears understood this, as do our partners in Europe. Farming has a very special role in a nation's being. Land is not just another form of capital, and agriculture is not just another industry.

I now wish to consider the "Way Ahead" under three headings – Conservation *OF* Farmers; Conservation *BY* Farmers, and Control of Commodity Surpluses. The last may seem out of context but I make no apologies for placing it alongside conservation. It is very important for our environment.

CONSERVATION *OF* FARMERS

There are some 270 million people living in the 10 nation European Community. For every 100 of them, 40 work to support themselves and the other 60. Of the 40 who work 3 are engaged in agriculture and 2 of the other 60 are also engaged in agriculture but without being recorded in the employment statistics. (Green Europe, 1984).

Thus the total engaged in agriculture amounts to some 6.5 million. They, together with their families, constitute about 12% of the population.

In the UK there are some 700 000 people engaged in agriculture, whole-time and part-time. (MAFF, 1983.) With their families this represents some 3.5 million people or just over 6% of the population.

These figures illustrate what is fairly common knowledge: that in the UK there is a much smaller percentage of people working the land than in mainland Europe. This used to be considered a strong point in our economy: fewer people needed to produce food: therefore agriculture able to release workers for industry: therefore more consumer goods: therefore a higher standard of living all round.

But now the position is reversed. Industry will not be recruiting workers from the land. The need is not only to retain those workers already on the land but for agriculture to absorb as many as possible of those shed by industry. There is clearly a limit, well below requirement, to the amount of full-time employment that agriculture can provide, but there is also a case for many more part-time farmers.

The micro-chip is going to make it possible for people to work from home and it will be perceived by many who do this that there are advantages in being a small-scale farmer at the same time. The advantages include: security in the event of the main job packing-in; health, enjoyment, interest, good background for the children and capital appreciation.

Therefore I envisage a growth of part-time farming. This will be good for food production in that it should lead to greater variety of fresh and home processed

food for which there is a growing demand: the antidote to the packaged, stereotyped, stale, super-store stuff.

At the other end of the scale there are opportunities, particularly in the UK for sub-dividing large in-hand estates, ie large farms, into more labour intensive family-worked farms. To this end the Agricultural Holdings Act, 1984 is helpful. One of its main provisions is that, in future, agricultural tenancies need be subject to lifetime security of tenure only, (as compared with the previous 3-generations). As a consequence it is to be hoped that landowners farming large areas themselves will now create tenancies. Such tenancies, it is again to be hoped, will not be allocated to already well-established farmers but to new, and preferably young blood. A further thought, the Act is a bit toothless and therefore one can but hope that farming companies of the Velcourt type will cease farming for City institutions and others. Currently they farm some 800 000 acres (Myers, 1983) and this represents the displacement of a great many family farm tenancies.

We have great opportunities in this country for creating more viable farms by sub-division. Having worked to improve farm structure by amalgamation in other parts of the world I consider it easier to improve farm structure by sub-division than by amalgamation. The problems of doing the latter are enormous. On the other hand I cannot see that any great difficulty or hardship is involved for in-hand estate owners to re-arrange their role so as to run a home-farm themselves and become a traditional landlord for the remainder. Moreover within this framework there would be opportunities, for the enterprising, to provide central services so that the estate as a whole can combine economies of scale with the super-efficiency of family farming.

If we could bring our numbers engaged in agriculture up to the average of the rest of Europe we would have about one million fewer unemployed. The quality of life for some 5 million children, women and men would be vastly improved. I do not wish to be emotive about this but it is worth pausing for a moment to ponder what it means.

As I see the situation we, in the UK are getting the worst of all worlds. The ills of industrialisation are patently obvious. And yet we are still creating, or condoning, an agricultural structure which lends itself to those same ills: of pollution; of disruption by "industrial action"; of concentration of production, of dependence on non-renewable resources – all of which render the nation stategically vulnerable.

Countries like Japan, France and Germany have their industrial sectors under-pinned by a background of small-scale farmers. This provides both a more resilient and a more stable economy.

Because land is a basic resource and because it is in great demand, all our

partners in Europe effect some control over the amount of land which any one person can farm. The methods of achieving this range from: strength of public opinion, to statutory restrictions on farm size, to delegated powers of pre-emptive land purchase and re-allocation. In the UK we have *no* control either of farm size or of the number of farms that can be run by one farmer.

