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Centre for Agricultural Strategy

# Crisis on the family farm: ethics or economics?

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## Response to Symposium Statement

Paul Tyler, MP

I think that your subject is actually rather wider than the future of agriculture. Indeed I do not think it is simply the future of rural areas although, as Elliot says, that is obviously a very important context for what you are talking about.

There is also another dimension that I think is even more important and that is the future of the relationship between those who live and work in rural areas and the urban electorate, the urban community. The relationship between the two is, I think, at a very critical juncture, a watershed. I was struck when I did a survey of farms in my own North Cornwall constituency some 18 months ago, by a whole number of issues, but two things in particular. The first was that quite clearly, in an area where family farms have been traditional and comparatively small, the dynastic connection has almost collapsed or is in danger of collapse because neither the present generation wants to pass it on because they do not think it is a viable proposition nor does the next generation want to take it on. Therefore, there is a very, very serious question about the continuing stewardship of the countryside which I think is critical to the issue of ethics that you have been talking about. It is something we all, as politicians, as citizens, as electors have almost taken for granted. I believe that the present economic and social context is of such a critical dimension that we can no longer expect that to continue, and that is why I think this conference is so important. Now, in the course of 15 minutes or so, I can't see how we can possibly do justice to the forest of paper we have all been provided with which is extremely interesting. I have read with great interest and I can assure you that the current policy review that we are undertaking within my

party will make good use of this additional ammunition; for the discussion this morning, however, we are asked to relate particularly to the unseen paper. In academia, unseen papers are, of course, quite normal, but we mere politicians usually get a little more preparation!

I think that the case for the family farm, however you define it, has very little to do with agricultural economics. It has everything to do with the quality of life, the future of rural areas, and the environmental, the economic, the employment pattern of the whole of our nation. It is precisely because I believe in that holistic approach that I believe it is extremely important that farmers, agriculturalists, agricultural economists and academics should not be allowed to go away into corners and treat this issue as if it were not of interest and concern to the whole of the nation. I agree very much with what Elliot said. I spent some time with MacSharry when his Mark 1 proposals were still being considered back at the turn of 1991-92 and I was very impressed with the extent to which he and his officials, perhaps because of his original nationality and the livestock, grass and dairies of Ireland from which he, as a cattle dealer, came, recognised the connection between agricultural economics and the wider rural community. That of course is why he built into his proposals a whole series of modulations, if that is the right technical expression. That was why he saw as a major objective of all the proposals a further disentangling of the CAP. The CAP in the UK, by the time it had been put through the 'mincing machine' of MAFF in Whitehall Place, became a form of agricultural support and almost inevitably that meant economies of scale and it means 'big is beautiful'. But that was not the original intention of the architects of the CAP nor has it been the way in which it has necessarily operated in the other 11 member states. What they did and what MacSharry wanted to continue to do was to disentangle from the pure production objective, which, as we all know, because of surplus has become of less and less importance, the environmental, the employment and the wider social objectives. That is what he intended to do and that is why he had a whole series of cut-off points, ceilings and so on. And that disentangling of the different objectives of the CAP was, I believe, critical to its acceptance by the basically urban electorate and urban taxpayers of Europe. I will come back to that point in a moment.

Now, when the Minister came to the House of Commons last Summer and set out as he saw it, the considerable triumph, the piece of paper brought back from Brussels for the CAP agreement, he claimed three basic major advantages. Firstly there would be major economies and investment would be better targeted towards objectives that we would all endorse. Secondly, there would be environmental advantages; the thrust of the CAP would no longer be towards ever increasing productivity, it would be to achieve those

wider advantages. Thirdly, it was going to achieve greater equality of opportunity for the producers of the 12 member states. I would like to suggest in the context of your policy recommendations and the suggestions you have drawn out of yesterday and today's Symposium that we look at these objectives, these triumphs against what I call the four S's.

