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Centre for Agricultural Strategy

# Management of regulation in the food chain - balancing costs, benefits and effects

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## Summary and Conclusions

**John Marsh**

In bringing this conference to its conclusion, may I start with two matters of timing that have concerned me. The first is the timing of this particular event. Would we come to the market at a time when all the interest had disappeared? - I was most reassured that the Minister felt we had not. The second question of timing concerns the gap between you and your tea. I do not propose to keep you for too long.

My first and very pleasant duty is to thank all those who have taken part. We are most grateful to the Minister for her support, to the representatives of consumers and the key sectors of the industry, to fellow academics, and to the team of legal, administrative, and enforcement experts who have contributed richly to our debate today. Not least, I am grateful to our Chairmen. Their continuing contribution to the Centre for Agricultural Strategy (CAS) is very much valued. In a variety of ways they do much to help CAS succeed. When they took on this job, I feared it might be a particularly difficult task. In fact you have been a very well-behaved audience and for that too I am grateful. Finally, may I voice my own thanks for the unfailing support of CAS staff and particularly Bernard Marshall, whose vision and efforts have steered this conference from its earliest conception. It is to him that we must give credit for the very wide range of support and sponsorship which we have received. For this we are indeed most grateful.

This will be the last conference in which I shall take part as a Director of CAS and I am particularly glad that my successor in that role, Dr David Hallam, is with us. One opinion expressed in today's proceedings, which I thought was singularly suitable, was that 'experience is badly overrated'.

I will not in these concluding comments attempt to mention the thirteen papers you have listened to and debated today. Instead I

would like to draw your attention to the subtitle of the conference - 'balancing costs, benefits and effects', because in many ways I think the issues we face, are essentially of balance.

From the outset, it was quite clear that if this conference was to succeed it would be necessary to involve many, very complex, and sometimes competing, interests, because all are enmeshed in regulations relating to the food chain. As we have been told several times, it is not just a question of food safety; there are many other regulatory issues which are important - transport, welfare, nutrition and so on. As a result we had to have a large number of contributors. I am most grateful to them all for keeping so well to time.

My first extended contact with this set of issues was as a member of the 1993 Food, Drink and Agriculture Task Force which had been given the task of framing proposals for deregulation. It is interesting that many of the same issues raised by the Task Force have been debated yet again today. Clearly everybody involved wanted food to be safe and, in particular, they wanted it to be known to be safe. They recognised that perceived failures of food safety had very high costs for all involved. They knew, too, that it was difficult to make sure that food was safe because the processes by which food is produced undergo constant change. Traditional rules which once sufficed do not necessarily assure safety. Members of that Task Force wanted the people who buy their food to be able to make informed choices, although there were then, and still are, differences about how that might best be secured. We have too, to remember that the habits of consumers are changing. We live in a society in which, as we have been reminded, values change. What consumers expect from their food and what they are prepared to tolerate in the way in which that food is produced, is different. In such a world, enabling consumers to make informed choices becomes increasingly difficult. The one thing which none of us wants is an industry which tolerates deception in that process.

The Task Force were concerned that the whole industry should be protected from 'the black sheep'. They, the industry, the Ministry, and the local authorities who enforce the regulatory measures, all felt themselves to be vulnerable if things went wrong. So success in food safety and accurate useable information was really important to them all. As we have heard this afternoon, the industry needed then, and still needs, a system which is proportionate and workable. If the rules were not proportionate or workable, they would neither be accepted nor operable. In the Task Force's review, several years ago, we were concerned to make regulations 'goal based' rather than 'prescriptive'. It has been stimulating several years later to re-examine these issues and discover what progress we have made. At the same time it is clear that many of the themes of that debate remain of major concern.

The most notable characteristic of the immediate situation is the urgency, as well as the real sadness, of what has happened in relation to the calamity of Bovine Spongiform Encephalopathy (BSE). It is a calamity. It is a calamity to farmers, to the people who trade in meat, and to the Treasury, whose costs no doubt, we shall all pay. It is a calamity too for consumers, who may well have lost the opportunity to eat products which they would have enjoyed and which were safe. However, the biggest calamity has been a loss of confidence in our food regulatory system, amongst consumers. I listened with great interest to what has been said about the question of how low confidence has really fallen; about whether debate among professionals in the business, and reports in the media, who do have an interest in selling a story, may both undermine confidence and exaggerate its loss. In this conference we have rightly been attentive to the various ways in which the government, the food chain industries, the academics, the lawyers and the enforcement authorities consider that the situation might be improved.

It all comes back to the question of finding an acceptable balance. A balance between risks which we are prepared to live with, and those we feel we should not be asked to live with; a balance between detailed control and intervention in what businesses do, and a system which allows for reasonable innovation and general freedom of action by individuals in business and elsewhere; a balance between the responsibilities which have to be carried by the state and the responsibilities which are those of local enforcement agencies and of the industry itself; a balance between the regulation which is appropriate for the large concern whose products reach every home in the country and for the tiny business which may confine its sales within a very small area. We need too a balance between the means of enforcement. Do we rely on prosecution, or do we emphasise advice and cooperation between the enforcer and the enforced? We need a balance between the economic and legal instruments which we use if society is to attain the food industry it seeks and can afford. We also need a political balance. We cannot in our society have a system of regulation which is not perceived as being ethically acceptable by the bulk of our community. If it does not gain acceptance, it will not function.

In this conference we posed a question, and I was grateful to David Hughes for reminding you of it. In simple terms it asks whether, in the light of all we have heard today, you think that in any of these dimensions we have got the balance right? That has to be for you to decide. Whatever system is adopted, it will seem unfair or inadequate to some sections of the community affected. The outcome will depend, not simply on the system, but upon how it is managed and how it copes when, as will inevitably happen, things do go wrong.

How responsible will the government, the press, the critics, and the industry be when there is failure? Will they do what we sometimes suspect they are doing, and seek to shift the blame to someone else, to maximise the failures of others, to use a failure as a lever to increase their influence or to attract a larger audience for their programme. Or will they recognise that, like all balanced systems, things do go wrong, that existing systems do have to be tuned, and that we do have to allow for corrections. That does not mean that we gain by destroying the system. To do so may compound rather than relieve the problem. So the final balance we need is a balance in our reactions. This is a challenge in which all of us are involved, not just to work out a new system which can restore the lost confidence, but also to operate it in a way which will mean that it deserves and receives the confidence of the whole of society, of the industry, and of its administrators, and of its consumers. In other words, a balance in which each one of us must play a part.