Centre for Agricultural Strategy

Crisis on the family farm: ethics or economics?

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CAS Paper 28

March 1996

Carruthers, S P & Miller F A (Eds) (1996) *Crisis on the family farm: ethics or economics?* CAS Paper 28. Reading: Centre for Agricultural Strategy.

The small family farm: a vision for the future

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THE DECLINE OF THE SMALL FARM

There is nothing new about the decline of the small farm; it is a process which has been advancing since the second enclosure movement and the agrarian and industrial revolutions. What is new is the prospect of its total demise in some areas and the end of its primary influence on the countryside. So I would like to congratulate CAS for making us pause to consider whether there is something important, and perhaps irreplaceable, which is being lost.

Some 60% of domestic food production comes from 20% of our farms and output is expected to become increasingly concentrated towards the agribusiness of the South and East. It is in the mixed grassland and livestock areas of the North and West that the smaller farm predominates, and much of what I will have to say will centre on the extremes of harshness and vulnerability which are to be found in the hills of the Lake District and Pennines.

The values embedded in the farming family appear rosier with the passage of time and with the doleful evidence of moral decline in the nation. Some of those values, and their felicitous products can, I believe, be restored to their rural home (and I shall pursue this theme in more detail later). However, society has deluded itself into thinking that another important product of this culture, our countryside, can be shaped and sustained by other means. We should disabuse ourselves of this fallacy.

LANDSCAPE: THE BY-PRODUCT OF A CULTURE

Some years ago, towards the end of a summer drought, I took John Davidson, then Assistant Director of the Countryside Commission, to

Haweswater in the Lake District. The drawdown was so great that the ruins of Mardale, its church, houses, roads and graveyard were revealed. I lamented the death of this historic community and the beauty it had revealed, only to be obliterated beneath the waves and industrial structures at Manchester Corporation's reservoir. "What was there in this of greater importance than, say, a mining community in County Durham?", he asked. "Only the value it can yield to the wider community", I had to reply.

Sir Laurens van der Post, in his evidence to the Archbishops' Commission on Rural Areas, expressed his belief that the desperate loneliness and sense of "not being known", which are common features of modern human lives, are caused, not only by the estrangement of human beings from one another in large urban communities, but also by the estrangement of human lives from the created natural order in which they are rooted and of which they are a part (ACORA, 1990).

The decline in churchgoing in our time has been paralleled by a perceived need for the countryside and all that makes up its life, and many would claim that the 'discovery' of this countryside has filled a spiritual void for many of those who have been unable to find satisfaction in the traditional 'bosom of the churches'. G M Trevelyan said, early in this century, that walking was the best means whereby a man might regain possession of his own soul, by rejoining him in sacred union with nature. Since then members of his family have been, and remain, a major influence in promoting improved access, protection and maintenance of the countryside.

It is, however, in our wildest, least cultivated hill areas, such as the national parks and North Pennines, that the numbers of people have increased most dramatically. Here the visitor sees the Lakeland or Dales hill farmer as an integral part of that landscape, having evolved within it as the primary influence on its appearance. He sees the steading of native stone and timber set close to its meadow land and to water. He sees the intensely cultivated land in the valley bottom, the mown meadow land and the allotments reaching up the hill to the limits of profitable improvement. He sees the hills grazed by hardy sheep, their harsh profiles little affected by Man's influence. He sees the sublime accommodation between man and the hills. He sees in it, as Wordsworth did almost 200 years ago, "a whole without dependence or defect, made for itself and happy in itself, perfect contentment, unity entire". If we understand this we should not forget that the key element in protecting and conserving this vision of harmony and purpose, this link between urban man and the natural order, is the survival of the indigenous culture, of the hill farmer and the economy of which he is part.

THE CHANGING EMPHASIS OF RURAL POLICY

In the decades following the War the primacy of agriculture dominated the countryside. Food production increased, urged along by financial support, an advisory service and the exhortations of MAFF and the farmers' unions. Whatever was good for farming was good for the countryside. The newly enacted planning laws and the planning authorities were concerned to prevent urban sprawl in the countryside, to protect agricultural land from development and to confine other economic development to appropriate urban locations. The ethos of public policy was to reserve the countryside for farming and recreation (private and public) and to keep other inappropriate activities out. Britain earned its living from industry and commerce which went on in towns and grew its food and took its recreation in the countryside which it protected for these purposes. There was also a third strand of public policy, under the guidance of the Development Commission which advised government on the social and economic development of the countryside. This sat rather uneasily with the other two and in consequence was kept at a low profile in those early years.

After 25 years the astonishing success of these policies was becoming an embarrassment. In addition, the drive for agricultural efficiency had reduced the farming population in some areas by as much as 25% each decade. Alongside this, a more general social and economic decline had led to a reduction in private and public services as well as in employment and economic activity - in some places to the point of collapse.

