

The triumph and the

THE TRIUMPH of British agriculture has been threefold:

- An area the size of Yorkshire, Lancashire, Durham and Northumberland combined, previously uneconomic for the growing of cereals, has been brought into arable cultivation.

- Productivity on the land has increased more than in any other substantial industry, so that one man produces food enough for forty-two people. Between 1954 and 1981 the yield of wheat to the acre has increased by 98 per cent, barley by 62 per cent, and sugar by 23 per cent.

- The average dairy cow produces 48 per cent more milk and the hen 52 per cent more eggs.

Technically, it is an achievement that verges upon the miraculous. A triumph indeed.

But the shame? The levy on wheat imported from abroad is £73.50 a tonne, which is a tax of nearly 100 per cent. On maize, it is £66.17 a tonne, which is a tax of over 100 per cent.

These high taxes on the consumer make it profitable for farmers to grow wheat and other cereals on land unsuitable for such cultivation – Grade III land or worse.

The consumer is worse by £3,000 millions a year, this being the difference between the price of food in the world market and the Common Market (about £5 a week per family).

On top of that, the taxpayer has paid out, since 1946, a total of some £40,000 millions, in 1982 terms, for expenditure by the Ministry of Agriculture for the benefit of farmers.

The value of agricultural land has been forced up artificially by the same amount, £40,000 millions (which may not be a coincidence), after making full allowance for the effect of inflation, so that landowners have become that much richer.

If there are as many as a hundred thousand landowners, it is £400,000 each. The value of the very best land does not seem to have risen in real terms: the worse the land, the more its value has been inflated.

THE DIVERSION of capital to agriculture from businesses and industries that are efficient, in the sense that they do not need subsidies and can pay their share of taxation, runs into yet more thousands of millions of pounds.

- The diversion of capital this past year equals the capital of thirteen companies the size of Courtaulds. Whether it has the effect of closing down thirteen companies the size of Courtaulds is arguable; certainly it has deprived some efficient industries of the capital they need for their growth and development.

The consequent loss of jobs caused by this diversion of over £3,000 millions is incalculable: one million, two million, or is it more? The TUC has claimed that a reflation of £5,000 millions would end the problem of unemployment, and the CBI seems not to have dissented from that view.

- Banks have lent a further £4,000 millions to farmers, principally to large-scale owner-occupiers rather than to tenants or small farmers – in preference to other businesses in need of fresh capital.

- Pension funds and insurance companies have also diverted their investments into agriculture and away from other industries in recent years to the extent of hundreds of millions of pounds.

- Taxpayers' support for agriculture has steadily increased as a percentage of farmers' incomes; and it is likely to continue to rise. It is now 166 per cent.

Yet 60,000 farmers have gone out of business in about ten years.

This is because the system tends to encourage large-scale cereal growing and it penalises (literally so, for his feedingsuffs are taxed) the livestock farmer.

THE MILLIONAIRE can avoid capital transfer tax altogether provided he buys a farm.

The tax allowances are so favourable that the average farmer pays only 15 per cent of his income in tax. That is the same as the average farm-workers, although more than one-third of the farm-workers are poor enough to receive the family income supplement.

Before the war, British agriculture was prosperous enough to make our farm-workers the highest paid in Europe. Then they were paid 50 per cent more than those in France or Germany. Now they are paid less than their counterparts in either of those countries.

Increasing productivity has transferred jobs from the countryside to the cities. About 90,000 farm-workers have lost their direct employ-

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ment on the land in ten years and been displaced by equipment and machinery made in cities, much of it imported from abroad.

This process of rural depopulation has changed much of the face of the countryside. So has the uprooting of countless woodlands and hedgerows and the demolition of many farmhouses and farm buildings to make way for new concrete, factory-type constructions, necessary for large-scale arable farming.

Many tens of thousands of acres of downland and moorland have been lost to the public for their recreation; and the public has had to pay for their loss.

Much of the increased productivity is due to the massive increase in the use of fertilisers. A high proportion has to be imported. This has two serious consequences for the Third World.

- The increased demand has forced up the price, making it more difficult for poorer countries to afford the fertilisers they need.

