

LAND & LIBERTY

Editor: V. H. Blundell

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EDITORIAL

The Great Food Farce

AGAINST the background of the ever-mounting cost of subsidising British agriculture, Parliament last month went through the farce of debating the approval of £78 million supplementary estimates for agricultural support costs. The Government had been proved wrong to the extent of £51 million in respect of fat stock deficiency payments alone (the subsidy had caused over-production).

In the debate the Minister of Agriculture, Fisheries and Food, Mr. Christopher Soames, said: "This system, with all the faults inherent in it, has been supported over the years by both parties. It is designed to ensure a fair return to the farmer and ensure that the consumer gets the advantage of food cheaper than would be the case under a *different system of control of imports either fiscal or quantitative*" (our italics). This apparent choice between two unnecessary evils completely begs the question and adroitly diverts attention from the real issues. He went on to say that the whole system of meat marketing needed reappraisal and that he was "not the slightest bit ashamed" to set up an enquiry committee. No one questioned the principle of farming subsidies, so much have they become a built-in part of the structure of our state-planned society. The Minister had nothing else to offer, presumably because of the pledges contained in the 1957 Act which limit the amount to which the Government can reduce the level of support in any one year, although a meat marketing board was mooted. The Government has tied its own hands with legislation that replaces the natural operation of the free market by sheer guesswork.

A Hair from the Dog that Bit Them

The Labour Party of course had to oppose on principle, but with no more respect for principle than that of putting up a sham fight for the benefit of its supporters. Their solu-

tion? *More economic planning.* Here are some brief extracts from speeches from both sides of the House which indicate the lack of fundamental differences in outlook.

MR. F. T. PEART (Labour Workington): "If we are going to do anything and give security to the producer and bring benefits to the consumer, there must be organised marketing. There must be controls."

MR. A. WOODBURN (Labour, Clackmannan and E. Stirling): "We want to reduce our dependence on foreign suppliers as much as possible. Half the meat and food we need has to be bought from abroad, sometimes more cheaply than in this country. Therefore, the free market is an impossibility if we are going to maintain a proper agricultural population."

MR. JOHN MACKIE (Labour, Enfield E.): "The deficiency payments system was nothing but a blank cheque from the Minister. He and the Government should take a lesson from milk marketing where one board controlled all the product at a fixed price. The same policy should apply to other farm products."

SIR RICHARD NUGENT (Conservative, Guildford): "Farmers must take a greater part in the marketing system by studying what the housewife wanted and by producing the joints she needed. Farmers must also band together in co-operatives, to match the big buyers."

MR. PERCY BROWNE (Conservative, Torrington): "It is essential to have control over imports." (He suggested that a committee should be set up, formed from the members of the N.F.U., the Board of Trade and Ministry of Agriculture to co-ordinate imports and home production.)

(These schemes for keeping the system going are rather like giving a man artificial respiration while keeping the gag in his mouth.)

An Opposition motion to reduce the Ministry Vote by a token £1,000 was defeated on a division by 254 votes to 167, a Government majority of 87.

Back to Adam Smith and Ricardo

Among the many press comments only one had a sense of reality. Colin Welch, writing in the *Daily Telegraph*, contested the repeated statement of Mr. Peart in the debate that the system had broken down. He said: "It works, perhaps even as it was intended to work, distributing its benefits much as Ophelia distributed her flowers . . . If there were an Opposition, Mr. Soames might not have got away so lightly." Commenting on the Scottish contributions to the debate, Mr. Colin Welch said: "Who would think now that it was a Scotsman, Adam Smith, who taught the world economics?"

But he is not the only man to speak in praise of the classical economists in this context. Mr. G. A. Peters, of the University of Oxford Agricultural Economics Research Institute, writing in the *Estates Gazette*, February 10, said that we have forgotten the simple teaching of

Ricardo. He was writing on the sale prices of farms during 1961.

He gave tables to show how farm prices and farm rents have advanced since the 1957 Agricultural Act. For instance, in 1957 a survey of 541 farms showed the average price per acre to be £73, and in 1961 a survey of 725 farms showed it to be £124. As an indication as to who are the chief beneficiaries of the Act he says: "Certainly the rise of 69 per cent. in farm sale prices between 1957 and 1961 appears enormous when compared with the rise of 9.8 per cent. in net farm income, as calculated by the Ministry."

The most significant passage in his article is as follows:

"The price of farmland, or its rental value, must ultimately be based on the prices of farm products or on the degree of government support afforded to the farmer. It must always be remembered (unfortunately this simple teaching of Ricardo is too often forgotten) that land value derives from the prices of farm products rather than vice versa. From this it must follow that the rise in farm sale prices up to 1960 was due to the Act of 1957, which provided long-term assurances to agriculture."

Thus do subsidy values become land values.

Patronage and Humbug

The attitude of the National Farmers' Union to agricultural policy is too well understood to need explaining, but some comments by Mr. Harold Woolley, President of the National Farmers' Union, made in an address at the Central Hall, Westminster, in January, typify the deeply ingrained selfish protectionist attitude.

He said: "There is still a school of thought and considerable vested interest more obsessed with the philosophy of cheap food from abroad than of a vigorous home industry. This is the old pre-war fallacy . . ."

