



EuropAfrica Project

**CAP's impact on productive structures
and family-based agriculture in Europe**

UK CASE STUDY

UK Food Group

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TABLE OF CONTENTS

Introduction.....	3
UK Farming - an overview.....	4
Types of farming:.....	4
England	4
Scotland	5
Northern Ireland	5
Farming systems:	6
Farms, farmers and the workforce:.....	6
Farming and the environment:	6
Ageing farm population:.....	6
Peasants' Revolt.....	7
Enclosures, rebellion and migration	7
Growth of industrial agriculture and global trade.....	8
20 th Century global expansion.....	9
Seed Laws and privatisation of nature.....	9
Britain joins the EU.....	10
Devolution to national governments within the UK	11
Health challenge	11
The Food Chain, Health and Environment.....	12
Environmental challenge	13
Concentration in the food industry.....	14
Supermarket profiteering	14
Land Tenure in the UK	15

CAP does not fit the UK	16
Distribution of subsidy - Euros.....	17
Distribution of subsidy – GB Pounds	18
Changes in livestock numbers and crop areas 2006 - 2007	19
Flight of Agricultural Labour.....	20
Redefining UK Food Policy Goals	20
Changes in UK food and farming policy.....	21
Climate Change	22
Family Farmers Association’s Manifesto	23
Crofting in Scotland	24
Some crofting facts and figures.....	25
The role of crofting in Scottish food production.....	25
The land resource of crofting	25
Land Reform in Scotland	26
Crofters’ Demands.....	27
What Scottish crofting needs to deliver its food producing potential.....	27
Potential opportunities of the CAP Health Check.....	28
Conclusions	31

Annexes

The CAP doesn’t Fit

Sustain / UK Food Group

A response to the UK government’s ‘Vision for the Common Agricultural Policy’

Agricultural Christian Fellowship

A Farming Manifesto

Family Farmers’ Association

An alternative vision for the CAP

RuSource Centre Briefing

A Charter for Crofting

Scottish Crofting Foundation

Introduction

To understand the influence of the CAP on British agricultural policy, it is necessary to know something about the structure of farming in the UK and to understand its cultural and historical context.

It is also necessary to understand the nature of farming as a biological process. This is increasingly important as the country experiences a rapidly changing environments and new pressures in relation to the food and health needs of the population. As the celebrated author, Colin Tudge said in his book *So Shall We Reap* "Agriculture is not a business like any other – it beats to the drum of biology".

The historical pressures, driven by economics, have lead British agriculture, and small-scale farming in particular, to the brink of collapse. However, one area that has weathered the economic downturn and the environmental pressures – organic farming, a form of farming that has received the lowest quantum of subsidies form the EC.

There are three key issues highlighted by Tim Lang, Professor of Food Pdcy, City University, London, which frame UK agriculture.

First, the enclosures, which threw people off the land, meaning we are the only nation on earth where the vast majority have had no contact with the land for generations. The Industrial Revolution of the 19th Century cemented a process begun long before.

Secondly, the Birtish class system - how one sits at table, how tables are laid, its oppositional food culture goes beyond the domestic sphere beloved by sociologists and anthropologists. Food policy is, and always has been, a highly contentious space. In Britain, agriculture collapsed after the Repeal of the Corn Laws in 1846 and this buried any chance of a more benign food culture, with proximity between producer and consumer. Proponents of Free Trade argued that food would be cheaper if tariffs were removed. It became so, but it took 30 years to achieve this. And it made the working class dependent. As one 19th century pamphleteer put it: Cheap food, Low wages.

Thirdly, the 'globalisers' want to break the Common Agricultural Policy (CAP). Britain is a cheap wage, high tech member of the (Western) European Union. Breaking the cost of CAP, it is argued, could drive down food costs and enable wages to be held lower too. CAP needs reform, but. Prof Lang emphasises, we need to be careful who does this, for whom and on what terms.

Above all, the UK is one of the richest countries human history has ever seen - perhaps, conceivably, will ever see - and yet around a fifth of its citizens suffer problems of food poverty.

This paper, therefore, focuses first on the structural and historical context of food and agriculture in the UK, provides information about the influence of the CAP in the UK, and then concludes with a specific example of the work and needs of the Crofters in Scotland, the largest organised group of small-scale farmers in the UK.

UK Farming - an overview

The UK includes four countries: England, Wales, Scotland, Northern Ireland. For the purposes of administering agriculture, farming and the environment, governance is devolved to the separate administrations; England – Department of Environment, Food and Rural Affairs; The Welsh Assembly; the Scottish Parliament; and the Northern Ireland Assembly. Although the implementation of the CAP is administered through London, the devolved administrations have considerable say over how the various schemes are implemented. They also have an effective veto on the position of the UK government on issues relating to food, farming and the environment, for example GM policy. In general, most indicators for UK agriculture show significant decline over the past several decades and even the recent price hikes for farm outputs have been more than offset by steeper rises in the cost of farm inputs.



Types of farming:

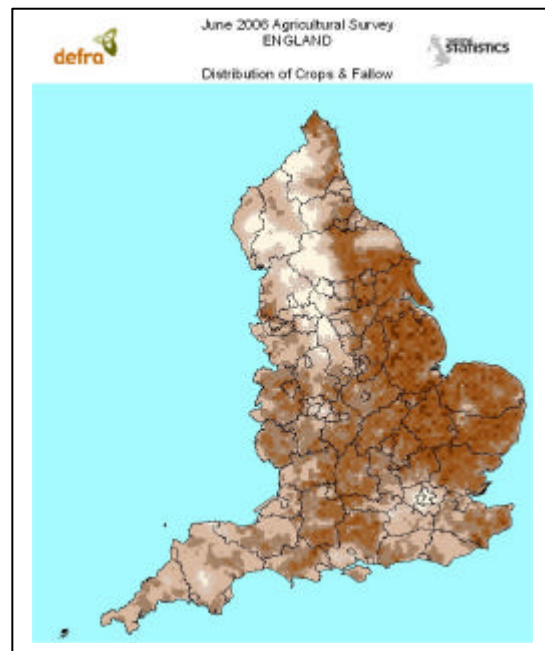
The climate and topography of the UK lends itself to two distinct types of farming.

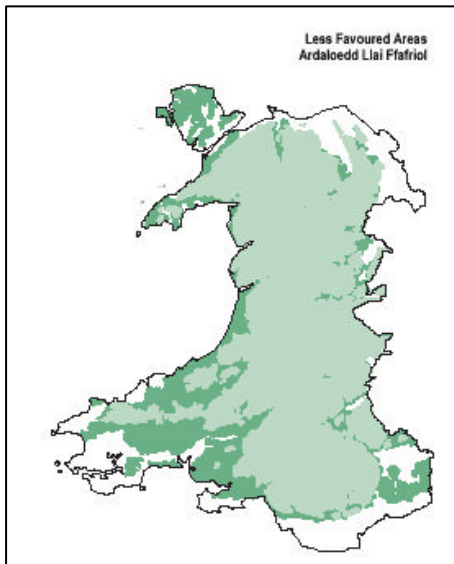
Pastoral farming (the use of grass pasture for livestock rearing) is found in areas of higher rainfall and among the hills, predominantly to the north and west of the UK.

Arable farming (land that can be ploughed to grow crops) is concentrated in the south and east of the UK where the climate is drier and soils are deeper.

England

The divide in England between the arable-dominated East and livestock-dominated West is graphically depicted in this map which shades the area of crops and fallow in 2006. The East has the largest farms and is more chemical-dependent in its production systems. Most of the strong advocates for GM crops are in this part of the country. English agriculture is dominated by the views of the National Farmers' Union that represents the interests of larger scale commercial farmers. There are several small-scale farmers organisations, many located in the South West, that represent the views of their members but have relatively little power.



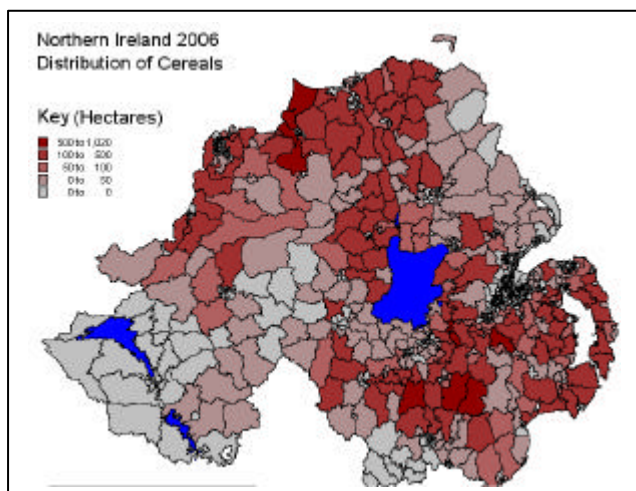
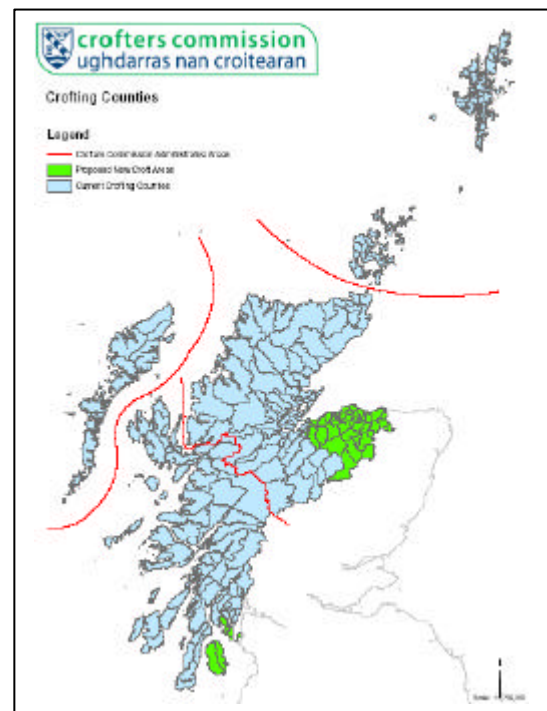


Wales

Most of Wales is a 'less favoured area'—according to European classification and is depicted on this map with the shaded areas. Its agriculture is predominantly livestock-based with an emphasis on sheep farming. However, with rich soils in the south-west of the country and mild weather, some arable crops including early potatoes have been important up until the recent past. The 18,000 strong Farmers Union of Wales has until recently been strong opponents of GM technology but are being pressured to accept GM animal feed.

Scotland

Scotland has the largest average size of holdings in the UK for historical reasons. With the exception of vast hunting estates in the Highlands, most of the large holdings are located in the South and the East of the country. The small-scale farmers were pushed to the margins and cultivate and raise livestock in what are known as 'Crofts' sometimes individually owned but more commonly held collectively. There are about 18,000 crofts in the country concentrated in the Northwest Highlands and the islands, as can be seen in this map. There are new crofting areas to the East and South, depicted in another colour. (For more on Crofting and their responses to current challenges of the CAP and new legislation, see Chapter XX.)



Northern Ireland

Northern Ireland comprises the six counties that were kept separate, as part of the UK, from the Republic of Ireland. 80% of farms in the country's farms are less than 50 ha in size. Livestock farming is dominant though cereals are grown in a significant proportion of the arable areas in the North and South of the country (see map – darker areas have higher proportions of cereal acreage per county).

Farming systems:

In the UK there are three main approaches adopted by farmers in their farming system. These are defined as organic, conventional and integrated. Organic farming represents around 4% of the farmed area and is based upon the concept of sustainability utilising the farm's own resources. Conventional farming adopts modern technology and utilises other inputs such as pesticides and artificial fertilisers while integrated farming makes the conventional approach sustainable. Most conventional farmers practice integrated farming.

