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Centre for Agricultural Strategy

# Crisis on the family farm: ethics or economics?

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## Response to Symposium Statement

Elliot Morley, MP

It is a pleasure to come along this morning to address this conference which I think is very important in terms of the issues which you quite rightly identified and the debate which is taking place about the future of the agricultural industry in our country and indeed in Europe, and how that should be supported. I am only sorry that Mr Gummer is not sharing the platform with us this morning because I particularly felt that it would have been valuable to have had the views of the three main parties and to debate those views. I was also very interested to know whether Mr Gummer would say the same sort of things about small farmers that he said in the House of Commons when we last debated this in terms of CAP Reform, which I have to say, were not very complimentary towards small farmers. I wonder what he will say this afternoon when people like myself won't be around in order to listen and perhaps correct him, and put him straight on one or two matters. I hope and I am quite sure that there are people here who will question him closely.

If I can deal with the points arising from the Symposium Statement, I would first of all like to deal with the crisis. There is no argument about the crisis. Of course there is a crisis in farming and that of course particularly affects small farmers. There has been a continual trend in this country towards mergers and amalgamations of larger and larger farms. Indeed, within the European Community, we already have a larger than average farm size as a result of that. The number of people involved in farming has been declining by between 8000 and 10 000 a year for the last decade or so. In actual fact, even last year I noticed that in 1983 there were 338 000 full-time workers on farms and that in

1992 the total had fallen to 265 000 according to national statistics. Although, interestingly enough, it has been accepted that there is a trend towards larger farms, there has, according to the figures, been a slight increase in numbers of family farms; this is probably connected with the fact that the number of full-time workers has fallen and therefore families themselves, in order to try and survive, are trying to operate as family farms, rather than employing people to work with them. Indeed again on figures, in terms of farmers, in this case in terms of figures for husbands and wives, there was a slight increase from 279 000 in 1991 to 281 000 in 1992 and I notice that was noted by Berkeley Hill in his paper given at this Symposium. So there has been a shift taking place within agriculture which is very interesting and in some ways contradictory. Yes, we are seeing a trend towards larger units, but nevertheless family farms and small farms still play a very important part.

Of course it does raise the issue of **ethics** which we have also touched upon. There is the ethics of how we operate in terms of the agricultural programme within this country and the EEC, how we use the enormous amounts of public money which have gone into the CAP. In our own country alone, this last year's budget for agricultural subsidy was £1.95 billion which works out at around £3263 for every single person involved in agriculture including casual workers, part-time workers and spouses. I know you can play around with these figures to your heart's content and I do have to accept that, the vast majority of these subsidies are of course going to the larger farms, and indeed 80% of the available subsidy is going to 20% of the farms in this country because of their size. Those are the kinds of figures that are being talked about. Now I have noticed that in Parliamentary debates there has been this assumption that we should be moving towards efficiency and larger units and indeed the Government were extremely critical of the MacSharry proposals because they felt they discriminated against farms in this country and it is fair to say that by and large there were tremendous disadvantages for many farms in this country. But, I note that of approximately 250 000 holdings, about 100 000 of those could be defined as small farms. Now that's a very high proportion of the total number of farms in this country and it may well have been that part of MacSharry's approach might have been more to the advantage of the farmers in this country than had been accepted. Perhaps there is an argument that the attitude of the Government and of organisations like the NFU is far more influenced by the larger farmers rather than the smaller farmers and that tends to influence public opinion, as it is expressed through Parliament and even through some of the farming organisations. I also think when we talk about ethics of family farms according to a paper by David Ansell, two-thirds of farmers in what are classed as small farms are content, in

a sense, with their loss. I think that is very important to people in terms of employment opportunities within the rural context and again it is an ethical issue you quite rightly touched upon.

If I could deal with the case for change. I was sorry that MacSharry's proposals were so vigorously repudiated. Mr Gummer said he hated them and he actually abused Mr MacSharry in a way that I thought totally unacceptable because, although I have to accept that the way the structures and proposals were planned would have discriminated against our country in many aspects, MacSharry was making a genuine attempt to recognise the need to keep small farms going and to prevent rural depopulation and to take into account the social consequences of a move towards bigger and bigger farms in environmental unemployment terms; I do not think he deserved that kind of repudiation. There is the whole question of course of where small farms fit in terms of agribusiness. An ethics question is, can you simply allow the free market to dictate the structure of the way agriculture works, or should you take into account the social consequences of that? Indeed, we are having this debate now in the sense of the coal mining industry, for example, the steel industry in the past. You have to look at the sense - is it better to provide employment opportunities or take the long-term consequences of the knock-on effects of supporting people who will be unemployed, of actually financing that kind of social and structural change.

What is best for the countryside, what is best for our people, what is best for the farming industry? There is the issue, of course, that we have identified in terms of value for money, in terms of public subsidy. We are going to be debating the CAP this afternoon in Parliament and of course value for money and the huge sums of money are amongst the topics to be raised. There is the question of CAP and the need for reform. There is the question of environmental objectives. There is the question of rural community and social structure. These are all identified in the need for change that you put forward in the document. There is the question, as I have already mentioned, of the employment opportunities versus simply applying a free market and straight economics.