Speaking of the supplementary estimates (later to cause such a rumpus) he said that the situation should be viewed in perspective and that we should try to consider where the joint balance of interest lies. The additional price paid by taxpayers was "only £260 million a year over the past eight years."

For a family of three this works out at only £15 a year. But Mr. Woolley asks: "Is this really a high premium to ensure plentiful food supplies at low prices as well as to enable the country's largest industry to play its full part in invigorating and strengthening the whole national economy?" This is meaningless humbug; flowery clichés used as a smoke-screen to hide the real interests of the N.F.U.

The True Economics of Agriculture

How should we regard the agricultural industry? Should it be allowed to decline? It all depends on what is meant by decline. We must face the fact that, in the natural order of things, as productive power advances the amount of food we need can be grown by fewer farmers, there being a limit to the quantity of food we can consume.

The margin of production rises and the less productive land becomes available for other purposes. Labour and capital is diverted naturally to the production of other kinds of consumer goods, i.e. cars, refrigerators, furniture, clothing, etc. But at present we are trying to reverse this natural order by stimulating over-production through the support-price system and regulation of imports. *None of this can be said to be in the interests of the consumer, who has to bear the cost.* The consequences are there for all to see and the fantastic problem of U.S. food surpluses created by the same policy provides an ominous warning of what we must expect if we continue along our present road. To see the situation in perspective, consider the following: in 1830 it took 72 per cent. of the population of the United States to produce enough food for the whole country; by 1930 it had dropped to 23 per cent. This released 49 per cent. of the people to produce other things. Now, at a guess, it is somewhere near 10 per cent. and vast surpluses are still being produced. Had they had support prices in America in 1830, and had they continued to maintain them up to the present, nearly three-quarters of the population would still be farmers living on the rest of the community.

The lesson is clear, and the classical economists were right. The economic laws of supply and demand must be left free to operate both nationally and internationally. The problem of equating need with demand is the age-old poverty problem which should be tackled at its root; and not by the setting-up of a network of privileges and palliatives miscalled the Welfare State.

The Great Agricultural Hand-out

IT is almost impossible to get a proper understanding of the economics of British agriculture or the full "break-down" of government expenditure thereon, currently running at over £300 million annually and increasing steeply. The cost of administration alone is £35 million, of which £21 million goes in salaries. The flood of money pours through a network of channels and through innumerable agencies.

It would require a process of analysis beyond the resources of this journal to prepare and present the true picture in all its detail and we can only indicate the broad outlines.

DIRECT GRANTS

Bracken Eradication (unspecified).
Ditching and Drainage (50 per cent. of net cost).
Water Supply (40 per cent. of cost if private scheme, 25 per cent. of cost if using public source).
Houses and Cottages (£10 per annum for 40 years).

Improvements to Buildings (up to £400 per unit).
 (up to £150 on installation of amenities).
Amalgamation of "uneconomic" farms (up to $\frac{1}{3}$ of cost).
To increase "profitability" (up to £1,000 per farm).
Livestock Rearing (land improvement) (up to 50 per cent.).
Ploughing (£7 per acre. Also "special" grants for a particular year).
Silos (up to £250 per silo).
Worked Ironstone Land (assistance from Ironstone Restoration Fund).
Approved Bulls (when made available for service of neighbours' cows).
Calves (up to £9 5s. a head).
Hill Cattle (£12 a head).
Hill Sheep (related to previous year's income).
Rabbit Eradication (£ for £ to rabbit clearance societies).
Scrub Clearance (rabbit damage) (50 per cent. of cost of work).
Wood Pigeon Destruction (£ for £).
Afforestation ("substantial").
Fertilizers (£5 18s. 6d. ton for superphosphate).
Lime (60 per cent. of delivered cost, plus contribution towards cost of spreading).
Cartridges (pest destruction) (24s. per 100).

DEFICIENCY PAYMENTS

Cereals Deficiency Payments (Wheat, Rye, Barley and Oats).
Fatstock Guarantees (Cattle, Sheep and Pigs).
Guarantees (Marketing Boards): Shell Eggs, Potatoes, Wool, Sugar Beet, Hops, Fruit and Vegetables, Tomatoes and Cucumbers.

In addition to the foregoing, there are loans at low interest rates for improvements to land and buildings and for purchase or improvement of farms. There is also the Agricultural Vote, which provides for the administration of this system and for the following list of departmental services to the industry — all largely cost-free to the farmer.

DEPARTMENTAL SERVICES

Advisory (land, crops and buildings), Technical and Management, Training Schemes (ex-service personnel; subsidised), Animal Health, Poultry Testing, Metrological, Milk Production (hygiene), Pest Control, Plant Pathology, Agricultural Economics, Publications, Crop Certification, Crop Protection (chemical sprays, etc.), Horticultural Crop "Intelligence," Seed Testing, Seed Crop Advice, Livestock Breeding Advice, Calf Vaccination, Pig Vaccination, Veterinary Services, Agricultural Goods and Services (credits).

For an idea of the ramification of control and advice throughout the industry, readers are referred to the list of over 400 addresses throughout the country contained in the booklet "At the Farmer's Service," published free by the Ministry.