Farms, farmers and the workforce:

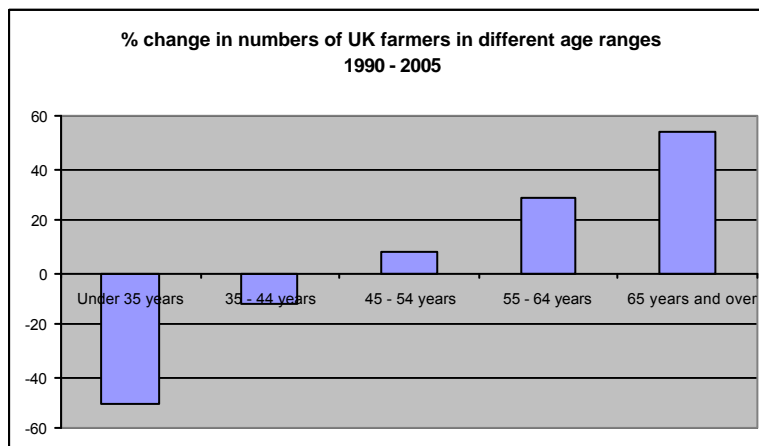
In the UK there are approximately 300,000 active farms with an average size of around 57 hectares, much larger than the European average size of approximately 20 hectares. However the UK's high average size is swelled by the impact of Scotland where the average farm size (including huge estates formed after the Clearances) is over 100 hectares. In England average size is around 50 hectares. For Wales and Northern Ireland, sizes are smaller at around 40 hectares.

Despite the relatively large number of farms in the UK, the majority of the agricultural area is farmed by a much smaller number of farmers. Some 41,000 farms (~14% of the total) are larger than 100 hectares and account for over 65% of the agricultural area.

In 2006 the UK farming workforce (full-time, part-time and casual) amounted to 184,000 persons. There were 152,000 full time farmers with a further 198,000 part-timer owners engaged in some capacity in the farm business. The total farming labour force of 534,000 in 2006 had been broadly stable over the previous five years but was down 80,000 on a decade earlier.

Farming and the environment:

Farmers are responsible for managing around 75% of the UK's surface area and for maintaining the countryside, including hedges, ditches, meadows and trees, that have resulted from centuries of farming activity. Though government incentives to become more 'efficient' resulted in widespread destruction of habitats and countryside features, this process was reversed the 1990s.



Ageing farm population:

A distinctive feature of UK agriculture is the shift in age of farmers over the past 15 years. The attached chart shows the significant increase in the average age of farm 'holders', a third of whom are now over 65 years of age.

A short history of food provision and agriculture in Britain

Agriculture started in Britain about 4,000 years ago. The Romans from the first century AD onwards established the practice of a three-year rotation of winter wheat, spring barley and fallow, while the Danes and Saxons later developed 'strip farming'. In religious monasteries the traditions of St Benedict- especially 'garden cultivation' (from around 540AD) saw earth as common heritage to be nurtured rather than economic utility to be exploited, bought and sold. The Franciscans went further to assert 'that private property itself was against the law of Christ'.

In the 11th and 12th centuries after the invasion of Britain by the Normans, the hierarchical manorial system was developed controlled by the Lord of the Manor with his serfs (bondfolk to the land) and freemen. Freemen were categorised according to their landholding - larger ones being yeomen, villeins having some 30 acres (12 hectares) and cotters ('cottagers') with around 5 acres (2 hectares). Injustice became all too common in the Landlord's treatment of people living on the 'his' land, with him often claiming all benefits, for example, winter manure of cattle and sheep to boost his own land's fertility.

Peasants' Revolt

The wool trade developed during the 13th and 14th centuries and derived great prosperity for landlords and merchants. However, labour problems intensified owing to wage controls from the mid 14th century culminating in the 'Peasants' Revolt', Tyler's Rebellion, or the Great Rising of 1381. The revolt was precipitated by heavy-handed attempts to enforce the third poll tax, first levied in 1377 supposedly to finance military campaigns overseas. This was one of a number of popular revolts in late medieval Europe and is a major event in the history of England. Tyler's Rebellion was not only the most extreme and widespread insurrection in English history but also the best documented popular rebellion ever to have occurred during medieval times. The names of some of its leaders, John Ball, Wat Tyler and Jack Straw, are still familiar even though very little is actually known about these individuals. The rising is significant because it marked the beginning of the end of serfdom in medieval England. It led to calls for the reform of feudalism in England and an increase in rights for the serf class and a clear demarcation of landlords, tenants and labourers during the 15th century. Although the Revolt is generally considered a failure, it did succeed in showing the peasants that they were of some value and had some power.

Enclosures, rebellion and migration

During the 16th century, sheep enclosures were made especially in the south Midlands of England, throwing people off the land. But the enclosures that depopulated rural England in the British Agricultural Revolution started much earlier in Scotland. In the Highlands the impact of the Clearances on a Scottish Gaelic-speaking semi-feudal culture that still expected obligations of a chieftain to his clan led to vocal campaigning and a lingering bitterness among the descendants of the large numbers forced to emigrate, or to remain and subsist in crofting townships on very small areas of often poor land.

Increasing demand in Britain for cattle and sheep and the creation of new breeds of sheep, such as the black-faced which could be reared in the mountainous country, allowed higher rents for landowners and chiefs to meet the costs of an aristocratic lifestyle. As a result, many families living on a subsistence level were displaced,

exacerbating the unsettled social climate. Crofters became a source of virtually free labour to their landlords, forced to work long hours, for example, in the harvesting and processing of kelp (seaweed). In the 18th century the Black Watch militia was set up to keep the peace in the 'unruly Highlands', which increased the droves of clansmen now emigrating to the Americas, providing increasing amounts of food with the labour of African slaves.

Many also emigrated to Ireland. In Northern Ireland, The Plantation of Ulster had been sold to James I, king of England, Scotland and Ireland, as a joint British venture to 'pacify and civilise' Ulster. So at least half of the settlers would be Scots. The plan for the plantation required all of the land to be redistributed to create concentrations of protestant English and Scottish Planters around new towns and garrisons. What was more, the new landowners were explicitly banned from taking Irish tenants and had to import them from England and Scotland. The remaining Irish landowners were to be granted one quarter of the land in Ulster and the ordinary Catholic Irish population was intended to be relocated to live near garrisons and Protestant churches. Moreover, the Planters were also barred from selling their lands to any Irishman.

For the landlords in Scotland, 'improvement' and 'clearance' did not necessarily mean depopulation. At least until the 1820s, when there were steep falls in the price of kelp, landlords wanted to create pools of cheap or virtually free labour, supplied by families subsisting in new crofting townships. Kelp collection and processing was a very profitable way of using this labour. However, beyond maintaining this cheap labour pool, emigration for many landlords was a way of reducing pressure on their lands. Later, in the 19th century, the potato famine which spread from Ireland in 1846 became another reason for encouraging or forcing emigration and depopulation.

Growth of industrial agriculture and global trade

The seventeenth century also saw the beginnings of the industrial agricultural revolution with Jethro Tull's corn drill which sowed in rows developed on his farm at Crowmarsh Gifford in Oxfordshire while Viscount Townshend established a four-course rotation of different crops on his Raynham, Norfolk light land to intensify production. The late eighteenth century and early nineteenth saw the agricultural revolution gain pace, with livestock improvement, by breeder Bakewell, a key focus as well as land and crop improvement. Land enclosure occurred in earnest, markedly altering the English landscape and rural/urban relations.

The impact of the British Empire on the global food system has been decisive. Africa, one of the last regions of the world largely untouched by "informal imperialism" was also attractive to Europe's ruling elites for economic and racial reasons. During a time in the 19th century when Britain's balance of trade showed a growing deficit, with shrinking and increasingly protectionist continental markets due to the Long Depression (1873-1896), this offered Britain and other countries an open market that would create a trade surplus: a market that bought more from Britain than it sold overall.

As Britain developed into the world's first post-industrial nation, financial services became an increasingly important sector of its economy. Invisible financial exports kept Britain out of the red, especially capital investments outside Europe, particularly to the developing and open markets in Sub-Saharan Africa, predominantly through white settler colonies. In addition, surplus capital was often more profitably invested

overseas, where cheap labour, limited competition, and abundant raw materials made a greater premium possible.

The repeal of the Corn Laws in 1846 (admitting cheaper foreign imports from the expanding British Empire) was largely responsible for this, leading to a fall in grain acreage in Britain from 9.5 million acres in 1870 to only 7.3 million acres by 1900, coupled with a drift from the land and a consequent impetus for mechanisation. Meanwhile the development of refrigeration by the 1890s had allowed entry of meat and fruit imports from as far away as New Zealand. Only milk, eggs and specialist market gardening expanded at this time since these enterprises did not yet suffer from import competition.

British scientists, starting at Rothamsted experimental station in the mid 19th century, laid the ground rules for agricultural science and the chemicalisation of agriculture (later to become dominated by the modification of agricultural species through genetic engineering) with the focus of research inexorably moving towards support of industrial priorities and away from serving farmers directly.

20th Century global expansion

At the outbreak of World War I in 1914, half Britain's food was imported. During the war the area planted to staple crops of wheat, oats and potatoes was rapidly expanded owing to the risks to merchant ships carrying imports. In 1925, sugar beet subsidies were introduced to encourage greater home production in view of the physical and financial vulnerability of excessive reliance on imports.

In the 1930s, with continuing pressure from preferential imports from the Empire - such as meat from New Zealand, canned produce from Australia - Marketing Boards were set up, for milk, for potatoes and for sugar beet. The period saw widespread economic depression which affected farming and led to countryside dereliction and reversion to unkempt scrubland but again there was a drive to plough up grassland for potatoes and wheat cultivation during World War II. At that time, Britain had 5% of its workforce engaged in agriculture. Rationing provided a basic diet for all, in fact a healthier diet than that which followed.

After World War II, the 1947 and subsequent Agriculture Acts were essentially supply management policies designed to ensure maintenance of farm incomes and security of food supplies. This policy provided price guarantees and income support by means of subsidies with encouragement to expand output by intensification and mechanisation.

Between 1960 and 1970, agricultural labour fell by 25% while output increased by 40%. Typically, there was one person employed per 31ha of arable crops in 1950 and one per 210 ha in 1993.

Seed Laws and privatisation of nature

Britain also lead the way in Europe in establishing US-style protection measures on biological assets and processes.

The formalisation of common property systems started in the UK with the adoption of the Seeds Act in 1920. This Act was designed benignly to protect an increasing number of growers, especially demobilised soldiers with allotments for growing vegetables, from rogue seed traders. The legislation enacted quality control measures to ensure that a packet of seeds contained the varieties on the label; that

the seeds would germinate and were clean of infection; and that there were no adulterants, weight-increasing stones, or weed seeds in the packet. However, the Act did not provide protection for the seed breeders and re-sowing of farm- or garden-saved seeds was not limited. Control over replanting saved seeds was first achieved in the 1930s through hybridisation.

Hybridisation, initially of maize in the USA, produced new plants with “hybrid vigour” and increased yields in the first generation. But this yield-enhancing technology also provided a quick solution to preventing re-sowing of farm-saved seeds as the second generation of seeds from hybridised varieties performed poorly. Farmers were forced to buy new seeds each year. (While the availability of hybrid varieties has increased, not all crops are easy to hybridise and other measures were necessary to protect business interests such as Genetic Use Restriction Technologies and restrictive commercial contracts.)

In the 1960s, the new Seeds Acts included provisions ‘for the registration or licensing of persons engaged in the seeds industry or related activities’; and ‘for ensuring that seeds on any official list remain true to variety’ (The UK Plant Varieties and Seeds Act 1964). This Act was developed in parallel with international legislation conferring greater rights to plant breeders, through the International Convention for the Protection of New Varieties of Plants (UPOV – International Convention for the Protection of New Varieties of Plants – 1961, 1972, 1978, 1991) and restrictions on seeds that could be traded to those on the “official list”, especially as legislated by the European Union since 1964. The 1980s development of public sector high-response varieties of wheat, maize and rice for the “green revolution” popularised so-called Modern Varieties, which increasingly were subject to plant breeders’ rights.

