

# Farming Morass in the EEC

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RELEASE of the news that the Common Market is selling 200,000 tons of butter to Russia at 8p a pound while the retail price of butter in the European Common Market countries is 44p per pound should surely do something to make people aware that there is something seriously wrong with the farming support situation. Although in Britain the price of butter is only 22p per pound by virtue of the fact that we are not yet full members of the Common Market the writing is now clearly on the wall for all to read.

It is time that one looked seriously at the whole question of farm support both in the EEC and in Britain itself. Immediately prior to the boost given to all industry, including agriculture, with the advent of the last war, both agriculture and industry generally were in a depressed state. Nevertheless fortunes were made even during these depressed years by farmers who were efficient and adventurous, this despite the unending flow of cheap food from abroad. During the war, food was rationed and every step was taken to increase production in this country. After the war, the policy was continued and since that time we have had a series of Agricultural Acts and Annual Price Reviews for agriculture. The result of these moves was that farmers were awarded subsidies, deficiency payments and the like to encourage them to produce more food. These payments were made to the farming community and had the desired effect. By some subtle alchemy the farming community managed to persuade everyone, including themselves, that these subsidies made food cheaper to the community at large. In point of fact at that time we could and did import food from abroad at a price less than we were paying our own farmers - hence the expression deficiency payments. The deficiency which was made up to the farmers was the difference between the price of imported food and the price it was thought that the farming community needed to make it prosperous.

As time went on the farming community managed to change the basis of farm support into a sort of cost-plus system hence the expression recoupment which played such a large part in the Annual Price Review discussions. The recoupment figure was one based upon the increasing capital that an ever more

prosperous agriculture employed in the industry. As the price of land and the value of livestock increased, so the farmers claimed they had more capital involved and that they should be fully recouped for these assets. In other words the more prosperous farming became the greater the financial support it demanded.

During all this time the farming community declared that rather than receive subsidies and deficiency payments they would prefer to be independent of government support and receive their rewards through the market. Now the farming community is beginning to receive its rewards through the market, yet still the bill for farm support is presented to and paid by the taxpayer.

One wonders if the British taxpayer realises that today he is paying three times for his food. First he is paying the ever-growing market price - there is no need to emphasise the rate at which the price of food is increasing today. Secondly, the taxpayer continues to foot a very substantial bill each year to cover farm subsidies, deficiency payments and grants (deficiency payments do fall as the market price of food rises but the cost of subsidies and grants falls only slowly, indeed *some* of these items may well increase like the Hill Farming subsidies), and thirdly, the taxpayer pays by virtue of our contribution to the Common Market, 80 per cent of which goes to all EEC farmers.

This year our contribution to Common Market Funds is not very large but by 1977 we will be paying 20 per cent of the total of which the latest estimate stands at £2,100 million. In theory our contribution by way of *national* farm subsidies, deficiency payments and grants should by 1977 have been phased out, but today the British farm lobby is so strong that it would be naive to believe that this in fact will happen; there are far too many people in Parliament both in the House of Lords and the House of Commons, and indeed in the Cabinet itself, with an interest in land and agriculture. Also one must take into consideration the fact that, if the EEC has its own way, the bill by 1977 will be far in excess of £2,100 million.

The extraordinary position in which agricultural support now finds itself is well exemplified by the fact that in the recent past our Ministry of Agricul-

**WHO IS PLUCKED FOR  
THE FEATHER BED?**

**M**R. PETER MILLS, Parliamentary Under-Secretary of State for Northern Ireland, said in the House of Commons recently that production grants and price subsidies represented 62 per cent of the net income of farmers in Northern Ireland in 1970-71.

ture was simultaneously operating a Small Farmers Scheme designed to make small agricultural holdings viable and an Amalgamation Scheme whereby small farmers were receiving golden handshakes to amalgamate their holdings to make larger and more profitable holdings. In the Common Market similar action is, as might be expected, even more complicated. Small farmers are being virtually pensioned off, at the expense of the taxpayer and at the same time it is seriously suggested that some agricultural land should be taken out of production altogether. While all this is going on the price of farm produce is kept artificially high which of course tempts small farmers to continue in business.

Because the price of agricultural produce is kept artificially high and because the governments of the Common Market are unable to decide whether they want small farmers to continue in business or want larger more economic holdings, all payments for agricultural produce are made at a flat rate. The result is that large farmers are becoming unnecessarily rich and small farmers are managing to stay in business — all at the expense of the taxpayers.

It is the duty of all governments in Europe to allow market influences to come into play and to let the large and small farmer work out their economic problems at their own expense. If this were done the prices of both farm land and of food would come down.

**SITE-VALUE TAX**

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**S**OME critics see little merit in the land hoarding tax and suggest that the white paper is a political exercise to give a spurious air of government activity. Even so balanced and informed an observer as Frank Othick thinks it will fail to achieve its aim - more houses.

If he and his fellow-doubters are right, the tax may have to be replaced by one based on site values and accruing to local authorities, whose opportunities for housing expansion would be enhanced.