Paradoxically, however, in some popular areas the first signs of a trend of counter-urbanisation had become recognisable, but had yet to grow to the flood of later years. More leisure time and greater mobility were allowing more people to visit the countryside, and their interest in gaining better access and curtailing a burgeoning agriculture was expressed through an able and militant lobby and a campaigning Countryside Commission. The ensuing period saw a debate on the need for a change in rural policy. The Department of Environment set up the Countryside Review Committee. Several important experiments in upland management and integrated rural development, involving departmental collaboration, demonstrated the need for a more comprehensive approach to rural policy. Some prominent academics and pressure groups called for a Ministry of Rural Affairs, but departmental interests did not lead along that path, and the response over a period to public pressure was to introduce a series of incremental changes which are still continuing.

The 1980s brought the crisis of overproduction of several agricultural commodities and of the funding of the CAP. This crisis marked the turning point in the fortunes of European Agriculture, whilst here in Britain the countryside lobby had already eclipsed that of agriculture in

political influence and public support. The Rural Development Commission reorganised itself, as its role became more central to rural needs in the light of a growing rural population and declining agriculture. Yet its political docility was a disappointment to many who recognised the future importance of its social and economic remit.

Now, as we move into the heart of the '90s and look back at the faltering steps which the divided strands of rural policy have taken, we must ask ourselves whether these have measured up to events.

We should be mistaken to think that this was the only shape of rural policy available, or the only outcome; it simply reflects the national imperatives which have borne upon successive governments. Elsewhere, different imperatives have evoked a very different response.

For example, Austria in 1955 with an agrarian economy of small farms, very little industry and a rural population without the opportunity or inclination to move, had to find a rural economic solution. It did so most impressively, and for a period the Tyrol had the fastest growing economy in Western Europe, based substantially on tourism built into the structure of small family farms. Bavaria, with a long frontier facing the Iron Curtain, felt obliged, in the hills of Frankenwald, to maintain a buoyant population and economy right up to the hostile double fence, and did so by a vigorous programme to stimulate a strong diverse economy and community beside the fence. Norway felt obliged to sustain a strong population and economy adjacent to the Soviet frontier in Finmark as in all the remote areas of the North and West. And so it goes on, with each country developing a rural policy to meet its own requirements at a particular time.

Yet, for more than a century, Britain has not regarded the countryside as having any particular economic significance (except for food production in times of war); its role has been reserved for agriculture and recreation. That luxury is no longer available nor can its recreational role be adequately fulfilled in a condition of declining management and services.

THE NATIONAL INTEREST TODAY

I cannot recollect a time when business people have been more perplexed. After the optimism of the '80s we find ourselves yet again in a recession which has reduced Britain's manufacturing capacity to below the level to which it fell in the last recession. Even now with consumer spending severely depressed, our balance of payments remains negative, which bodes ill for a new period of growth.

At the beginning of the '80s Britain had the weakest small business sector of any advanced economy, half the size of those of Germany or France and a third of the size of that of Italy. During the '80s great

efforts were made to restore the number of small businesses with the particular objective of reducing the number of unemployed. This movement, led by the Enterprise Agencies and supported by many other enterprise support organisations, created more than half a million new businesses by the mid '80s and that growth has continued. However, whilst this has been very successful in stimulating a new interest in self employment, its contribution to the GDP of the small business sector has been limited.

It was in the 1960s that the long decline in the rural population came to an end and the process of counter-urbanisation began. Since then the trend has continued, though unevenly, with rural growth in the South and East surpassing that in the North and West. Nevertheless, between 1981 and 1988 the population of the remoter rural counties of England and Wales grew by 10%, due entirely to inward migration.

As agricultural production has become steadily more concentrated, so farm inputs have likewise moved into fewer hands and 75% of produce is now processed before it reaches the consumer. Farmers have become tied into a chain on increasingly unequal terms with the cost of raw materials representing a declining share of the cost of the final product. For example, only 35% of the cost of a packet of potato crisps is in the edible raw material. More importantly the industrialisation of our food industry has left large openings in the market for innovation, taste and quality which are being disproportionally filled by overseas producers.

With the increase in the rural population has come growth in a range of economic activities. Between 1971 and 1987 the national decline in employment of 1.5% was matched by a growth in rural employment of 19.2%. Rural manufacturing has similarly bucked the national trend by increasing its employment by 20% between 1960 and 1987. In National Parks and coastal areas, tourism, in particular, has grown significantly. In Cumbria, for example, tourism is now the largest industry employing 31 000 people, having replaced agriculture which now employs only 15 000.