- Worse than that, the supply of some of these artificial fertilisers is not infinite, and in years to come they will prove scarce and difficult to extract.

Rather than apply such vast quantities on to the poorer quality land here, it would be more sensible to safeguard these resources by keeping them available for more suitable land in the Third World.

BY A POLICY that strives for self-sufficiency, we have cut off

Analysis by RICHARD

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trading links with numerous countries; thus many of our export markets have been lost, and our other industries have suffered. While it is true that among non-Communist countries trade is not conducted on bilateral terms, it remains broadly the case that the more one country imports from another, the more it will export to it.

By putting up trade barriers against the United States, Canada, Latin America, Australia and New Zealand, we suffer grievous self-inflicted wounds, for those are the countries with the greatest potential for the expansion of trade.

Not so many years ago, we were Argentina's best customer; had we continued to buy her beef and wheat on the scale we used to do before we entered the Common Market, it is unthinkable that her junta would have risked her most important market by invading the Falklands.

The poorer developing countries have suffered grievously by our protectionist policy, and none more than those dependent upon sugar for their foreign exchange. The irony is they can produce it cheaper than the Common Market, yet the latter dumps such a large proportion of the world's supply at prices so far below its own or anyone else's cost of production that these poorer countries are compelled to sell their own sugar at a huge loss.

So the debts of the developing countries pile up, and the world banking system (which is our banking system) is placed under such severe

strain that it is seriously said that it may not survive.

The more we impoverish the world's poor by our selfish policies (and self-sufficiency is selfish by definition), the more they are likely to listen to the overtures of Communism. Any regular visitor to Third World countries can corroborate how this is happening with incontestable evidence.

Politically and strategically, it is important that this alienation of the Third World should not continue.

It is absurd to say we should support agriculture to the extent that we do because, as is claimed so often, 'all countries support their agriculture'.

Some developed countries certainly give support to their farmers, although it is doubtful whether any are as protected as those in the Common Market, but developing countries cannot do so.

Developing countries are so-called because their other industries are not developed: generally speaking, agriculture is their one main industry. Agriculture has, in their case, to support the government.

Only in developed countries with prosperous industries able to give revenue to the government can the government, in its turn, support agriculture.

NEARLY half of the world's arable land is uncultivated. This includes many millions of acres of land that we would classify as Grade I or II.

Amid this rich land that lies idle are countless thousands of people too poor to buy the food that it is capable of growing. They have no income because they have no work. Living in developing countries, agriculture is their primary industry.

But food will not be grown unless there is someone able to buy it.

The old imperial masters (the French, the Germans, the Dutch, the Italians and the British) refashioned the agricultural economics of most of those countries, so that they might receive their supplies of food; now they have banded together to enforce a policy that permits only a little of it to feed the people in Western Europe. Most of that little is tropical foodstuffs that do not compete with

their own farmers' produce.

By re-opening our doors to the food which they and the rest of the world are capable of producing more cheaply than we can, British agriculture would gain in the long term.

In the short term there would indeed be losers, who fall into three categories.

First, the landowners and farmers whose assets have been so grossly inflated.

Then the banks and pension funds that have chosen to lend their money or have it invested in large-scale arable farming rather than other industries.

Finally, the capital-intensive, rather than labour-intensive, companies that service and supply arable farmers, like Shell and ICI.

But there are overriding advantages.

● Arable farming would continue in a prosperous state on land suitable for it (generally Grades I and II), providing our needs in the way of field vegetable.

● Cereals, particularly those required for livestock feeding, would be imported at about half their present cost.

● Livestock farming would gain immeasurably.

● More farms, smaller farms and part-time farms would follow; opportunities for the young farmer (now dismal) would be considerable, especially if he could only afford to begin on his own in a small way.

This transformation of the farming pattern would make the countryside look different – more as we used to know it. Life in the country would be reinvigorated by the infusion of more farmers.

Agriculture would cease to be a lame and diseased duck requiring ever larger injections of public money to sustain it in a state of euphoria. Farmers would be efficient, by any yardstick that could be found.

No longer beholden to politicians, they would gain the dignity of independence.

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