While limited “plant patents” had been permitted in the USA for some decades, the 1980 landmark “Chakrabarty” ruling that a living micro-organism could be patented and the 1985 “Hibberd” corn (maize) patent, paved the way for life patents especially of genes and genomes that are increasingly incorporated in genetically modified (GM) varieties of crops and livestock. When the Uruguay Round of negotiating a revision of the General Agreement on Tariffs and Trade (GATT) started in 1986, it was decided to include intellectual property protection and, as part of this, the protection of life patents. Though highly contested by many countries, this was included in the rules of the new WTO in 1995. However, a concession was made that provided for a review of this provision after four years, i.e. in 1999. So far, this has not happened: the terms of the review are still under discussion. It may never be carried out as the exemptions under TRIPs become increasingly irrelevant in a world trading system that is dominated by inequitable FTAs and with corporations seeking to ensure that there are no possible ‘patent havens’ for any product that could earn them rent. Most of these corporations trade through the London-based financial markets.

Britain joins the EU

In 1971, the UK began its two-year transition to European Community (now EU) membership which led to something of a bonanza decade for those growing supported commodities such as wheat and barley. Products outside the support mechanisms such as pigs continued to experience cyclical booms and declines. The philosophy was for EU producers to earn income from a carefully rigged market. Non EU importers paid a levy for the privilege of selling within it which was set to ensure

they could not undercut EU prices. Also EU exporters were ensured a similar return to other farmers selling within the EU by means of export subsidies.

By the 1980s, it became clear that the Common Agricultural Policy (CAP) was in disarray and going bankrupt - accounting for over half the total direct expenditure by EU institutions. This was because the application of industrial and chemical technologies were inexorably increasing yields (e.g. of cereals by 2.5% per annum) and surpluses were building up leading to less need for imports (thus lower payments into the Common Agricultural Fund in import levies) and more need to export (and thus claim export subsidies).

Surpluses were building up in other sectors too; milk quotas were introduced in 1984 and farmers given a 'licence to produce'. This became a tradable asset and some sold or leased their quota to others farmers accelerating the trend towards fewer, larger herds which continues to this day. In 1988, the EU announced the 'decoupling' of production support from that for various environmental protection and enhancement schemes; the latter would be supported while the former would be phased out. Efforts to limit overproduction were also introduced from the late 1980s with arable land having to be 'set aside' and no crops grown on it.

Only 1.2% of the UK working population is now engaged in agriculture and up to farm gate it contributes less than 1% of Gross Domestic Product making it politically negligible though as the base of a much larger food processing and retailing sector it has a far bigger impact. For example, agriculture and its ancillary trades contribute some 14% to the rural economy of the SW region of England. Farming is still environmentally crucial as it is responsible for some 80% of the UK landscape and there is growing environmental awareness among the public. There is also increased concern about animal welfare and food safety and diminishing incomes and declining morale among farmers. (At £5200 average net income per farmer in 2000 was less than 25% of that 25 years ago in real terms).

Devolution to national governments within the UK

Since the devolution of powers to individual countries in the UK - Northern Irish government, Scottish Parliament and Welsh Assembly – food, environment and agricultural policies are governed to some extent by those bodies, within a UK and EU framework. Significantly, though, the devolved bodies can veto UK proposals on the implementation of particular measures e.g. the licensing of GM crops.

Although there has been a recent reversal of policy after the 'food price crisis' in the UK, the government view has been for some years that 'national food security is neither necessary nor desirable' – the UK can buy its food from wherever it can be sourced as cheaply as possible. That is now challenged, and even the Prime Minister's office is publishing papers that hint at a change in this paradigm.

Health challenge

As noted by the eminent food policy analyst, Tim Lang, the UK, and especially Scotland, has a food culture where food is a major factor in the nation's top two causes of premature death, coronary heart disease and food related cancers - breast, colon, etc - are food-related. On these, medical evidence is consensual, that excess consumption of fat and under consumption of fruit and vegetables are the key. Yet despite this, the food industry spends upwards of £600 million a year on advertisements which are overwhelmingly extolling the joys of sweet, fatty foods.

Advice on health education by the Health Education Authority, by contrast, is less than 1% of this.

In the UK there is a culture which proclaims the virtues of the market, but whose farmers and consumers are constantly kept in the dark. Farmers didn't even know that they were feeding dead sheep remains to their cows. Yet one of the first acts of the Dairy/Cattle industry rescue plan after Mad Cow Disease was to throw £110 million at the rendering industry which had helped cause the problem in the first place. It is a food culture one in three of whose chickens come with food poisoning bacteria. Production and consumption interests are completely at odds.

The Food Chain, Health and Environment

The food chain we have now is not designed to feed people. In line with the modern cure -all—the allegedly free global market—it is designed to produce the maximum amount of cash in the shortest time. Stated thus, our approach to our most important material endeavour seems unbelievably crass—but that is how things are nonetheless. The global free market might be good for some things (perhaps we get better computers and warships that way) but for farming, and hence for humanity as a whole, it is disastrous. The simplistic business rules that may (or may not) apply to other enterprises are fatal to Enlightened Agriculture and so, since we depend on agriculture absolutely, they are proving fatal for us.

When cash rules, sound biology goes to the wall and common sense and humanity are for wimps. The goal must be to maximize whatever is most expensive—which means livestock. So now we feed well over half the staples that could be feeding us, to cattle, pigs, and poultry. So instead of helping us to feed ourselves, our animals compete with us. By 2050, on present trends, the world's livestock will consume enough to feed four billion people—equal to the total population of the early 1970s, when the United Nations held its first international conference to discuss the world's food crisis. That livestock will mostly be consumed by people already weighed down with too much saturated fat—for the moment mostly in the west, but increasingly in India and China. The poor will remain poor. So will most farmers. The traders and their shareholders will grow rich. For this, forests are felled and the last of the world's fresh water is squandered—for example on the soya of Brazil, grown to feed the cattle of Europe and now their biggest agricultural earner.

Cash-based farming is not mixed, because that is complicated and labour must be cut and cut again to save costs. So we have cereals from horizon to horizon, cocooned in pesticide, while piggeries in the United States (and soon in Europe, with American backing and European taxpayers' cash) sometimes harbour a million beasts apiece—unbelievably foul and each producing in passing as much ordure as Manchester. Such farming is dangerous. To save money, corners must be cut. Britain's epidemics of foot and mouth disease and BSE were not acts of God. They were brought about by cut-price husbandry. The same government that lectures us on health and safety came close, with BSE, to killing us all off.

Worst of all, though—at least in the immediate term—cut-price monocultural farming puts people out of work. That is what it is designed to do. Countries with the fewest farmers are deemed to be the most “advanced”. Britain and the US are the world's brand leaders, with about one per cent of their workforce full time on the land. Both eke out their rural workforce with immigrant labour of conveniently dubious legal status who can be seriously underpaid—but we don't talk about that, and in any case that's the market, and the market must rule. In the US, there are more people in jail than fulltime on the land. In both countries, prisons are a major growth industry.

Colin Tudge, author of So shall we reap

Environmental challenge

The UK's Cabinet Office's recent study on food has concluded that environmental challenges of the food system are significant. They raise 8 key points:

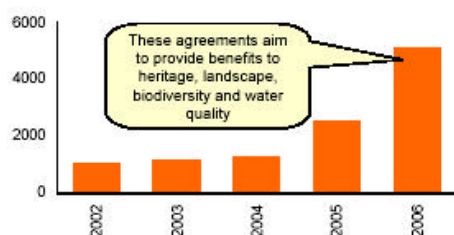
- The food chain's environmental impacts nationally significant contributions to UK greenhouse gas emissions, production of packaging and other waste, pollution of water, and habitat and biodiversity loss
- The real impact of food is in the growing and production of the goods, not their sale by the retailers or their consumption in households
- The food chain generates significant waste, much of which is avoidable
- Transport is the biggest user of energy in the food chain, but farming is the single biggest source of greenhouse emissions, and livestock has a disproportionately large impact on the environment
- The distance food is travelling is increasing, but the biggest external cost of food transport is congestion, not carbon
- And while most global fish stocks are being overexploited, the rate of decline in habitats and biodiversity on farmland seems to have stabilised
- The environmental impact of having fresh available all year round can vary hugely from season to season, and depends on the type of product, where and how it is produced, and length and type of storage
- For example, evidence suggests that at some times during the year, transporting produce from other countries may have a lower impact than refrigerating produce grown in Britain, so an appropriate mixing of imports and locally sourced food to match the seasons could reduce overall impacts on the environment

They also note that post 2003 changes in the CAP have had a positive impact.

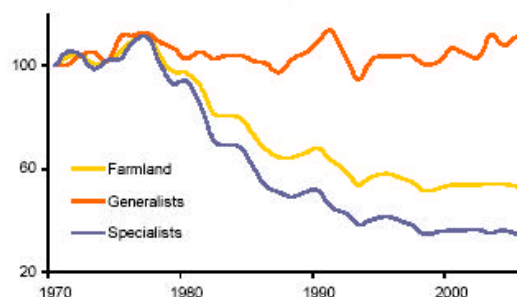
The post-war intensification of food production saw a loss of habitat and biodiversity that is slowly being halted and, in some cases, reversed

6. Food and the environment

Since the 2005 reforms of the Common Agricultural Policy, the amount of land funded under environmental management schemes has dramatically increased
Hectares of farmland under environmental management scheme agreements in England¹



Populations of farmland birds, which have halved since the late 70s, have now stabilised
UK farmland bird index 1970 to 2004, 1970=100¹



- With the reforms to the Common Agricultural Policy, payments to farmers are increasingly geared to rewarding good environmental stewardship
- Intensive agriculture can have negative impacts on biodiversity, but land management for agriculture also sustains habitats that protect biodiversity and landscapes
- The value of a managed countryside to tourism was evident from the 2001 FMD outbreak when it was estimated that the UK tourism sector lost between £2.7bn and £3.2bn of value added in 2001, exceeding the damages to the agricultural sector²

1: Defra (2007) CAP Observatory Indicators; 1: Cabinet Office (2002) Foot and Mouth Disease: Lessons Learned Inquiry

Concentration in the food industry

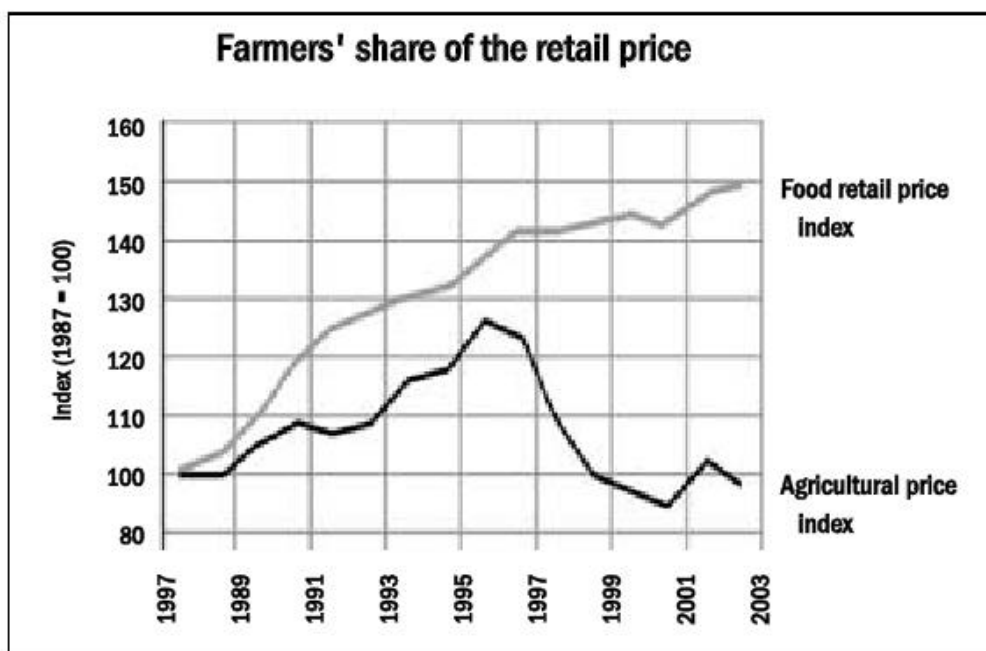
Thousands of farmers and workers are forced to leave the industry each year because of the low prices they receive for their produce. Farmers' organisations believe that a major contributory factor to this crisis in British farming is the increasing buying power of supermarkets and their ability to squeeze suppliers. Supermarket buying power means that a supermarket like Tesco can obtain more favourable terms than other buyers. For example, a Competition Commission investigation revealed that Tesco consistently paid suppliers nearly 4% below the average price paid by other retailers. However when a supermarket squeezes its supplier, it merely reallocates profit margin from supplier to retailer and there should be no assumption that the retailer's saving will be shared with consumers.