Those who have moved into rural areas include many with energy and imagination who are seeking a better life for their families. Even among those who have come to retire there is a reservoir of knowledge and skill which can readily be brought to the service of the community.

The future of the family farm lies, as in the continental examples which I have described, in the creation of a stronger, more diverse, rural economy comprised of many more small businesses engaged in a wide range of activities, including specialised food processing, manufacturing, IT businesses, tourism and recreation enterprises, together with the services to support a growing economy. Some of these opportunities will be part of the family farming business, but many more will not, though they will offer to farming families and

others a broad choice of career opportunities which will sustain the traditional structure of family farms and enrich the workforce of a growing rural economy.

Our national economic predicament, the growing proportion of the population and resources which are now located in rural areas, and the need to sustain the economy of the countryside, so that its cherished landscapes can evolve steadily and continue to serve the growing recreational needs of the nation, will all demand a more integrated approach than is currently possible. We have a new imperative, which requires a new attitude, the rehabilitation of some old values and a new vision.

In many respects our post-war rural ethic needs to be reversed: diversity and integration of purposes become virtuous; economic growth in the countryside becomes a consummation devoutly to be wished; and protection of the environment depends increasingly on a rural prosperity which can secure future management.

HOW CAN THIS CHANGE OF DIRECTION BY REALISED?

The problem is a national one and its solution can be prosecuted within a national programme for the small business sector. There are, however, many specifically rural problems and opportunities together with significant regional variations which call for action tailored to the needs of each area.

A key issue is the need to attract and enthuse able young people to enter the enterprise sector for a career. Historically, there has been in Britain a rather snobby disdain towards involvement with trade, which has led parents to encourage their bright youngsters to enter one of the professions which offer greater security and social status. The result of these attitudes has been that entrepreneurs have usually left school at 14 while their 'cleverer' classmates advance through school to university to become lawyers, accountants or teachers. Nor have public sector attitudes towards the sector which keeps them been any warmer since, peculiarly in Britain, there is little interchange between them. These attitudes over the years have placed a heavy toll on Britain's economic performance which we must now change if we are to have long-term hope of restoring our prosperity.

A more immediate problem has been the growth of the 'Regulatory Industry'. Since Lord Young "lifted the burden", the burden of regulation on the small business sector has grown unchecked until it has reached an unprecedented size. I do not criticise the officers of the various regulatory agencies; their task is to improve standards of safety, of landscape protection, of food hygiene or whatever, and to pursue this ethic with a convert's zeal. What I do criticise are the agencies of government who must balance the attainment of these

ideals against our competitiveness with overseas industries and the ability of businesses to serve their market and prosper. Politicians tend to respond to public pressure and if consumer pressure groups together with self-interested regulatory agencies are pressing for more regulation and no one is effectively pressing for less, then they will go with the one that is pressing until the other is brought to a standstill - which is exactly what is happening.

An early task, therefore, in changing the culture to one in which the small business sector is valued and encouraged must be the establishment of an effective lobby.

In the post-war period of agricultural growth the farming organisations played a crucial role in bringing the industry together and lobbying government, and that influence made an important contribution to the advance of the industry in that period. It is now very much reduced and could not, in any case, represent the interests of the wider rural economy on which the future of the family farm in part depends. For some time Training and Enterprise Councils (TECs) have been discussing with interested bodies the setting up of Core Chambers in their TEC areas. The Core Chamber would have close links with existing Chambers in market towns and other representative bodies in their area, it would have a strong Director and would be staffed as necessary. I have discussed with business people in Cumbria their response to this concept, and in every case they responded by saying that they need a voice to reduce the burden of regulation as well as to look after other concerns. TECs must now consider how high a profile to give to this initiative; my own view is that it should be launched without delay.

The other vital part of resurrecting the rural business sector to its rightful place is business support. Here, recent history provides us with two brilliantly successful examples which we can follow.

The first example is the extension service developed by the Ministry of Agriculture in the years following the war. Its strong ethical base, "to feed a hungry nation and secure its supply" and "to make two blades of grass grow where one grew before" gave moral purpose to the industry and made farmers feel that they were at last needed and valued by society. At first, advice was rejected or taken up cautiously, then, as it became seen that those who took it prospered, it was widely accepted. The dissemination of information and new techniques from researcher to farmer was quick and well presented. ADAS and its predecessor body were trusted and relied upon by farmers. An impressive range of extension techniques was used, which included Discussion Groups, Open Days, Farm Walks and Conferences which steadily drew the Industry into its confidence. Of course, that was not all of the story - support prices, production grants and a healthy lobby played their part - but it was a vital element in the package.