The EEC is gradually bringing in disincentives to the development of large-scale and intensive farm enterprises. Investment aids in the dairy sector are now limited to herds of less than 40 cows. There are exemptions for small-scale milk producers from "co-responsibility" payments. In the pig sector aid is permitted only if the number of pig fattening places is increased to no more than 550 per holding. (HMSO, 1984). Upper limits *per farmer* are being applied on headage payments by most of our partners in the EEC.

It is usually considered that such restrictions are contrary to the interests of the UK. I submit that there is no point in fighting the inevitable – and in my view, desirable – consequences of joining the EEC. What we can do is provide leadership towards an EEC policy on farm structure. There is a need for this in the rest of Europe just as there is in this country.

We could, and should, get more people back on the land. This is possible because we operate within the CAP which is a protectionist system. There is no moral or economic justification for that protection unless it is put to good use in conserving our rural environment and creating many more jobs on the land.

CONSERVATION *BY* FARMERS

The integration of grant aid and price support methods with on-farm conservation is given impressive consideration by Clive Potter in his: "Alternative Package of Agricultural Subsidies and Incentives" (Potter, 1983). One of his objectives, in the context of the less favoured areas is to "shift the weight of farm support behind a larger number of smaller farmers in recognition of the social and environmental benefits to flow from a healthier rural community". With this I agree whole heartedly, except that it should not be confined to LFA's.

However I am concerned about the complexity of the procedures for implementing his proposed incentives for on-farm conservation. They could be difficult for the small-scale farmer.

Many interest groups are keen to have their own particular aspect of conservation integrated with farm practice. It is not too difficult for them to reach agreement amongst themselves in general terms, but there is a danger that when getting down to the details of individual farm planning there could be dissension and confusion. To overcome this I feel that all farmers should have the option of dealing with only one department, and that must be ADAS.

At the risk of being very simplistic about "conservation", but with the aim of being realistic about basic agricultural advisory work I am going to divide required on-farm conservation into two categories. The first consists of things which a farmer *should do* and the second are things which he *should not do.*

These *do's and dont's* should be incorporated in an official *conservation code* drawn up for different regions and farm types. If a farmer was not complying with it he would not be a "conservation farmer". He could then not be eligible for certain items of the agricultural support system, eg livestock compensatory allowances (ie headage payments) or investment grants (other than those required to remedy a default of the conservation code).

The same results could be obtained by providing incentives for complying, rather than penalties for not complying. This could entail an annual payment per farmer, irrespective of acreage, for having abided by the conservation code. There would be a "Conservation Code Premium Scheme" in the same way as there is now a Suckler Cow Premium Scheme. Payments to be modified for part-timers, pro-rata to their percentage production of 'comparable income'.

Things to be done

Example. Plant a screen to hide an existing unsightly slurry lagoon adjacent to a right of way.

This sort of thing may seem too mundane to include within the scope of the agricultural support system. However visual conservation is important and something should be done about the many instances – even in tourist areas – where the natural beauty of the countryside is marred by unsightly farmsteads and their surroundings.

In Swaziland we had Natural Resources legislation which enabled the Soil Conservation Service to act, upon the authority of the Natural Resources Board, to effect necessary soil conservation measures in the event of a farmer not doing so himself. An order was served – after unfruitful advisory visits – requiring, for example, contour banks to be constructed. If they were not constructed in due time the soil conservation units went in, did the job, and submitted the bill to the farmer. If the bill was not paid the charge was attached to the title deeds and as these were registered centrally no new title could be effected until the charge was met.

Before I returned from Swaziland to start farming in Wales, I received notice from the Highways Department in Aberystwyth that trees on my farm were overhanging the public highway and causing a nuisance. I was required to clear them by a certain date or the Local Authority would do so and I would be billed with the cost. In the event the Highways Department did the necessary, and no doubt if I had not paid up I would have had a visit from the Court Bailiffs.

Other examples of the application of this sort of procedure could relate to the removal or concealment of rusting motor car hulks; removal of fertiliser bags often despoiling stream beds, de-silting of ponds, repair of stone walls (provided labour assistance is forthcoming under one of the various schemes), maintenance of rights of way. In areas of outstanding beauty the Conservation Code could be more rigorous and include such things as keeping farmstead walls whitened, doors and gates painted, junk – always useful on a small farm – secluded. Non-compliance with the code would mean, at the least, non-payment of the Conservation Code Annual Premium.