Supermarket profiteering

According to Michael Hart, chair of the Small and Family Farms Alliance the increasing gap between farmgate and retail prices is, in some cases, due to 'clear profiteering'.

In 1991 the farmgate price of potatoes was 9p per kg and the retail price was 30p; in 2000 the farmgate price was still 9p per kg but the retail price had increased to 47p per kg; a price increase of 57%. The farmgate price for cauliflowers was 24p in both 1990 and 2000 but the retail price rose from 73p in 1990 to 98p in 2000, a price increase of 35%. These products require no processing other than grading and packing, both of which are done by the farmer. Michael Hart says that the difference between farmgate and retail prices and the increase in the farmgate to retail price differential is due to the supermarkets' excessive profit margins at the expense of farmers.

Intensive agriculture appears to have made it possible for us to eat more food more cheaply but its environmental and social costs have not been factored into the price at the supermarket checkout. Wholesalers, the lifeblood of small local shops, are closing at an ever increasing pace, while new registrations of small scale food manufacturers have fallen by 12 per cent.



Land Tenure in the UK

More than 75% of holdings in England and Scotland are larger than 50 hectares in size. A lower percentage in Wales and in Northern Ireland the spread is more even. While many, including holdings >100 ha are considered 'family farms', small-scale farms (<20 Ha) comprise only 10% of farms in Northern Ireland, fewer in Wales and half that proportion in England and Scotland.

Agricultural holdings by farm type, size and country 2006

The data in this includes main and minor holdings in Great Britain. In Northern Ireland all active farm businesses are included. (a) Standard Labour Requirements (SLRs) are representative of labour requirements (hours per-head or hours per hectare) under typical conditions for enterprises of average size and performance

								At June of each year
		England		Wales		Scotland		Northern Ireland
		Number of holdings (thousand)	Percent of total SLR	Number of holdings (thousand)	Percent of total SLR	Number of holdings (thousand)	Percent of total SLR	Number of holdings (thousand)
								Percent of total SLR
Total								
under 1 SLR		150.8	16.2	26.7	12.2	40.8	13.2	20.3
1 to under 2 SLR		24.4	18.7	4.0	14.4	3.7	12.5	3.7
2 to under 3 SLR		10.7	14.3	2.6	15.9	2.3	12.9	1.4
3 to under 5 SLR		8.7	18.1	2.5	23.9	2.6	23.4	1.0
5 SLRs and over		5.7	32.7	1.7	33.6	2.0	38.1	0.4
Total		200.3	100.0	37.4	100.0	51.4	100.0	26.8
		Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)	Hectares (thousand)	Number of holdings (thousand)
								Hectares (thousand)
Total area on holdings								
Under 20 hectares		124.2	529.7	21.4	108.9	29.9	156.3	11.3
20 to under 50 hectares		27.7	916.2	6.8	226.2	6.3	208.8	9.2
50 to under 100 hectares		21.8	1 563.0	5.2	370.2	5.5	398.9	4.4
100 hectares and over		26.7	6 319.8	4.1	794.2	9.2	4 846.7	1.8
Total		200.4	9 328.6	37.4	1 499.6	51.0	5 610.7	26.7
								1 028.5

CAP does not fit the UK

In 2002, the UK Food Group published a paper *The Cap doesn't Fit* that critiqued the CAP before the 2003 reforms (see annex).

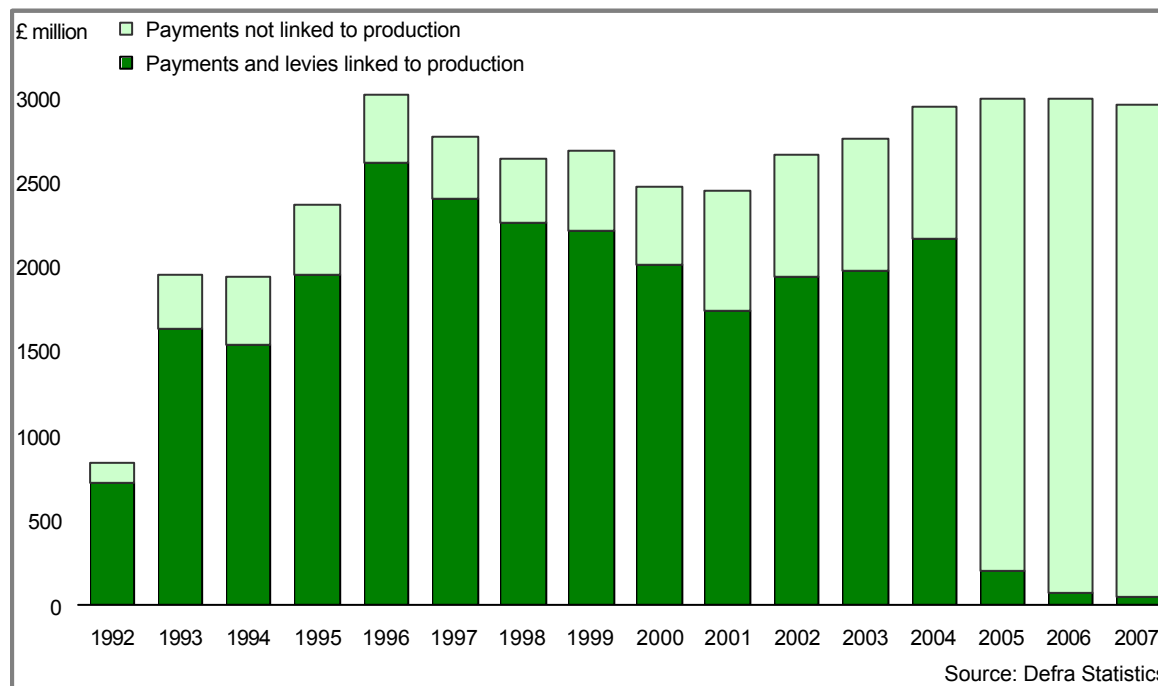
They noted then that the Common Agricultural Policy (CAP) does not deliver the European Union's broader objectives for food and farming. As noted in the report of the UK Policy Commission on the Future of Farming and Food, the CAP does not provide good value for money for European consumers or taxpayers.

In terms of protecting the environment, animal welfare or even rural farming communities in Europe, the CAP fails to provide the right support structure– if any – or exacerbates problems caused by technological advances and market pressures.

There is strong and mounting pressure in several European Member States, including the UK, for radical CAP reform. However, CAP reform alone will not solve all the problems of the food system. Sustainable food production depends on far more than agricultural policy reform and it is essential that policy makers also examine and address the role of other parts of the food chain eg the agrichemical, food manufacturing and retail industries, and the role of other policies (such as health, environmental, tourism, services, intellectual property rights, investment, and competition) on agriculture.

These issues are still on the table but exacerbated by new government policy.

Since 2003, there have been dramatic changes in subsidy arrangements with nearly all subsidy directed either to major off-farm enterprises or to decoupled single farm payments and Pillar 2 agri-environment schemes. There has been significant delay in payments – some for more than a year – which has added to farm bankruptcies and farmer suicides. Further analysis of this change in payments can be found in the Annex.



Distribution of subsidy - Euros

In 2003-4, before the recent changes from production subsidies to single farm payments, the distribution of recipients of subsidy were:

Amount Euro €	Amount UK £	Number of recipients
<5,000	<£4,000	51719
<75,000	<£60,000	45643
<150,000	<£120,000	5113
>150,000	>£120,000	2161
Total		104,636

(Data made available as a result of a Freedom of Information request)

Largest recipients of subsidies (2003 – 2004) – GB Pounds

As can be seen in the following table, two-thirds of subsidies provided by the Rural Payments Agency in 2003-4 were less than £1,000. It does not include all subsidies.

The 11 largest subsidy recipients of more than GBP (£) 10 million in 2003-4 were:

TATE & LYLE EUROPE	£	97,559,905.10
MEADOW FOODS LTD	£	25,928,211.37
TATE & LYLE EUROPE	£	20,486,597.30
C CZARNIKOW SUGAR LTD	£	19,559,518.38
GRANOX LTD	£	17,575,049.90
CO OP CENTRALE RAI FFEISEN BANK	£	15,171,336.30
PHILPOT DAIRY PRODUCTS LTD	£	14,828,269.09
FAYREFIELD FOODS IRELAND LTD	£	14,328,016.90
LISBURN PROTEINS	£	11,685,958.80
NESTLE UK LTD	£	11,609,923.80
DALE FARM INGREDIENTS LTD	£	11,319,317.40

See: www.freedominfo.org/features/20050407.htm

The allocation, in terms of total amounts paid, shows that 80% of the total value of the subsidy was received by less than 100 individual recipients. This is indicative of the allocation of the nearly £3 billion subsidies paid out in that year to the UK agriculture industry. The payments to food companies fell dramatically after the reforms and were only about £13 million for the top 20 in 2006.

The figures also show that the Queen received more than £769,000 in EU farm subsidies in fiscal years 2003-04, while Prince Charles benefited from around £300,000 in agricultural payments to his personal estate, the Duchy of Cornwall, and the Duchy's Home Farm, which, admittedly, are Organic. These, too, changed to single farm payments after the reform.

It should be noted, as the Rural Payments Agency (RPA) pointed out, that for farmers, most payments were made at a fixed rate determined in EU law and farmers have a legal entitlement to those payments. In the case of food manufacturers or traders, export refunds were generally determined by a tender process and the level of payment fluctuated over time. In some cases, entitlement to aid was conditional on the recipient having paid a prescribed minimum price for the raw material. In any case, the extent to which an individual farmer or business benefited from the full range of CAP measures cannot be determined from payment data alone.

The information covered those payments for which RPA was responsible and included payments made under Integrated Administration and Control System (IACS) schemes in England and under non IACS schemes throughout the UK. It did not include information about payments made under IACS schemes by the EU Paying Agencies in Scotland, Wales or Northern Ireland.

Single Farm Payment regime 2006 onwards – GB Pounds

The National Audit Office reports that in 2006 there were 116,667 subsidy recipients, distributed as follows;

% recipients	Amount paid per farm UK £	Approx Number of recipients
12%	<£68	14,000
24%	<£682	28,000
58%	<£50,000	68,000
6%	>£50,000	7000
(breakdown of 6% paid more than &50,000)		
4.8%	<100,000	
1.1%	<15,000	
0.3%	<200,000	
0.1%	<250,000	
0.1%	>250,000	
Total		117,000

In 2006, 49% of the total subsidy was received by the 10% largest recipients.

The amount of subsidy was determined by the farm's past level of subsidy payment under the former scheme and is affected by the GB pound / Euro exchange rate agreed for farm payments. Approximately this payment equals about £200 - £250 per hectare. It is only payable in return for the farm complying with a set of conditions related to environmental stewardship, animal health and welfare and the quality of farming. Subsidy payments are often higher than the income received from family farming at smaller scales. In other words, without the subsidy there can be significant rural poverty. One result is that farmers tolerate very low product prices in the market, to the advantage of the buyers i.e. subsidies are the cause of low prices.

The distribution of subsidy payments is approximately the same in 2008/9.

Changes in livestock numbers and crop areas 2006 - 2007

The downward trend of livestock numbers in the UK accelerated in the past year.

Changes in livestock numbers; United Kingdom

The data in this chart cover all holdings (including minor holdings) in the United Kingdom.

	thousand head		%
	2006	2007	change
Dairy cows	1 979	1 954	- 1.3
Beef cows	1 737	1 698	- 2.2
Ewes and shearlings	16 637	16 064	- 3.4
Lambs	17 058	16 855	- 1.2
Breeding sows & gilts	468	455	- 2.8
Other pigs	4 369	4 292	- 1.8



Cropping areas have changed in response to the new markets for agrofuels, among other things. Oilseed rape (Colza) area is significantly higher in the past year at the expense of legumes – animal protein being provided from increased imports of soya.

