

Feather-Bed and Feather-Brained Economics

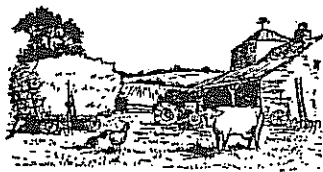
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I HAVE NEVER LIKED the phrase "subsidies for farmers", because you never know who is getting the subsidy—the farmer as a farmer, the farmer as a tenant, the farmer as a land owner, or the farmer as a city gent. From the taxpayers' point of view I suppose it doesn't make much odds. In terms of economics, of course, it matters very much because, until we know who is feeding at our table, we can hardly ask anyone to go.

The farmer as capitalist seems to be making out very poorly these days. There was a letter in the Press recently, by a farmer who complained bitterly that he was getting a bare three per cent return on his outlay. His outlay, of course, included not only his true capital expenditure, but also the cost of his land, paid for at market price. This price, of course, included all the "perks" generally available by way of grants and subsidies, etc., which may be found listed in a booklet published by the Ministry of Agriculture, for anyone who is interested. He rightly complained that he was not being feather-bedded; all the "perks" had been capitalised in the price he had paid for his farm!

Many farmers are still discontented, according to an article in the *Evening Standard*, September 2. "Again and again I have found a feeling that at the present rate farming just isn't worth all the trouble that goes into it," says the author. "Why get up at five in the morning if the price of milk lags behind? Why invest in new equipment or expand your stock if the return on capital is minuscule?" The author then quotes a farmer who told him that over the past decade he had paid his landlord £20,000 in return for an average income of £1,000 a year—and no income last year when the weather hit the harvest so badly.

If one wants to trace the ultimate beneficiaries of subsidies to agriculture, one has only to look at farm prices yesterday and today.



If the debate hots up over the Common Market again, we shall have to watch how these words, "farmer" and "agriculture" are used. At the moment the EEC's agricultural policy is providing fat dividends not only for the landowning farmers, but also for the

wide boys. Millions of pounds are being milked from the Common Market agricultural system by exporters who falsify documents, says a report in the *Daily Telegraph*, October 17. The Central Agricultural Fund pays exporters subsidies on food sold from the Six to



the rest of the world to make up the difference between the high Market prices and the lower world prices.

It appears that a Belgian exporter has been receiving subsidies for months for selling eggs purported to be for the British Rhine Army, but which in fact were delivered to dealers in West Germany. Food is also exported to the Vatican Territory, which is classified as a foreign country, but the food is sold throughout Italy. Higher subsidies are paid on cheese that goes to Canada than on cheese that goes to the United States. So the cheese goes to Canada and is then re-exported to the United States.

Further complications in the EEC's agricultural mess have been caused by the mountain of butter produced because of official guarantees. Now they are trying to get rid of it. Some of the suggestions offered would be funny if they were not so pathetic. They include feeding cows with their own butter in the form of oil; selling butter at margarine prices to hospitals; free butter vouchers for old age pensioners; and finally an idea that I believe has now been adopted—bribes to farmers to kill their own cows so that they will stop producing milk. Since it costs about 8s. 3d. to store each ton of butter, I suppose the methods outlined above will be regarded as "good economics".

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