There is the issue of whether or not we ought to have an integrated approach towards rural policy which includes small farms and the role of small farms and that is something which I obviously want to touch upon. As I say, we debated this in Parliament and Mr Gummer has disagreed. His argument is that we ought to be encouraging the more efficient larger units; the logic of that is that the more efficient larger units will eventually replace the small farmers by amalgamation and drive them out of business. That was quite clearly the position that Mr Gummer took in terms of his approach towards a cultural change in this country. Now I do not think it is as simple as that and I do not

agree with the assertion of Mr Gummer, and indeed of some of the environmental groups, that small farms are not necessarily environmentally friendly. Now, of course, you have to be reasonable about this. There are some small farms that are very environmentally friendly but of course there are also large farms that are environmentally friendly. It is not an open-and-shut case. It varies with individual farmers and the way they operate, but I think that by and large one has to accept that larger farms do have a much more adverse impact on the environment by their very nature. They are designed for larger machinery; to make for more efficiency, larger machines require that hedgerows and trees are removed. You have the problem of soil compaction from larger machinery and that leads to soil erosion. Larger farms have higher fixed costs on loans and of course they tend to get caught in what's known as the 'treadmill effect', in that they have to produce more and more to service their loans. They need higher inputs. There is a problem of nitrates. In fact, I can see this in my own constituency which is predominately one of larger farms in South Humberside and North Lincolnshire, and I compare and contrast that with the landscape and environment of areas of, for example, the West coast or indeed in Devon and Cornwall (where my colleague comes from) where the landscape is far superior. In fact, there are far more environmental opportunities there.

It is also a pan-European issue as I heard this morning when I came in and listened at the back. I think that is something we need to bear in mind in terms of an approach within the CAP. I do not want to see smaller farms forced off the land either in this country or in Europe. Environmentally it would be a disaster, in terms of what is happening now in the Spanish Sierras which are being ploughed up and irrigated, and the environmental damage which would result if we had a move towards larger farms in the Portuguese cork forests, for example, where there is a very nice environmental balance between small farms which maintain a lot of people in employment. I think it would be disastrous for the environment in the European context and I think we do have to recognise that.

So we come down to the ethics of it, the social objectives in terms of how we try and balance the quite legitimate arguments that the farming industry ought to be economic, it does not have an automatic right to public subsidy, that by and large it ought to operate in the same kind of market as any other kind of small business with the kind of objectives that the Government and the community of this country want to see.

Now in terms of what we in the Labour Party would like to see, we recognise that there is a case for modulation and I notice that even though it has been repudiated by the Government in terms of the MacSharry proposals, in terms of the agri-environmental package,

MAFF's own consultation paper has put forward the concept of modulation to actually assist smaller farms and I think that is very much welcome. We also need to look at the whole question of rural planning and I do think we need a rural planning strategy in order to try and balance the needs of diversification, but also to try and stop what has been happening in terms of, for example, when a farm becomes vacant: in many cases the accommodation is sold, often going as second homes to people who do not live in the area and once the accommodation goes and the buildings and the farms are amalgamated, then of course, there is a reduction in employment opportunities and a reduction in the number of farming families in that area.

We need to tackle the question of ensuring that farmers can move towards added value in terms of forestry, timber, hardwoods, hides, regional foods, diversification and, of course, planning authorities should recognise that. I believe that you can diversify within a rural economy, and provide more opportunities in a way that does not affect the landscape or affect the environment. But there needs to be a sensible balance and what I do not want to see are suggestions that planning authorities should move back and not take an interest because even when you have sensible ideas, you have issues like traffic which need consideration. We also have to look at the whole package in terms of rural society and that has to include village schools, rural services and rural transport. All these things are under pressure and need supporting. We need to give support for R & D for alternative crops, we need to ensure that organisations such as ADAS are providing a free service to farmers and not developing into a private consultancy as is currently happening, because that kind of technical advice is absolutely vital for small farmers who cannot afford to bring in specialists themselves.

We also need to switch the whole nature of support payments away from subsidies for production towards subsidies for supporting and looking after the countryside, something which farmers and farmers' families are very well qualified to do. That should not be seen as a bolt-on package and it also, I have to say, shouldn't be seen as compensating people for stopping damaging the countryside - it should be for positive gains in terms of positive and identified objectives. Also we do need to recognise the social benefits of small farms as underpinning the rural economy, rural employment and indeed rural culture. So we want an integrated approach, a balanced approach and we have to have that by a fair degree of intervention. Yes it is going to cost some money as well, but given the amount of money that is available under the CAP, given the enormous waste of the CAP, I believe there is tremendous scope there for directing that resource towards our rural countryside, maintaining jobs, maintaining our society to the advantage of the environment and to people.