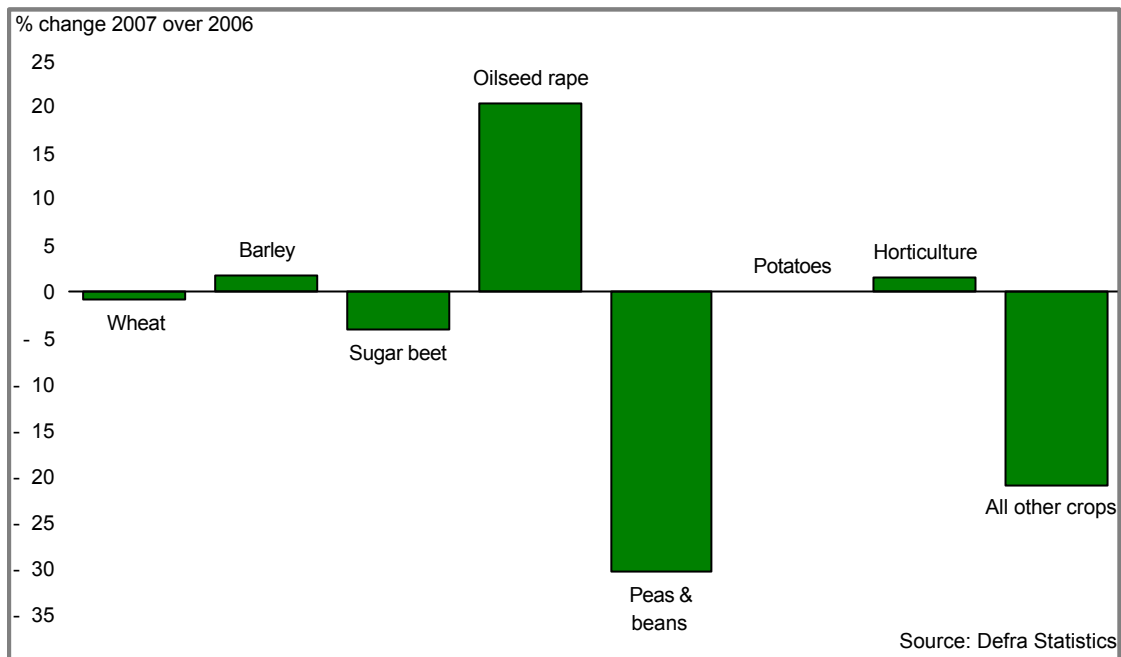
Changes in crop area; United Kingdom

The data in this chart cover all holdings (including minor holdings) in the United Kingdom.

Enquiries: Alison Wray on +44 (0)1904 455313

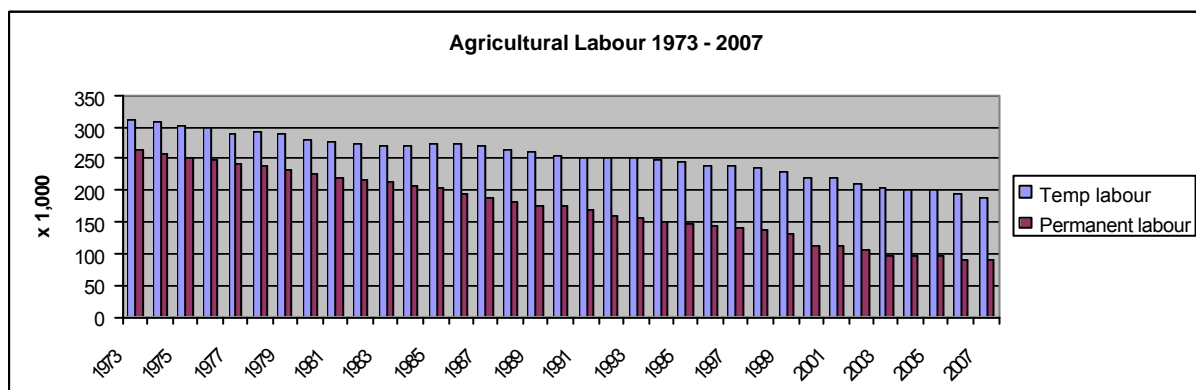
	thousand hectares		%
	2006	2007	change
Wheat	1 833	1 816	- 0.9
Barley	881	898	1.9
Sugar beet	130	125	- 4.0
Oilseed rape	500	602	20.4
Peas & beans	231	161	- 30.3
Potatoes	140	140	0.0
Horticulture	166	169	1.6
All other crops	555	439	- 20.8

The percentage changes in cropping area 2007 over 2006 are presented in this table.



Flight of Agricultural Labour

The workforce has decreased substantially over the past three decades. There has also been a change in type of employment with temporary labour now providing more than twice as many people as in the permanent labour force.



Redefining UK Food Policy Goals

As Tim Lang advocates, three actors must change to ensure a healthy and sustainable food system in the UK.

State:

Must lead on what a sustainable food system should be - SDC (2008) 'Green, healthy & fair'. See: <http://www.sd-commission.org.uk/pages/supermarkets.html>

Supply chain:

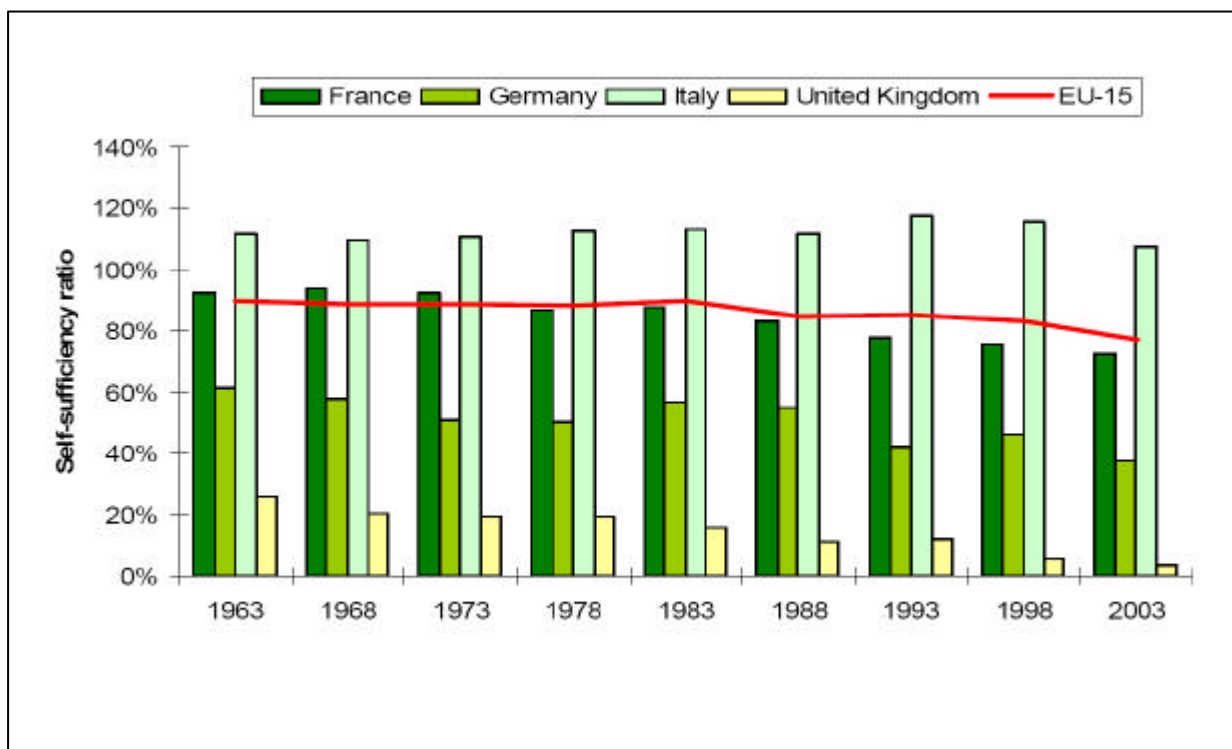
Work to omni-standards: GHGs, H₂O, nutrition, fairness, etc.

Consumers & civil society

Eco-nutrition will require dietary change

Shift to 'values-for-money'

For example, the UK's consumption of healthy food compares badly with other European countries. The chart below shows fruit consumption over the past three decades.



Changes in UK food and farming policy

In 2008, the UK is attempting simultaneously to redefine food policy, develop a food security policy, promote biotechnology for food production and ensure these policies are reflected in, or reflect, its foreign, trade and aid policies.

These policy challenges are reflected in the 2005 Treasury (Finance Ministry's) paper on the future of the CAP 'A vision for the Common Agricultural Policy'. It generated a negative reaction from many analysts especially small-scale farmers organisations. According to the Agricultural Christian Fellowship, a UK Food Group member, that includes many small-scale farmers (see Annex):

There is little attempt to address the question of what agriculture is for and what the roles of Agriculture, in particular, are. Farming provides food and that alone gives it peculiar significance. In this respect, the state of European agriculture is of global importance. World food security might not be damaged by the kind of unwinding of British Agriculture which occurred between 1870 and 1938, but a similar process all over Europe would have a major impact – and this document is a version for Europe, not just for the UK.

As well as providing food in the present, agriculture should nurture the potential for future production – soil, plant and animal varieties, biodiversity and knowledge. It controls most of the land surface and hence water catchment, landscape, and wildlife habitats, and through these things an important part of local identity. It has familial, social and cultural significance. We are not sure that any sector of the economy should be treated just like every other, but in the case of farming it is an assumption pregnant with trouble.

They continue with a pertinent observation about the perception of the UK's record in food and agricultural policy:

...seen from outside, the UK and, England in particular, has a bad record in the area of agricultural policy and administration. The conception and spread of BSE, the failure to control foot and mouth disease, the redevelopment of Bovine TB, and the implementation of the current CAP reform might be cited.

Climate Change

[In terms of Climate Change, the government paper] ...provides some discussion of food miles, but very little about how EU policy might reduce the carbon dioxide production of our food system – most of it seems to originate beyond the farm - and none about ways in which agriculture might produce carbon neutral fuels. Nor is there discussion about whether policy should help to prepare European agriculture for the effects of climate change upon its operation. Nor is there consideration of the impact of climate change elsewhere in the World on the assumptions about global trade and food security.

They conclude:

This vision is written with clarity, brio and confidence. Unfortunately, its basis in reflection is much too narrow and some of its detail is shaky. This is an issue of vast importance touching food culture, landscape, riches and poverty, justice and injustice. Indeed, agriculture is central to the whole pattern of relationships among people and between people and the rest of the natural world ... We doubt if a right policy can arise out of a thin soil of a narrow economics.

Family Farmers Association's Manifesto

The Family Farmers Association's is equally clear about the challenges.

People need the countryside and food. Without food we die. A diverse and well farmed countryside makes life worth living.

The best way to care for the countryside is to farm it, i.e. to use it to produce food and other useful products of the soil, such as timber, wool and flowers among other things. We can buy food from other countries, but how secure – or healthy – is that food? At the moment we can buy foreign food easily, but most of that food is not produced to our standards.

The cost of producing food in Britain is high. British farmers are regulated by many environmental and welfare rules which are not applied in the countries seeking to sell us cheap food. We also have to pay fair wages. Any cheap food coming from the third world can only be produced with social and environmental costs that should make us ashamed.

These factors make our farmers hopelessly uncompetitive with those in many other countries. If food production – and thus care for the countryside – is to survive in Britain, either cheap imported food must be limited, or some form of support must be given to our farmers to enable them to make a living from producing food. If farmers cannot sell the food they produce for a profit, many will just give up and much of the country will become a wilderness. Others will try to produce food in an intensive, industrialised way hoping thus to compete with imported food by producing large quantities at minimum cost and minimum wages. But this will leave no margin for caring for the countryside

We call on the government to recognise what the cheap food policy is doing to Britain. It is destroying what was a good life for the country people who produced the nation's food. It is also destroying the landscape in large areas now reduced to boring monoculture, and it sometimes causes pollution and erosion problems. We now have to employ people to maintain the fabric of the countryside in the way farmers did naturally when they had leisure and incentive to take pride in their land. Managers employed to make profits for limited companies are not likely to be as interested in the social and ethical aspects of farming as farmers living on the farm, among the community where they may have been born.

