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FARM SUBSIDIES IN THE HUNGRY FIFTIES

The announcement by Major Sir Thomas Dugdale, Minister of Agriculture, of the terms of what he called a "just and constructive award" to the agricultural industry "which in the current national circumstances is considered both by the Government, and by the leaders of the three N.F.U.'s to be properly related both to the economic condition of the industry and to the task before it" caused an angry storm of protest in the House of Commons. The Minister made his statement at question time, April 24, in reply to a question standing on the Order Paper in the name of Mr. Anthony Hurd (Cons., Newbury), who asked whether the outcome of the annual review of farm products could be announced. It was the Minister's choice of this occasion, and the paucity of the information he gave the House which caused the outburst. Not until he had been questioned by the Opposition did he announce the amount of the award—£39 millions a year—and members had to wait until the following day for the schedule of prices agreed between the Government and the National Farmers' Union to be published in the Official Report.

There was, of course, Opposition criticism on other grounds. For instance, Labour members asked by how much the award would raise the price of food to the housewife in view of the Chancellor's Budget reduction of food subsidies to £250 million. They criticised the Government for failing to produce a "long term food policy" (this, the Minister announced, was being worked out in conjunction with the leaders of the industry and would be announced shortly) and claimed that the Minister's hope that agricultural production would be 60 per cent. above the pre-war figure represented an annual increase of only 2½ per cent as compared with 7 per cent achieved under the Labour administration.

More radical criticism by Opposition members was prevented by the protectionism of the Labour Party, and by that Party's own record when in office of each year granting a few million more pounds to Britain's most pampered industry. Labour members were free to pose as the champion of the housewife but care had to be taken not to alienate sympathy in the marginal agricultural constituencies. None-the-less a remark by Mr. Nally (Lab., Bilston) that "a smallish but growing group of (Labour) members have certain strong views in relation to the farming subsidy industry" should be noted.

The 1952 award increases the minimum crop prices per hundredweight fixed after the 1951 Annual Review *plus* the Special Review Additions (November, 1951) as follows: millable wheat, 1s. 3d.; barley, 1s. 6d.; oats, 1s. 0d.; rye, 3s. 0d. The minimum prices per ton for sugar beet and potatoes are raised by 4s. 6d. and 5s. 0d. Prices of livestock and livestock products for the year ending 31st March, 1953, are increased by: 1.54d. per gallon for milk; 3s. 6d. per live cwt. for fat cattle; 1d. per pound dressed carcase weight for fat sheep and lambs; 1s. 6d. per score dead weight for pigs; 2½d. per dozen for eggs sold through packing station; 2½d. per dozen for duck eggs. Wool is reduced by 1s. 6½d. to 4s. 6d. per pound from May 1.

The Government is to discuss immediately with the National Farmers' Union the minimum prices for livestock and livestock products for 1954-55 and 1955-56. No doubt the Minister's assurance that "the Government intend to raise minimum prices for livestock prices from their present unrealistic level to something much nearer current prices" will ensure that the friendliest spirit prevails at the discussion! The assurance will be eagerly noted by foreign exporters of meat to Britain and perhaps it may be quoted by Trade Union leaders when next they discuss wages with the Chancellor of the Exchequer.

A fundamental fallacy set out in the last paragraph of the written statement circulated by the Minister forms the basis of the Government's food policy. This is that "the country's economic difficulties, coupled with the actual and prospective world shortage of food, especially meat, make it essential that more food should be raised from our own soil."

Since Britain's "economic difficulties" spring largely from protection bolstered by heavy taxation, further privilege will merely serve to aggravate them. Labour and capital have been diverted from industry and trade where they could have produced *indirectly* great quantities of cheap food, without subsidies or protection, in exchange for the manufactured goods and services which they could have supplied to the world. Instead they have been directed into uneconomic manufacturing industries and applied increasingly to produce limited quantities of expensive home grown food on marginal land.

The world food shortage, if it exists, is due in part to production not being increased, or being scaled down in the exporting countries to match the diminished effective demand of the self-impoverishing importing countries, such as Britain, and in part to the protection of secondary industries in those countries taking men and machines away from agriculture. The new award to British agriculture will lead to a further reduction of overseas food production; it paves the way for further gifts to farmers "because of the world shortage."

Other points made in the Minister's statement announced that the present price of feeding stuffs is to be maintained until 31st March, 1953, ploughing grants are to be continued, the fertilizer subsidy extended and, subject to the necessary authority, the calf subsidy renewed. For this last purpose £4½ million has been allocated and a scheme under which this amount will be devoted not only to a subsidy on suitable steer calves but also to its extension to heifer calves. The rest of the document consists of vague generalities and wishful thinking. There is flattery

of, and appeals to the men and women in the agricultural industry upon whose "appreciation of the national need, sense of responsibility and adaptability" depends the response to the Government's award. The Government looks to them "with confidence . . . to increase the efficiency with which they produce food from our resources of land, labour, capital, equipment and enterprise" but, lest that confidence be misplaced, the Minister adds sweetly "we shall take vigorous action to ensure that the limited area of agricultural land in the country is neither used inadequately nor misused through incompetence". That remark could be interpreted as a threat to use police state methods to dispossess those farmers whom officials deem to be inefficient. Strange words for a Minister of an Administration returned to power on the cry: Set the people free.

Such threats, however, are the least objectionable of the results of a Government policy which uses tariffs, quotas and other restrictive devices to create and sustain an artificial food shortage and then, by means of guaranteed prices and markets, encourages uneconomic food production on marginal land. In vain does the Minister protest: "I want to emphasise to the House that this award is not a bonus to farmers." It is. And so were the previous awards granted by the Socialist administration. But ultimately the award goes into the pockets of the landed interests, raising farm land prices to unprecedented levels which saddle with mortgage debt or bar altogether young men and others who wish to have a farm of their own.

Since the Minister shows no awareness of this

inevitable outcome of guaranteed prices, and there may be others in doubt on the matter, it is well here to demonstrate theoretically what the estate agents' reports prove in practice.

Farming is conducted on lands of differing productivity which yield varying returns for a given expenditure of labour and capital. The difference is neither wages nor interest; it is the rent of land. And if prices are fixed so as to give a sufficient return to encourage production on marginal land it is surely obvious that the rent of all other farm land superior in fertility or position is increased thereby. Farmers who are in that fortunate position and who own their land pocket that "bonus" of increased rent and tenant farmers secure in their leases are similarly rewarded. But when those farms come on to the market for sale or lease inevitably the whole benefit of all existing grants, aids and subsidies *and the confident expectation of more to follow* passes into the hands of the landlord. The new farmer on uneconomic land is in no better financial position than if the Agricultural Act had not been placed on the Statute Book—he is obliged to agitate for further privilege. Neither is the efficient farmer who buys the best grade land at today's high prices. His own skill and the productiveness of his farm are sufficient "protection" for *him*; he has no need to fear foreign competition under free market conditions.

The landlord grows richer, the taxpayer and consumer poorer and more hungry, while the farmer finds himself the butt of attack from all quarters. Those are the fruits of a protected agriculture.

P.R.S.