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FARM PRICES AND FOOD SUBSIDIES

The new White Paper "Annual Review and Fixing of Farm Prices, 1951" (Cmd. 8239. Price 9d.) announces the Government's decision to add to farmers' gross receipts the sum of £43¼ millions, made up of £32 millions in respect of crops, livestock and livestock products, and £11¼ millions in respect of wool, the latter sum being taken from the accumulated reserves of the Wool Marketing Board.

The increased receipts of £32 millions which are to go to the farmers will be charged upon consumers to whom food will be made dearer. The reason for this is that the Government has decided that the food subsidies are to remain at a maximum of £410 millions as provided for in the Chancellor of the Exchequer's Budget.

In order to meet part of the farmers' increased costs, as these are computed in this White Paper, consumers must now pay more. It appears that the farmers' increased costs, arising since February, 1950, amount to £89½ millions per annum; and it is characteristic of the mentality of the computators (who are the Ministry and the farmers' representatives in collusion) that the withdrawal or reduction of certain subsidies, in a sum of £18¾ millions, is treated as part of the increased costs which in turn justify a recoupment to farmers by raising the guaranteed prices paid to them. Moreover, of the increased costs, an amount of £14 millions is in respect of products like fruit and vegetables which are outside the guaranteed prices regime, and farmers may manage, as the Minister, Mr. Williams, said on May 22, to secure higher prices for them. In that regard, under this so complaisant Socialist-Protectionist Government, import restrictions are always readily available to prevent, as the saying is, the hurtful competition of cheap foreign produce and thus force the consumers to pay more for the home product. Apart from these considerations, this review makes its curious arguments say that the farmers themselves as a body will have to forego £10 millions of the "capital injection" into farm prices and must further bear £36¼ millions of the reputed £89½ millions annual increased costs of production. The Minister enlarged upon that in his public statement, May 22, saying that in the Government's view the producers did not need recoupment of the £36¼ millions because they had already succeeded in bearing those costs (before the new computations were made) while maintaining income at a level which the Government considered adequate. That was an extraordinary admission. Its significance as a condemnation of the whole farm-prices racket will not be lost.

Students of the Planned Economy are given rich material in this amazing document. They can see the planners applying their technique to the administration of the Agricultural Act, 1947. The technique lies in determining for succeeding crop seasons what part of the nation's food and other agricultural produce it is "desirable in the national interest" to produce in the United Kingdom; and in ascertaining the minimum prices which would provide a "proper remuneration" for farmers and workers in agriculture and "an adequate return" on capital investment. Here is immense scope for arbitrary and fallible judgments. But then comes the "one main instrument" for achieving these objectives: the provision in the Act which requires the Government to provide guaranteed prices and assured markets for cattle, sheep, pigs, milk, eggs, wheat, barley, oats, rye, potatoes, sugar and (lately added) wool; these products now accounting for four-fifths of the gross agricultural output.

The description of the machinery and methods for determining the guaranteed prices fills the larger part of this 17- page document. It involves agreed decisions with the farmers' representatives on production objectives, as to the quantity of each class of product to be aimed at; also twin and yet conflicting calculations of farmers' net incomes whereby to arrive at the "general level of profitability," treating the United Kingdom as one large farm. In the compilation of the profuse statistics and the subsequent examination, reviews and discussions which are "complex and on some occasions prolonged" a whole army of experts is engaged, including statistical departments of the Universities, the economists and officials of the Agricultural Departments, the Ministry of Food, the Treasury, the Central Economic Planning staff, the Economic Section of the Cabinet and, last but not least, the economists and representatives of the Farmers' Unions.

When this costly and cumbrous machine has spent its force and the "official negotiating team" has assembled all the available information, the Government decides what the guaranteed prices are to be. They are fixed at the same rate for the stated products wherever they are produced and the Government accepts complete liability for assuring the farmers a market for the whole output, except that in the case of sugar beet the eligible quantity is that which is sold under contract for delivery to factories. It is a scheme that reeks with restrictionism, protectionism and concern for special privilege.

The loss which the Ministry incurs by payment of the guaranteed prices and the subsequent sale of the products at less than their cost constitutes the "food subsidies," a sum which for home products exceeds £260 millions. It is ever a point in dispute where that difference comes from or into whose pocket it goes. Manifestly it has to be paid for out of general taxation so that consumers as a body cannot be said to be subsidised. The truth is that taxation so falls that one section of the community is subsidised at the expense of the rest, the artificially cheapened food being one of the "social services" of the Welfare State. It is absurd therefore to contend that the farmers subsidise the consumers and it is pure guesswork for anyone to say that if the farmers had a free and uncontrolled market for their products they could obtain much more for them than the guaranteed prices they now receive—that, in fact, the farmers are

actually victimised under conditions as they are. All we can say is that if a really free market prevailed, if the ports were thrown open to the untaxed produce of all the world, and if the barriers that make the use of land an exclusive privilege were removed, there would be abundance instead of the present scarcity and we should see prices of food and all else taking very much less out of the earnings of labour than they now do.