Make no mistake, if industrial farming is not discouraged in some practical way, it will become the predominant system here, as it already is in some of the most highly developed parts of the world. (Unfortunately, it is also well established in some less sophisticated countries.) Once established, it becomes very hard to control, as the commercial, and sometimes multinational, interests involved are powerful and well versed in evading regulations intended to protect communities threatened by their activities.

All is not yet lost in Britain. Much of our land is still farmed in a humane and civilised way, although many farmers feel desperate about their lack of profitability. We must find some means of taking farming back to a way of business which takes pride in producing happiness as well as money. Happiness in the farmers producing excellent food and in those who eat it, and happiness in those who visit the countryside for spiritual refreshment and for the pure enjoyment of it.

Crofting in Scotland

The following comments are by the Scottish Crofting Foundation - the only representative and campaigning organisation for crofters and crofting in Scotland. It is the largest organisation of small-scale food producers in the UK.

Food production in Scotland must concentrate on quality, local provision, provenance and environment. Maintaining food production, especially livestock, in upland, peripheral and island areas is of inestimable social, economic and environmental importance. Small scale agriculture, such as crofting, has been successful in maintaining populations in some of Scotland's most remote areas. By contrast, industrial scale agriculture driven by a commercial UK food policy, whether in the Straths of Sutherland or the arable prairies of the East of England, has cleared rural populations leaving a degraded environment and a countryside that is the preserve of the very rich.

It is an often stated myth that food security requires larger and larger agri-businesses. Britain's self-sufficiency in food is actually less than it was in the 1950s and some of the world's most densely populated countries are fed by very small producers. "Agriculture has long been recognised as 'multifunctional.' The preoccupation of looking at food and trade in food as purely economic issues is of recent vintage." So we would wish to see production and distribution of food being as diverse as possible, rather than dominated by a few supermarket chains and multinational suppliers. On one hand supermarkets point to the vast diversity of food they offer. On the other, they claim there is no demand for such native Scottish produce as light lamb and young mutton. Odd, when Italian supermarkets sell as much light Shetland lamb as they can get hold of. Broadly speaking, our best food leaves our shores and supermarkets decide what food we are going to eat, cheaper food that does not have the same quality assurances that marks Scottish produce, but provides them with profit.

Tourism is one of Scotland's most important industries with considerable growth potential, and food is a vital part of that. If Scotland is to be a high-quality tourist destination, visitors are entitled to expect to be served the best of local produce, and small producers in the Highlands and Islands have a vital role in meeting those expectations. Small scale, low-intensity food production tends to be associated with High Nature Value farming, and many of Scotland's most valued habitats and landscapes are maintained by crofting agriculture.

Scotland's dietary related health is poor and yet we produce some of the world's finest foods. The challenge for a sustainable Scottish food policy surely is to close that anomaly.

A fresh approach to food - Scotland is placed to lead the UK in a sustainable model of food production. SCF looks forward to having a food policy that makes fresh, healthy, local produce the norm – available and affordable for all of the people of Scotland – with crofters contributing fully to that objective.

Some crofting facts and figures

<ul style="list-style-type: none">• No. of crofts 18,000• No. of crofters 13,000• Plus families = 30,000 or 10 per cent of H&I population• 30% of households in mainland H&I• 65% of households in Shetland, Western Isles and Skye• Average crofting household income £21,000• Crofting provides 30% of that income	<ul style="list-style-type: none">• About 2000 crofters are owner-occupiers, the rest are tenants• About 8000 crofters are agriculturally active• 25% of H&I agricultural land is under crofting tenure• Crofters have 45% of breeding ewes and 20% of beef cattle in H&I
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Sources: - Crofters Commission, Committee of Inquiry on Crofting, SG Agricultural Statistics

The role of crofting in Scottish food production

The importance of crofting to mainstream food production has increasingly been in its production of store livestock which now accounts for the vast majority of output from crofts, a situation which will continue for the foreseeable future. Crofters' methods of husbandry, utilizing extensive grazing and natural forage with low artificial inputs, produces hardy store and breeding stock of high health status which is an integral part of mainstream Scottish beef and lamb production. The Scottish NFU recently stated, "It is essential that crofting remains a vibrant and viable sector as it plays a very important part in Scottish agriculture and makes a large contribution in providing good quality breeding stock to the wider industry."

This position is supported by increasing awareness amongst crofters of the need to maintain the enviable health status of their stock. There has been a good uptake of Land Management Contract options for animal health plans. Cattle producers, for example in Uist and in Shetland have implemented cooperative schemes to safeguard their high health status.

The land resource of crofting

The 'crofting counties' cover roughly one third of the land mass of Scotland. Within this area approximately 25% of the agricultural land is under crofting tenure. Much of this land is rough grazing, but there is good arable and grassland in crofting tenure in such areas as Easter Ross, Caithness, Orkney, the south end of Shetland, and the machair lands of the Outer Hebrides and the Argyll Islands. This is a resource, potentially, of formidable food production capacity.

Crofting has sustained communities in the remote rural areas of the Highlands and Islands through extensive livestock rearing, growing of traditional crops such as potatoes, vegetables and native cereal varieties, and keeping poultry. This semi-self-sufficiency was traditionally supplemented by income from off-croft work such as fishing, seafaring, weaving/knitting and the construction trades.

As a small-scale food production system, crofting is very efficient, and during WWII food shortages, crofts were contributing significantly to feeding the Scottish cities. However, post-war agricultural policy has threatened crofting practice and culture. The CAP forced crofting into becoming part of the commercially driven industrial

agribusiness that the UK adopted. The perceived value of crofting fell, the confidence and pride of crofters dropped, people left the crofting areas, and crofts became abandoned and neglected. The government response was to encourage amalgamation of crofts, to turn them into small farms, but in so doing exacerbated the destruction of what made the crofting system strong. Amalgamation has been seen as the legacy of the many going to the few – driven by national policy and manipulation by subsidy. The result of this policy has been a move away from food production for local consumption in favour of store livestock production, mainly sheep.

Land Reform in Scotland

Report of debate in Scottish Parliament, 2003

Land reform has been one of the defining issues of the Scottish Parliament ever since it was promised by Donald Dewar at the outset of devolution. But to its most ardent supporters, last night's vote represented the keeping of a promise made at the Labour Party's birth.

Alasdair Morrison, the Labour MSP for the Western Isles, said: "It's been a privilege and an honour for my generation of Highland and Labour politicians to see a centuries-old aspiration becoming law, a Keir Hardie manifesto pledge being fulfilled."

Mr Morrison said the legislation would replace 19th century patterns of landownership by embracing a new model for the 21st century.

Even though ministers rejected accusations that the legislation had been introduced as revenge for the Highland Clearances, Mr Morrison suggested otherwise when he said crofters had been "subjected to the whims and prejudices of landlords often brutally exercised".

Bill Aitken, the Tory MSP leading the attack against land reform, repeated fears that rural economies would suffer from the proposals and claimed the Bill marked "one of the darkest days of the Scottish Parliament". He said: "This type of legislation has no place in modern Scotland. It will have a dreadful effect not only on those living in rural areas, but on city-dwellers whose hard-earned tax will be used to pay for this Mugabe-style land grab."

Crofting is an important and valuable part of life in the Highlands and Islands; underpinning the rural economy, retaining an active land-managing rural population, protecting and retaining a distinctive cultural heritage and generating significant public goods. Crofting has been a proven model of sustainability, when regulated, and provides a productive and diverse socio-economic structure to maintain population. Annexed, is the Crofters Charter developed by SCF that provides an agreed way forward for sustainable farming in the Highlands and Islands of Scotland.

In the following table, SCF summarises what Scottish crofting needs to deliver its potential. These are demands for what the new CAP should deliver.

However, it will need the continued strong organisation of the SCF to push these demands, supported by a sympathetic, nationalist Scottish Parliament.

Crofters' Demands

- **Stability and equity in appropriate support schemes.** To fulfill its potential in food production, crofting needs firm regulation, stability, equity and continuity in support schemes and opportunities for new entrants. The three support schemes unique to crofting – Cattle Improvement Scheme, Crofting Counties Agricultural Grants Scheme and Croft House Grant Scheme – have been under attack for a number of years and it is a constant struggle to maintain them. The Less Favoured Area Support Scheme (LFASS) has been mis-targeted to provide highest payments to more favourable areas. We need assurance that these schemes will continue and, where a case can be made, will be enhanced. LFASS must be re-targeted to the LFAs. The Scotland Rural Development Programme must have appropriate measures to enhance Scottish food production, to promote small scale production and to develop crofting as a key contributor to rural Scotland.
- **Protection of inbye land.** In some areas there is intense pressure on crofting land for speculative housing. We need regulatory and planning policies that protect this land for food production.
- **Strong regulation.** Consistent policies to deal with disuse, neglect and dereliction of crofting land and that reward food production and non-market goods.
- **Local abattoirs.** We need a secure future for local abattoirs and development of new abattoirs in areas where they are required. There is a particular need identified in Skye and Lochalsh. Shorter supply chains in the meat industry are needed on grounds of animal welfare, product quality and bio-security.
- **Local purchasing** by public authorities to support local producers, reduce food miles and improve freshness and quality.
- **Availability of crofts for new entrants.** Tackling croft absenteeism and creation of new crofts; active assistance to find crofts for suitable new entrants; training and mentoring; financial support.
- **Skills training.** Funding for a rural skills training programme that focuses on crofting, small-scale food production, local producer groups, local and direct marketing.
- **Land use development.** Funding for a 'Growing crofting communities' programme.
- **Promotion of small-scale producers.** Help is needed for small-scale producers to meet EC regulations and for small-scale producers to protect their Crofting producers' 'Mark'.

What Scottish crofting needs to deliver its food producing potential

The Scottish Crofting Foundation, established and run by crofters themselves, actively engages with agencies and government officials at local, national and international levels to influence policy on rural, agricultural, social, environmental and other issues. It will:

- work to develop, promote and encourage crofting.
- represent and safeguard the interests of crofters, their families and communities, their cultural heritage and their legislative rights.
- promote the environmental, social and cultural benefits of crofting activity and land use as intrinsic aspects of rural development.
- raise awareness of crofting through information and education.
- promote diversity of people, enterprise, skills and expertise.

Potential opportunities of the CAP Health Check

as seen by the Scottish government.

This analysis by the Scottish administration may throw some light on flexibilities that exist in the CAP Health Check process

1. The CAP Health Check may provide opportunities to make changes that are of benefit in Scotland. In addition to meeting EU wide objectives of simplification, grasping new market opportunities and preparing for new challenges, opportunities in Scotland could include finding innovative ways to:
 - maintain environmental benefits of set-aside, following its abolition;
 - help new entrants;
 - address concerns with the current SFP system;
 - secure the sustainability of livestock farming and crofting in LFAs.

Maintain environmental benefits of set-aside

2. Set-aside was originally introduced as a supply control measure. Following recent increases in global demand for cereals, and shortfalls arising from poor crops and increased use of arable land for biofuels, the EU reduced set-aside to 0% for 2008/09 and is now proposing its abolition.
3. The Scottish Government has commissioned a study to assess the environmental impact of 0% set-aside. This is not yet complete, but results from the first part of the work¹¹ suggest that farmers in Scotland intend to plant about 75% of their set-aside land by spring 2008. This would reduce the area of set-aside land in Scotland from 60,000 hectares to 15,000 hectares; much of the remaining set-aside land is likely to be field margins rather than whole fields. Concern has been expressed about the environmental impact of these changes, which are likely to have an adverse impact on habitats for particular species (such as corn buntings) and on water quality where riparian zones are cultivated. Terrestrial breeding birds are one of Scotland's national performance indicators.
4. Possible mechanisms for maintaining the environmental benefits of set-aside include introducing amendments to cross-compliance requirements and/or to agri-environment measures under the SRDP. The cross-compliance measures could, for example, require that riparian buffer zones and buffer zones around fields remain uncultivated. In its CAP Health Check proposals, the EC has suggested new GAEC requirements that could help to protect watercourses by establishing buffer strips along water courses and retaining landscape features (such as hedges, trees, ponds and ditches). It would also be possible to design one or more agri-environment sub-measures to address this issue, and to provide guidance that would highlight this as a priority in the assessment of proposals coming forward under the SRDP.