The second example is the Enterprise Agency movement in the '80s. This too had a great moral purpose: to take people off the dole into self employment and to strengthen the small business sector. In the early days, agencies were supported by local businesses, the voluntary sector and the government. They drew to themselves tremendous support in cash and practical help, expanded their number to over 300, and were instrumental in the creation of half a million new businesses whilst dramatically improving their survival rate.

The task which confronts us all in rural Britain in the '90s is of course quite different, but it can build with confidence on the experience and success of these examples. There is an overall need to strengthen our economy, but in rural areas the need focuses on the small business sector - still dismally weak - which must be built up to meet the decline in traditional rural industries and the growth in the rural population. The greatest potential for increasing employment and prosperity lies with the small and medium-sized business with potential for growth.

Whereas our priority for the '80s was the promotion of new starter businesses, which attracted a multiplicity of support agencies into the field, our priority for the '90s must be the business with scope for expansion. Figures for 1990 show that the UK Government put 39% of its support for enterprise into startups, whereas the comparable figure for what was West Germany was just 2%. The priorities of the time have taken us beyond the departmental upheavals debated in the late '70s and early '80s; the requirement today is not debate on integration, it is action! For example, the remote rural county of Cumbria is set to lose 8% of its employment in the current decade through structural change unconnected to present recessionary pressures.

This sense of urgency is being reflected by the Department of Trade and Industry in its proposal for the creation of 'One Stop Shops' (OSS). The OSS (it will have a national brand name which is yet to be decided) will cover a TEC area and will be one of a network covering the country. It will probably be a company (or more than one company) set up jointly by the present business support agencies in the area such as TEC, HDC, County and District Councils, ADAS, the Enterprise Agencies, the Tourist Board, ATB and others. It will operate in a rural area through a number of local delivery points through which the whole range of services will be accessed through the OSS computerised database.

Focusing the resources of the providers through one access and delivery organisation will have several beneficial effects: it will facilitate the creation of a strategy for business development in the area; it will give greater strength to the business sector by enabling it to speak with one voice; it will bring together the diverse interests of business through membership; it will influence the culture and attitudes in the area by ensuring that the importance of the economy is understood

throughout the community; and it will ensure that the range and quality of its services are developed to meet the needs of business in the area.

Funding for the OSS will come from the DTI and the Department of Employment, but it will also come from those other agencies which will integrate their business support service into the OSS. The success of the concept will depend, in large measure, on the extent to which the different bodies are prepared to enter wholeheartedly into the scheme. The leading role of the TEC and local businesses will ensure a strong private sector interest, but the genius of the concept lies in its local delivery, harnessing local energies and shaping programmes to local needs, which will achieve the long-awaited integration of the rural economy without disturbing the structures and interests of Whitehall.

It is intended that within three years the OSS will be well established and that many of the participants will have merged their business development services into the new organisation. The OSS will pro-actively involve businesses of from 5-100 people, but will ensure that all receive their service and that no one is turned away. Its role (like that of NAAS in its early days) will be to improve the effectiveness of business by strengthening it with better training, better skills and better professional support.

This initiative should not cause alarm among those of us who are concerned to protect and enhance the rural environment. A recent project, conducted on behalf of the Yorkshire Dales National Park by Professor O'Riordan of the University of East Anglia, demonstrated (what every small farmer has always known) that landscape is a by-product of an economy. It showed the visual impact of changes in government policy and in the prosperity of different sectors of the rural economy and how, by altering these, changes in the landscapes could be obtained.

To evolve a satisfying landscape for tomorrow requires the creative encouragement of today's economy, not a simplistic resistance to change. This calls for a more sophisticated understanding of landscape change than has been available in many planning departments. There is a need for better links, in providing planning advice, between economic development departments and planning departments. It would be most helpful if the Secretary of State for the Environment were to issue a directive that planning committees should be addressed and advised by the appropriate economic officer as well as the planning officer. Indeed Professor O'Riordan's research indicates that the very complexity of landscape change and the inadequacy of present decision making, demands a more comprehensive professional approach.

A NEW ARCADIA

Finally I return to the small family farm, the ethos which it has sustained in our society and the crucial role which it plays in the countryside, especially in some of our most cherished and vulnerable landscapes. I have not discussed returns from farm products because I believe that we can only influence them marginally and that the survival of the small family farm is more closely related to the economic context within which it lives. A rural economy in which the family farm is an integrated component, with countless other opportunities for the farming family, will (as in the alpine countries) sustain the health of the family farm much better than if that farm was the solitary bedrock of the economy. Indeed, paradoxically, it is within a carefully cultivated prosperous and diverse rural economy that the family farm can maintain and evolve the culture and the landscape which we value. It is here, and here only, I believe, that ethics and economics can advance together in mutual support.

REFERENCES

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