Further in regard to the guaranteed prices, the most important factor of all must not be overlooked. Farming is conducted on lands of differing productivity which for an equal expenditure of labour and capital give differing returns. The surplus over the margin is neither wages nor interest; it is rent of land. It is surely obvious then that if the guaranteed prices are so adjusted as to meet the condition of the man on the poorer land in use, they shower a bonus or windfall upon all land of higher natural capacity as to situation and other advantages. Farmers who are in that fortunate position and who are themselves landowners pocket that windfall in the form of rent, and those tenant farmers who are meanwhile secure in their tenancies participate in it. But inexorably, as land comes on the open market for lease or sale, the whole benefit of all grants, aids and subsidies intended for the farmer passes into the hands of the landlord. One has only to read the reports of the real estate agents to see how land speculation now bestrides agriculture, boding ill for the man who thinks of buying a foothold within the industry. It is one of the startling achievements of the Planned Economy.

We cannot leave this document without drawing attention to one or two more aspects. The farmers in their assured markets must not be allowed unlimited scope. It is found "imperative to discourage much further expansion of output of milk and (to some extent) eggs." The Government, in its cleft stick, would be bound to pay the guaranteed prices for the increasing output, whereby the food subsidies would be increased and the taxation to pay for them. It has shut that door. No prospect is offered of farmers competing with one another to produce more and more at lower prices to benefit the consumer, and the thought of allowing the competition of imported produce is quite debarred. That would break the monopoly ring which the guaranteed prices has created, the prices which are alleged to be so low that they victimise the farmers. Import restrictions on eggs are so to be used that only that amount is allowed to enter which will not spoil the farmers' market, the consumer being forced to submit to the planner's estimation of the "correct seasonal variation of supplies." The order is given to encourage, by adjustment of guaranteed prices the output of meat. To do this, more grazing land is apparently to be made available by reducing the wheat and potato acreage each by 50,000 acres. The taxpayer looks on powerless while agriculture is twice dislocated. Grants are given to plough up the land and when all that money has been spent, the land is thrown out of production. In his public statement, May 22, the Minister of Agriculture, Mr. Williams, hoped that the structure of this price-fixing review, with its results, would satisfy the economists. It does not satisfy us.

A. W. M.

HUNGER IS SHARPER THAN THE SWORD

Much is written and spoken these days about Human Rights, and of the concern of the peoples and politicians of the "western world" with moral and spiritual values. To safeguard them against possible attack by those to whom these abstractions are less highly regarded, we are persuaded of the need to arm ourselves to the teeth. Thus it is sad and strange to notice the present increasing surrender to the pernicious doctrines of Malthus. Examples from among press reports and articles published recently are:—"Can India's Millions be Fed?" in *The Listener,* April 12; "Can India Feed her Masses?" *News Chronicle,* April 24; "Bihar under threat of Famine," *News Chronicle,* April 26; "Europe's Overpopulation," *Manchester Guardian,* April 24; and "Population Problems in the West Indies," *Manchester Guardian,* April 24. All purport to show that hunger and poverty are caused by an alleged tendency for population to increase faster than the means of subsistence.

Formidable statistics are presented to illustrate the dire straits in which millions of our fellow-men and women find themselves. Mr. O. H. K. Spate in his broadcast talk (published in *The Listener,* April 12) contrasts the present grain ration of nine ounces a day, plus an additional four ounces for heavy workers, with the ration scales suggested by the Medical Research Council for far eastern conditions, namely, for moderate work, twenty ounces a day; for heavy work, twenty-four. Geoffrey Murray, *News Chronicle,* April 24, refers to the census recently completed which shows that the population of the Indian sub-continent has increased by 13.4 per cent. during the past decade—an increase of at least 42 million mouths "all clamouring to be fed." Population has been increasing since the first complete Indian census was taken in 1881. For a hundred years India has been spared war and pestilence. Early marriage, the comparative rarity of famine and an improving standard of health have further contributed to the trebling of India's population since 1850, when it was officially estimated to be 150,000,000.

Each of these articles appears designed not merely to inform its readers but also to kindle in them a sense of responsibility to give doles to the "surplus" peoples of the world. Many and various are the remedies proposed. But on two points there is such unanimity among these writers as to suggest a "gentleman's agreement" to turn a blind eye to the real cause of poverty and hunger. Firstly, they all appear to accept poverty and hunger—especially in Asia—as a natural circumstance caused by a large and increasing population unable to support itself upon an unfriendly soil. Secondly, they fail to recognise that every person born is not only a consumer but also a potential producer; that every "new mouth clamouring to be fed" is accompanied by a pair of hands capable of producing the food it needs. They are unaware that even in a Garden of Eden there would be poverty, hunger and unemployment if, by the instrument of private property in land, one group of men could charge all other men for the right to live, or could withhold from them the very means of life itself.

Not understanding the significance of the land problem, and blinded by a ready acceptance of the glib and superficial explanation which Malthus advanced, these writers, and the authors of many government reports, advocate shallow and superficial measures. At best these can but alleviate to some small extent, and for a short time only, some of the worst effects of a rapacious landlordism.