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Centre for Agricultural Strategy

# Crisis on the family farm: ethics or economics?

Edited by S P Carruthers & F A Miller

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## Report on workshop on policy

Christopher Jones

Like some of the other groups, we began by looking at the situation and then formulated some proposals for dealing with it.

A part of the situation which is not purely agricultural, but which people felt was an important element of our social position in the whole country, is the inexorable rise in unemployment (after recovery from each recession, the unemployment that remains is larger than before): in the agricultural scene, the backdrop of over-production, evaporating profitability, farmers' low share of the price that people pay for food when they stock up their larders, the difficulty, very often, for members of farming families to find nearby work or for the farmer even to find nearby part-time work. It was pointed out that in many parts of Europe farming families survive as farming families because they are also able to get some other work. In, for example, Wales, there is a long-standing tradition of mining, slate quarrying and fishing and so on going along with farming so that wider concern is intimately connected with the fate of many small farms. There is a feeling that farming's voice is dwindling as the numbers reduce. There is then a recognition as well that all rules and regulations bear hardest on small businesses; this does not just apply to farming, it applies to kinds of small businesses, but it becomes a very major discrimination against small businesses. It is much more difficult for them to cope with anything, from PAYE to effluent regulations, and there are very often costs as well with these things, fixed fees per visit or per head as well as the cost of making changes to meet the regulations. It was felt that, although it was fashionable to blame Brussels, there was a strong suspicion that more of the blame lies within the British Isles than in Brussels.

Another anxiety in the present situation was the increasing inaccessibility of good advice for small farmers. Then there is the gut feeling that bigger farmers are elbowing smaller farmers out. On looking at it a bit more carefully, the gut feeling becomes a realisation that there is a kind of inexorable process in economic life whereby once you get to a certain size you have a little bit of power and that helps you gather more to yourself regardless of whether you are more efficient or anything else. This process should be recognised, clearly. There is a kind of worry that part of the process of increasing farm size is driven by technology - but not all of it.

So that was a kind of review of the situation. Some of the recommendations were that policies should aim for a balanced supply and not a surplus and then that there should be a combination of policies to generate rural employment rather than diminish it: some of these would be agricultural. There should be an element of positive discrimination in favour of smaller units. In the way that rules and regulations are devised, they should be easier for smaller people to comply with without being hopelessly burdened. Some rules and regulations do, for example, exempt employers with less than four employees, but others do not. There was approval of the way in which every time sheep quota is traded ten per cent goes back into the pool for new entrants and a feeling that there should be a limit to the extent to which people can accumulate quota by buying it. There should be an element of modulation of grants and subsidies or tapering, and there should be an awareness of and alertness to the possibility of bringing some of the processing and marketing of food back down to a more local level and then there should also be, as said already, policies to encourage the development of other kinds of employment in rural areas. That touches on planning laws and on a lot of other things as well.

There is then the difficult question for policy makers, but something that the group thought must be addressed, of the balance of bargaining power between farmers, and particularly the smaller ones, and the people they buy from and the people they sell to. It is something that a lot of economics seems to be very blind to - the role of power in economic transactions - and increasingly farmers are being disadvantaged in this respect. Just as the agricultural wages board is a mechanism of protecting farming employees in a very difficult bargaining position, so there should be some recognition of the discrepancy in bargaining power which is becoming an increasing problem. It might be mischievously suggested that if there are ways of restraining farming businesses from growing too big, some thought should be given to restraining some of these other businesses from growing too big.

The last thing to be said is that advisors need to go out and look for those who most need help rather than concentrating on those who can

most easily pay for it. It should also be noted that the lessons of the environmentally sensitive areas may be relevant to the whole of agricultural policy and may be we should look forward to a day when some of our premiums are called conservation premiums, linked to environmental goods worth trying to provide.