**Simplicity**, which I take to be another form of economy. It is amazing how complexity and costs almost always follow each other. Those of you who have a body clock that wakes you up at 6.10 will have heard *Farming Today* this morning when we were told that the administration of the IACS system is going to cost £25 million and that MAFF are already taking on an additional 400 civil servants, that is not including all the other people that are going to have to be taken on to make the system work. Already MAFF's manpower projections before IACS and before Set-aside show an increase of 42% in direct employment costs between now and 1995-96. So you can see how simple the new system is going to be! I last night tabled a question to Mr Gummer asking him to place in the Library copies of the 11 other IACS forms or their equivalents so that we could see precisely what forms Greek peasant farmers are going to be filling up and perhaps get some idea of the complexity of the administration just to make sure that they do, complete with the penalties if they don't fill them in on time. The Minister told me last Thursday at Question Time that every farmer will receive his form by April 2nd, the day after tomorrow, and I intend to hold him to it. If you haven't all got them by then, please let me know because I intend to take him to the Ombudsman if maladministration prevented you from getting your form in time. Incidentally, if any of you here are from Scotland, I gather, this is subsidiary, the Scottish farmer may already have his form - it is slightly different - why I am not quite sure. Seriously, there is no evidence that what he was apparently claiming, an increase in simplicity, a reduction in bureaucracy, is happening at all and I will come back to the specific question of Set-aside in a moment.

The second S is **selectivity**. Why should you select, why should you modulate? The answer has nothing to do with production, with productivity, with the supply of food. It has a lot to do with quality for reasons that are very apparent in the papers for your Symposium. It has a lot to do with environmental, employment and social functions, and we believe very strongly indeed that this was the moment to turn the juggernaut, to make a real impact on those wider ethical objectives. The whole argument over the HLCAs, and I come, as you recognise, from a hill area, was all about maintaining selectivity to help the LFA's, the smaller farms, and the upland areas which would not otherwise in the normal course of economic development get the support they need. It is because those hill communities are important to the whole

nation that the HLCAs were invented, not to help sheep farmers *per se* and that was the reason that the retreat over HLCAs was such a very damaging blow to the whole future of the support of rural areas.

Again on *Farming Today* this morning, some of you may have heard that the new US Trade Secretary, who has been in Europe talking about the future of GATT, is obviously going to cast a very critical eye over GATT. It is equally true that the new French Government is very likely to cast a very critical eye over GATT. In that context, the only thing we can be certain about is that those elements of the support package that are clearly within the Green Box (and you know that the Green Box is nothing to do with environmental green - it is green for go, ie it is acceptable, it is not a trade distortion), that the only elements that firmly fall within that Box are those that have social, employment or environmental objectives and nothing to do with production and the sort of selectivity, the modulation if you like, that we are talking about, is to ensure that that support is in place for all those wider national reasons. So it is not just because of the future of GATT or because we think that it is the most effective way to help those areas, it is because the political reality is that the CAP reforms that were so loudly lauded last year are probably only going to be sustainable for a couple of years. They are going to be back round that table again by '94/95/96. I think that is now a widely accepted view. The sustainability of the CAP is now seriously at stake. I said that last June, I was pooh-poohed by the Minister and others, I think probably Elliot and I would agree on this, there is no way in which the re-packaging of the CAP in its present form, particularly in the UK is **sustainable**. That's the third S.

The fourth S it will not surprise you to know is **Set-aside**. You see, I believe that Set-aside in the UK context epitomises what is wrong with the old CAP and what is equally wrong with the UK version of the reformed CAP. You will know that in this country, some 60-63% of farmers are going to find themselves caught by the Set-aside provisions. The nearest in the other member states is Denmark, I think, which is about 30%, and it goes right the way down. In the UK it has been made a core part of the whole of the CAP reforms. It epitomises what is going to happen in this country. Set-aside, to my mind, cannot be sustained on any count. To start with, it goes against the grain with all farmers, young, old, not so old, not so young. Every farmer has as part of his upbringing, his approach to life, a horror of leaving things to grow nettles, to grow docks, to look as if it is derelict, and it would, in fact, be derelict. Of course, it is especially rotational Set-aside which the Minister has primarily gone for. Although there will be some who say non-rotational Set-aside has major disadvantages, those who are concerned with the environmental advantages will see the system to have a major fault; creating a permanent new habitat for whatever purpose, whatever species, is virtually impossible, isn't it, if you have a

large element of rotational Set-aside? Thirdly, Set-aside flies in the face of that deep-seated emotional, quite proper, reaction to food shortages in other parts of the world. To see visibly, there on your doorstep, subsidised dereliction doesn't help those who are concerned about the food supplies of the wider world. And, fourthly, most important of all, I believe that the taxpayer, and it is still a tough time for taxpayers particularly with the enormous increases in indirect tax, are not going to be cheered by the prospect of driving out of London or Birmingham or Plymouth and seeing what they are paying for, fields of dereliction. Set-aside epitomises, it seems to me, all the things in all these papers and in your summary this morning that you are setting your face against.