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Centre for Agricultural Strategy

Crisis on the family farm: ethics or economics?

Edited by S P Carruthers & F A Miller

CAS Paper 28

March 1996

Report on workshop on agricultural economics

David Ansell

I am not sure if what I have to report is a consensus from the group. Like most discussion about economics or by economists, I think consensus proved rather illusive, but I think I am not distorting our discussions if I say that we really focused our thinking on three main issues.

The first of those issues was for whom is there a crisis? This took us into the realms of definition. We thought about dismissing the words 'small' and 'family' from our discussions because we did not believe that either of them was necessarily descriptive of the kind of people that we felt were most at crisis. But there are certain categories, perhaps of the smallest farms, which are not those that are the most vulnerable at the moment. There are also many family farms that we thought were really not part of our brief because, as we heard yesterday, as the hired labour force disappears, we are increasingly having a sector made up principally of family farms. In the end, I think we did agree that we were mainly concerned with that group of businesses that is wholly or mainly dependent on farming for a livelihood and that are at the bottom end of size distribution - if that corresponds with your notion of ordinary farming, well then that is very good. It is also others - those with disproportionately high levels of borrowing; it is increasingly, we feel, those who are recent entrants to the industry; it is disproportionately those who are beef and sheep producers.

Our second question then was to ask, having identified this group as being the people for whom we felt most concern and whom we felt this conference was about, is there an economic role for these small family

commercial units? I think the general belief was that family farms can compete if they are given the opportunity to do so, and that one of the major problems at the moment is that they receive unfair treatment as far as agricultural policy is concerned, and I will return to that a little later. In a national sense, there was, if not a consensus, a fairly strong view that smaller farms do have certain advantages beyond small farmers themselves: they do tend to use more labour; they tend to have stronger links with the local community; they are likely to sell more produce locally; they are likely to buy more inputs locally; they are therefore more likely to be an important part of the local community. And despite the gloom and despondency it is clear that there are still many people trying to get into farming and the existence of a relatively large number of smaller farms will assist that process.

Our third theme then was to ask, what needs to be changed? What are the policy implications that arise from this? There are three, perhaps four, main headings here. First, it was felt that reform of the Common Agricultural Policy was an important part of this, that most of the benefits at the moment go to larger farms and that this penalises smaller farms when it comes to their ability to compete for resources, for example, and although this was not agreed universally, things like modulation, ceilings, tapering, maximum payments per holding were all discussed as being possibly some part of the solution. There were those who advocated the withholding of support from those with off-farm incomes although that was not universally accepted either.

Secondly, there were the issues of relaxing of planning procedures, planning regulations enabling farmers to use their resources for a wider range of purposes, enabling building of dwelling houses on smaller farms.

Thirdly, there is the issue of easing and assisting the process of structural transformation. This created some controversy. People said we did not come to bury small farms, but clearly there are people who are in crisis who would wish to get out of their predicament, and we feel there are opportunities for improving the mechanisms which would enable them to do so. We wondered why, in particular, this Government has decided not to adopt the retirement scheme for farmers aged over 55 which was, I believe, an option which came up with the Common Agricultural Policy review last year.

Finally, Madam Chairman, we felt that there was a case for shifting the balance of support towards paying farmers for environmental goods. Part of the goods that farming produces is not marketed; it is about landscapes and wildlife and so on, and we believe a shift towards payment for these kinds of things would also make a contribution towards a continuing role for the small farmer.