Help new entrants

5. Helping new entrants to farming is a priority for the Scottish Government and the Tenant Farming Forum has been asked to investigate barriers to new entrants. In

their report 12, the Forum has recommended that arrangements be put in place as soon as is practicable to ensure that all new entrants have access to SFPs (or whatever support arrangements emerge from the CAP Health Check).

6. The national reserve provides a mechanism for achieving this. At present the national reserve operates on a UK basis. There is very little money in the national reserve because it was established, following the 2003 CAP Reform, to deal with certain situations caused by the switch from the coupled to decoupled subsidy regimes. This included provision to offer SFP entitlements to new entrants who started farming between 2002 and 2004. Parish averages were used to determine entitlement values per hectare.
7. Before reopening the national reserve to new entrants, consideration will need to be given to the implications for other SFP recipients of offering entitlements to new entrants, and the rules that would apply. If, for example, SFPs were reduced by 0.5% in 2009, 1% in 2010 and 1.5% in 2011, then this would provide about £2 million in 2009, £4 million in 2010 and £6 million in 2011. Assuming an average entitlement of £4000 per new entrant, this would allow an additional 500 new entrants to be awarded entitlements each year. The allocation of entitlements would probably need to be made on a competitive basis to avoid risking overspend. It would also be necessary to define new entrants. This definition would need to include the date when they started farming, their farming qualification and the way they obtained their land so that entitlements would only go to "genuine" new entrants. Difficult questions would need to be addressed: for example, should sons or daughters of farmers be eligible if they do not take on their parents' land? In addition, agreement will need to be reached with other countries in the UK about splitting the national reserve so that any SFP scale-back in Scotland remains in Scotland.

Address concerns with current SFP system

8. Following the 2003 CAP Reform, and the decisions taken in Scotland about how to implement it, a number of anomalies have arisen and given rise to public comment. These include the fact that, under the historic model, existing producers in previously unsupported sectors did not receive SFP entitlements in respect of those activities. There has also been concern about the fact that those who no longer farm are able to buy or rent so-called "naked acres" in order to activate entitlements - and that cross-compliance does not apply to the land they previously farmed since it no longer attracts SFP. Elsewhere in Europe, there are a range of additional concerns - for example about recipients of flat rate SFPs who own some land but cannot be regarded as "genuine farmers".
9. A number of these problems arise because of the way in which the European law is written. The EC have sought to address some of these concerns through its proposals to increase flexibility and clarify definitions. Hopefully this will help, although there may still be situations where it is not possible to reconcile competing interests. The proposal to give flexibility to use the national envelope to help with restructuring and development may also be helpful (although this could not be combined with similar measures using the national reserve). It should also be noted that a number of these concerns, as well as the issue with new entrants, should disappear following any transition to flat-rate area payments because the area payments would be available to the current occupier of the land.

Secure sustainability of livestock farming and crofting in LFAs

10. As shown in the recent evaluation of LFASS13, sustainable farming and crofting in LFAs is dependent on significant levels of support. At present, there is evidence of livestock being removed from the hills, particularly in north west Scotland, because farming activity is relatively less competitive 14. LFASS is an important measure, providing over £60 million per year to some 13,000 beneficiaries, and payment is conditional on active farming. However, the CAP Health Check may offer another potential tool for securing sustainability of farming and crofting in LFAs, through increased flexibility in the national envelope.
11. At present, national envelope funding cannot move between sectors. Thus, the SBCS is funded exclusively through top-slicing of SFPs associated with the beef sector. However, the EC's CAP Health Check proposals would make it possible to top-slice up to 10% of all SFPs, with no constraint on moving money between sectors (although only 2.5% could be coupled with production). This would allow the national envelope in Scotland to be increased from about £18 million to over £40 million, offering a potential opportunity to provide decoupled support for livestock farmers and crofters in LFAs. The Report of the Committee of Inquiry on Crofting 15 recommends using extended national envelope provisions to address disadvantages for small farmers and crofters in crofting areas.
12. SAC have recently carried out an evaluation of SBCS16, against its objectives of (i) protecting or enhancing the environment and (ii) improving the quality and marketing of agricultural products. This study concluded that, despite current levels of support, net margins for suckler cows are negative across a range of farming types, suggesting that suckler cow production systems would not be sustainable in the long run. It also suggested that the dual objectives of the scheme are difficult to reconcile.
13. Other potential opportunities arising from increased flexibility in use of the national envelope are to top up entitlements in areas subject to restructuring and/or development programmes; and to support certain risk management measures, namely crop insurance for natural disasters and mutual funds for animal and plant disease. Thus, there is potential to consider further how the proposal for mutual funds might be used in relation to cost and responsibility sharing. For example, if a fund were established to provide financial compensation to farmers for economic losses caused by a disease outbreak, then it might be partially funded from the national envelope.

Conclusions

The purpose of this paper was to give an overview of the history, structure and specificities of UK food and farming in order to improve understanding of some of the peculiarities of agriculture in the UK.

The data presented here show that the UK's food and agriculture policies are indeed in need of radical change if they are to meet the challenges of nutrition, climate change, human health and ecosystem stability.

Many issues have not been dealt with in detail, for lack of time, including access to land in countries other than Scotland and the impact of the credit crunch on small scale farmers.

The costs of industrial agriculture in terms of pesticide pollution and water contamination from nitrates is considerable in the East and South of both England and Scotland. More information on this is available from PAN-UK and the Soil Association.

What is not in doubt is the need to move more towards a more selfsufficient, multifunctional and integrated production system of mixed farming. Several campaigns in the UK focus on changes in the food and agriculture system, including Friends of the Earth (England, Wales and Northern Ireland).

The CAP Health Check is a moment at which these issues can be raised but there is little optimism that necessary changes will be made. While, there is greater likelihood that the UK will press for subsidiarity of payments with the option to withdraw as many as possible in the UK, Scotland's views may prevail. If they do not, the implications for UK farming, if regulation of industrial agriculture is not simultaneously strengthened, is dire for the small-scale sector.

EuropAfrica Project

**CAP's impact on productive structures
and family-based agriculture in Europe**

UK CASE STUDY

ANNEXES

The CAP doesn't Fit

Sustain / UK Food Group

A response to the UK government's

'Vision for the Common Agricultural Policy'

Agricultural Christian Fellowship

A Farming Manifesto

Family Farmers' Association

An alternative vision for the CAP

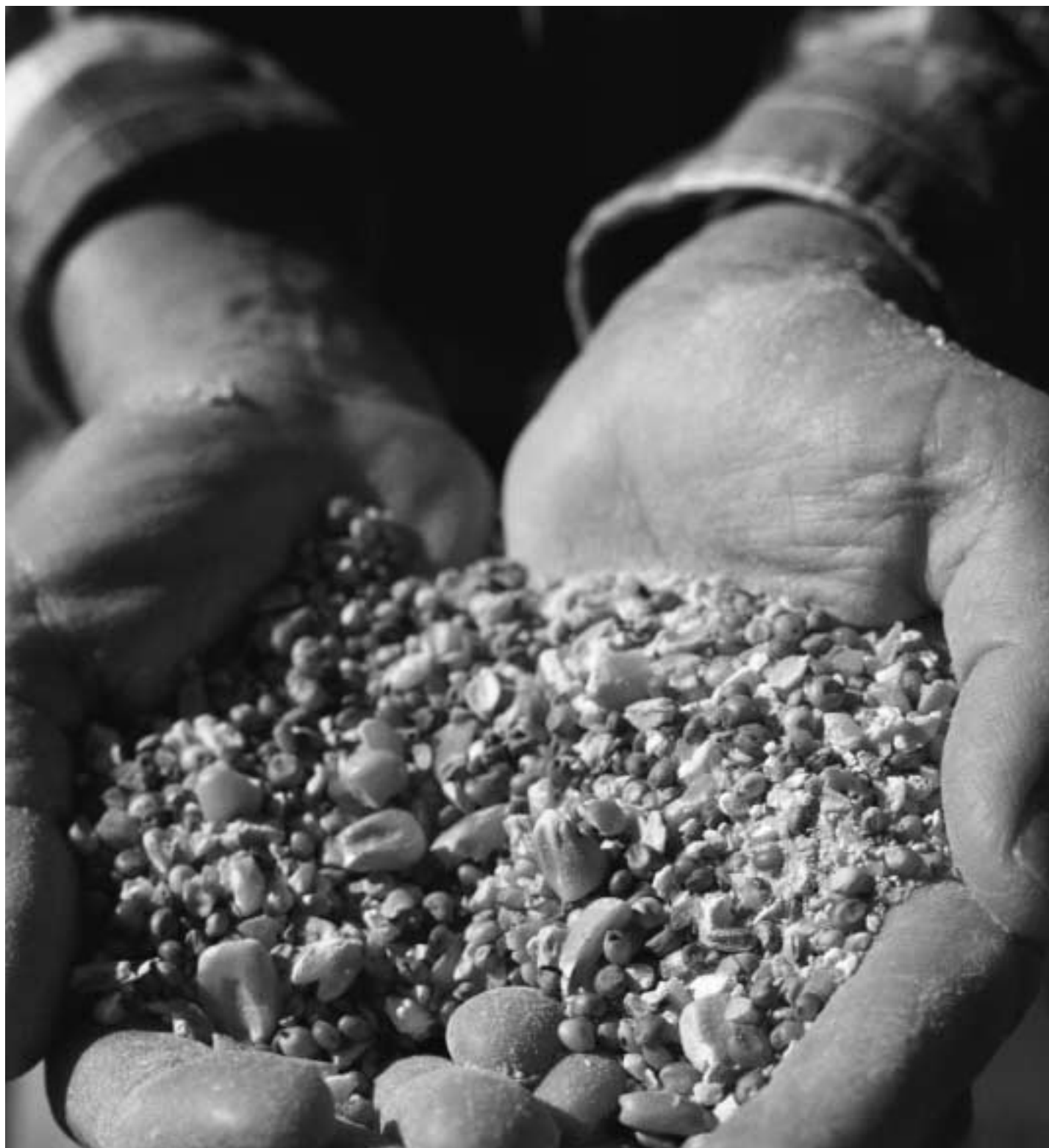
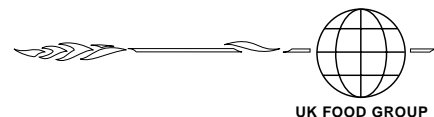
RuSource Centre Briefing

A Charter for Crofting

Scottish Crofting Foundation

The CAP doesn't fit

Sustain and UK Food Group recommendations for reform of the Common Agricultural Policy



Why the CAP needs to be reformed now

The Common Agricultural Policy (CAP), is no longer an effective way to deliver the European Union's broader objectives for food and farming.¹ As noted in the recent report of the UK Policy Commission on the Future of Farming and Food² the CAP does not provide good value for money for European consumers or taxpayers.

In terms of protecting the environment, animal welfare or even rural farming communities in Europe, the CAP fails to provide the right support structure – if any – or exacerbates problems caused by technological advances and market pressures (*see box: An ill fitting CAP*). Many European farms and therefore farm jobs are being lost despite this expensive support system. Others rely heavily on subsidies to keep going. As the European enlargement process continues, these problems are partly reinforced in agreements being made with accession states such as Poland and Hungary. The CAP also has unacceptable negative effects on developing countries.

The Doha round of the World Trade Organisation's agriculture negotiations is due to complete the first stage by March 2003 and will inevitably influence the nature of CAP reform as will the recent US Farm Bill which increased by 80% the current subsidies to US farming.

There is strong and mounting pressure in several European Member States, including the UK, for radical CAP reform. Sustain and the UK Food Group members believe the opportunity should be taken at the CAP Mid Term Review in 2002/3 to signal major reform to achieve social, environmental, animal welfare, international development and health objectives.

Market distortions

It is well recognised that almost all agricultural subsidies distort the world market. This means that the CAP is also a major problem for low-income countries where agriculture often employs some 70% of the labour force and remains a major component of GDP. High EU internal prices to producers, coupled with new technologies, higher yields, and increased exports have led to chronic overproduction of some agricultural products and surpluses, which are dumped on the world market using export subsidies that depress world prices (*see box: An ill fitting CAP*).