Things not to be done

In order to prevent things being done which are bad for conservation the approach being developed is that of "planning controls" and "prior approvals".

We have lived with prior approvals before and there is merit in re-introducing them as an instrument for integrating conservation with investment grants.

As regards planning controls my plea is that exemptions should be made in relation to size. For example hedge removal should be exempt from planning control if the firld size enclosed by hedges thereafter remains at less than, say, 10 acres. The possibility of exemptions below certain size limits should always be kept in mind.

Such exemptions are justified on two counts. First, small-scale farming has less intrinsic potential for damage to the environment than large-scale mechanised farming or intensive livestock units. Second, the application of conservation measures which have the effect of curtailing production are more critical for the smallfarmer than the large one. For example the requirement to preserve 10 acres as wet land on a 100 acre farm is far more serious to the farmer than the same requirement on a 1 000 acre farm.

COMMODITY SURPLUSES

Methods by which commodity surpluses are to be controlled will have a far-reaching impact on our rural environment. They could make much worse the trend towards ever larger farms or they could be a powerful means of maintaining a sound farm structure, based on the family-worked farm.

Supply can be equated with demand either through price or by quotas. There is a great deal to be said for the price mechanism *provided* small-scale producers are not put out of business as a result.

At least four factors have to be satisfied:

a To produce food in the amounts needed.

b Produce the food at reasonable cost.

c Retain and preferably increase jobs on the land.

d Conserve the environment.

A policy of reducing producer prices until supply is reduced to match effective demand will certainly not achieve all these objectives. It would be more likely to lead to a rural environment dominated by large-scale arable farms, interspearsed with intensive livestock units and SSSIs.

Those who disagree with this are usually, I find, large-scale farmers. They contend that the smallfarmer is, in fact, very competitive. He can pull in his belt a few notches and survive, whereas any farmer with a large pay-roll is less able to do this.

I believe that the very small, part-time farmer may well survive a lowering of prices. It would be the family farmer with say one worker that would be at greatest risk. Either he would have to enlarge or revert to own labour only; and that can be a serious regression if farming livestock. Official Annual Reviews of Agriculture show this polarisation in farm size to be taking place.

The demise of farms which should be the corner-stone of our farm structure (the family unit providing *most* of the labour input) would be due to inability to compete with the high labour productivity obtainable on large mechanised farms: and also from inability to compete with other farms, such as intensive livestock units where low unit costs are achieved from large scale of operation.

High labour productivity and low unit costs are often regarded as the epitome of efficiency. This may be so in industry but in terms of efficient use of national resources in agriculture my guess is that family-worked farms rate highly. (Research is needed to find out how highly.)

In any case it is very unlikely that price will be adopted as the main, or sole, method of controlling surpluses. It is a non-runner simply because it is not politically acceptable to mainland European governments.

"Throwing money" at the price guarantee system is not the answer either. That route would merely increase surpluses and the already vast sums spent on storage and export restitution.

Threshhold Pricing

I believe that the way forward is through the integration of price policy with structural and social policy. I suggest that a method for doing this could be a system of threshhold prices applied through intervention purchasing arrangements. By this I mean: full price up to a certain amount of production for each farmer. Thereafter the price would be reduced for further segments of production.

Threshold pricing merits close study. It could be a potent instrument for controlling production in a manner favourable to our rural environment. Farmers

respond rapidly to price signals and the effects of threshold pricing could be to induce:

(a) the subdivision of over-large farms.

(b) diversification of production on farms.

(c) lower output and therefore lower input farming.

(d) a search by large-scale farmers for new types of non-surplus production eg for timber, for recreation etc.

Whether these things be achieved by threshhold pricing or other means we should move towards the fundamentals of a rotational, nutrient circulatory, and labour intensive agriculture. This, I believe, is the way forward for our food production *and* for our rural environment.

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Part III

Comments on the Options

7 D Barber
8 W H N Wilkinson
9 R Grove-White
10 J M Douglas
11 J O Walker
12 J F Mottram
13 S A Gourlay