Where surplus EU agricultural produce is 'dumped' – sold below the cost of production – on world markets, it

undermines food security and domestic farmers and workers. The effects are particularly damaging in developing countries where poor producers are crowded out of their own domestic and export markets. Notwithstanding recent reductions in their use, the EU accounts for 90 per cent of worldwide export subsidies which take up 14% of the 2001 CAP budget.³ Despite commitments by the EC to greater market access, barriers in the form of tariffs and quotas continue to exclude agricultural products (eg sugar, cotton, fruits and vegetables) of greatest interest to exporting low-income countries.

Domestic subsidies are also distorting trade to the detriment of developing countries as well as the European environment and farming communities. Direct payments (to both farmers and others⁴) boost the competitiveness of EU exporters by subsidising the costs of production and therefore giving European producers an unfair advantage on international markets. Direct subsidy payments to farmers have increased to £18.9bn (euro30bn) since the 1992 reforms and now account for 65% of the CAP budget. As these payments are linked to production, surpluses of wheat and beef remain.⁵

But CAP reform is not enough

CAP reform alone will not solve all the problems of the food system. Sustainable food production depends on far more than agricultural policy reform and it is essential that policy makers also examine and address the role of other parts of the food chain eg the agri-chemical, food manufacturing and retail industries, and the role of other policies (such as health, environmental, tourism, services, intellectual property rights, investment, and competition) on agriculture. The objectives we have outlined below should also form the basis for the current trade negotiations at the WTO.

Objectives for CAP reform

Considering the CAP, from the perspectives of public interest groups represented by Sustain and the UK Food Group, the following objectives are key:

- To maintain the diversity of farm systems in UK and Europe and stem the loss of farmers and workers from the land, in ways which do not disadvantage other farmers worldwide;
- To eliminate the negative effects on agricultural production and food security, particularly in developing countries;
- To support farming systems worldwide that provide food security, respect the environment, worker health and enhance wildlife and the landscape;
- To improve access to the EU market for developing country exports in a way that reduces poverty and is socially and environmentally sustainable;
- To promote, harmonise and maintain high standards for animal welfare and food safety worldwide while taking account of developing countries' capacity to comply with such standards;
- To promote rural development through sustainable farming;
- To provide good value for money for consumers and taxpayers commensurate with a fair return to the producer;
- To produce a bio-diverse range of food, in proportions that enhance the nutritional quality of the diet.

Some principles should guide the design of the reformed CAP. In particular and jointly:

- Public funds should support the delivery of only those public goods that are not delivered adequately by the market;
- All CAP subsidies should ultimately be redirected towards environmentally and socially beneficial farming and sustainable rural development. Moving support away from specific commodities and towards environmental and rural development would enable this to occur as they will support all systems that provide these public benefits irrespective of the commodities involved;
- There should be acknowledgement that this new support should be available for farming in the currently 'unsupported' sectors (pigs, poultry and horticulture), to reverse the trend towards highly intensive production, which has particularly negative effects on the environment and animal welfare;
- Support to small scale and family farmers should be given a central place to ensure a resilient food system

and livelihoods in rural areas, with agri-environment or rural development measures specifically targeted to ensure their viability;

- The external effects of the CAP on developing countries and the EU's own development policies on food security and sustainable development should be taken into account in the design and management of the CAP reform process.⁶ In particular, subsidies should be removed if they cause the dumping of produce in developing countries at prices below the cost of production;
- Access to the EU market for exports from low income countries should be improved, including by simplifying the import regime and making it more transparent;
- There should be no discrimination by CAP measures against organic farming⁷, and against conventional systems with improved sustainability and health effects;
- The reform process should also be accompanied by additional measures to begin to address the internalisation of external costs, thereby reducing the disparity in prices between conventional and more sustainable production;
- While overall support to agriculture within the EU needs to be significantly reduced (which according to the OECD was some 100bn Euros in 2000), the CAP budget (some 40 bn Euros in 2000)⁸ should be set at the minimum level necessary for all EU and new member states to achieve the social and environmental objectives, thus minimising its negative effects on developing countries.



An ill-fitting CAP?

Farm communities: support is concentrated on systems that have been able to shed labour relatively easily, such as arable crops. More labour intensive farming systems, such as fruit and vegetables and mixed farming systems, receive low levels of support. The number of farms and farm workers continues to drop drastically across Europe.

Conservation and environment: the CAP has accelerated trends of market concentration and technological advances towards intensive production with excessive use of pesticides and fertilisers, which cause water pollution and food residue problems. The loss of wildlife rich grasslands has also continued in many areas over the past 20 years, partly encouraged by CAP support for cereal production or higher stocking levels. New 'green farming' grants and the arable direct payments schemes are helpful but limited.^{9,10}

Developing countries: production subsidies and price support, which encourage overproduction, result in EU surpluses. When disposed of on world markets, these depress world prices, reducing the foreign exchange earnings of agricultural-exporting developing countries. For example, it costs about US\$660 per tonne to produce beet sugar in the EU, compared to US\$366 in countries like Guatemala and South Africa. But because of subsidies Europe is one of the world's biggest exporters of sugar, dumping sugar on the world market at prices far below its own costs of production.^{11,12}

Health and nutrition: the CAP fails to promote healthy products like fruit and vegetables but encourages surplus production and consumption of foods such as meat, sugar and high fat dairy products which current dietary advice recommends we cut back on.¹³ Intensive agricultural systems are also linked to a wide range of food safety problems (such as antibiotic use, pesticide residues and animal diseases which spread to humans).

Animal welfare: generous subsidies (export refunds) are paid to exporters of live cattle to non-EU countries. 300,000 live cattle a year are exported to the Middle East and North Africa, with the rate of export refunds running at around 100m. Euro a year. This inflicts great suffering on animals. Subsidies are not available to help the intensive pig and poultry sectors move to more humane systems.

Consumers and taxpayers: the CAP costs an average family of four in Europe £16 per week in taxes and higher food prices.¹⁴



What reform options are available

The UKFG and Sustain commissioned a background paper to explore options for CAP reform by the Institute for European Environmental Policy. The three main Reform Proposals examined are:¹⁵

Model 1: 'modified status quo' = further decoupling of first pillar aids (production linked) and market support regimes and significant reduction of export subsidies and import tariffs, but no significant shift of funds out of first pillar measures. **Model 2:** 'the Cork model' = a significant shift of the existing CAP resources from first to second pillar through modulation, degressivity or other systems applied to first pillar aids and market support regimes, and transfer of the freed funds to allow significant enlargement of spending on rural development and environment (see box).

Model 3: 'radical liberalisation' = a significant net reduction in support to the agricultural sector involving a major reduction in direct aids and in market support but without an explicit, corresponding increase in aid for other purposes (e.g. environment and rural development) and the use of much less interventionist policy mechanisms for the sector as a whole.

Sustain and the UK Food Group have discussed these three options in detail. Despite some reservations about the nature, scope and speed of any changes implemented (see box: *The Cork Model*), **Model 2** provides the scenario most favoured by the Sustain/UK Food Group membership.¹⁶ Model 2 also reflects many of the changes called for by the UK Policy Commission on the Future of Farming and Food – 'The Curry Report'¹⁷ that was welcomed by many NGOs.

'The Cork Model'

This model is based on the 1997 'Cork Declaration' on future rural policy in Europe. It involves the gradual transformation of the CAP from a policy focused mainly on supporting agricultural markets to a policy focused upon support to rural areas (predominantly to farm businesses, emphasising farming's role in this), and given for explicit social, rural development and environmental goals. This would entail the reduction of all support given to farmers under the existing production 'regimes' (full decoupling) and its replacement by a raft of policies for environmental management, marginal producers, and the stimulation of rural economies through training, investment and diversification aids. A variety of mechanisms have been proposed for achieving this shift in funding from first to second pillars, with modulation (moving support for farmers away from production support into other types of schemes at national level but currently voluntary) and degressivity (moving part or all of the CAP budget from Pillar 1 to 2) being the most politically favoured options.

In the UK there is general consensus that we need to shift subsidies from Pillar I (production and price support) to Pillar II (environment and rural development support) of the CAP. However, there are a number of areas of confusion and research is needed to clarify the impact of increased Pillar 2 support, market access and trade distortions. For example:

- i. Who would be affected by changes in levels of EU market access for developing country producers? How can we maximise the poverty reduction impact including through access to the EU market for exports from low income countries?
- ii. What protection will there be against unsustainably produced imports? (eg lower standards for animal welfare, environment, health, and labour)
- iii. Will the changes lead ultimately to an overall reduction in EU support?
- iv. Will the payments still lead to dumping and how could this be avoided?¹⁸
- v. Should we be trying to decouple support further from production and farmers? There is a growing interest in a 'broad and shallow' scheme available to all, including farmers, which would be linked in some way to the size of the operation, for instance tapered.
- vi. How can the complexity of administration be reduced without weakening safeguards?

The effects of implementing Model 2 are not easy to predict because this model involves a much greater redistribution of support among different EU producers (including those in accession states) according to their role and potential contribution to rural development and social and environmental goals. In general terms the EU's competitive advantage on world markets is likely to be less because more aid is likely to target less productive and less export-oriented farm sectors and regions.



Specific CAP measures

Sustain and the UK Food Group believe that to achieve the objectives they have outlined, the following short and medium term changes are required:

- Maintenance of a system of basic, area based, payments¹⁹ redirected to deliver specific environmental, rural development, animal health and other public goods.²⁰ There may be a need to consider assistance to farmers on initial application to the scheme and for differential levels of payment related to sectors using comparatively small areas such as horticultural or some livestock sectors. Payments should be tapered so the majority of subsidies would not go to the large farm businesses (as currently happens with most subsidies).
- Financial support during transition periods. This may be required to minimise economic and social disruption to the EU farming community and to those low income country producers that currently benefit from preferential access to the EU, and to provide assistance to poor net food importing countries. This should however be based on standards for environmentally and socially beneficial farming.
- Rural development programmes for additional measures such as
 - i. equal support across Europe for the enhanced protection of natural resources (air, soil, water, forests) which included measures for organic farming and other methods defined by official guidelines;
 - ii. maintenance/enhancement/establishment of special habitats;
 - iii. schemes to promote rural development, encourage new entrants and to support local, sustainable food production for local consumption where appropriate.
- Development of other measures to encourage a sustainable food system such as:
 - i. green taxes on agri-chemical inputs (revenue used for the other measures);
 - ii. public information on the health, environment, international development and animal welfare aspects of food production.
- Agree a timetable to phase-out export subsidies.
- Support developing countries to protect themselves against dumping through EU support for a Development Box at the WTO.²¹
- Provide comprehensive duty-free access and quota free access not just for Least Developed Countries (LDCs), but all low income countries by 2005 while ensuring that Sanitary and Phyto-Sanitary standards, and similar provisions are simplified, transparent, enforced. The EU must provide substantial technical and financial assistance to help developing countries meet these standards and to be effective participants in international standard setting bodies.
- Provide duty-free access and quota free access to the EU for all products produced under Fair Trade accreditation and agricultural produce from sectors dominated by small or Low Income Resource Poor Farmers (as mentioned by the WTO Agreement on Agriculture – Article 6.2).

Most of these measures would apply from 2007, when a new CAP budget will be adopted and funds can be provided at an EU level. For the period 2003-2006, some of the measures should be funded through obligatory, progressive modulation at a national level, starting at 10% in 2004, rising to 20% at latest by 2006. Member States should apply a constructive form of modulation (using tapered levels of support or ceilings below which farmers will not have their payments modulated) such that small-scale and family farmers will not be further disadvantaged by income reductions.

Longer term shifts

The CAP must become a policy for rural development and sustainable food production, and must be reformed to end the production and dumping of surpluses, which have so negatively affected farmers in developing countries. Support to agricultural systems and food production should be based on securing environmentally and socially beneficial farming and sustainable rural development. It should be designed to ensure that farming systems that use sustainable methods can survive and thrive. The following changes should be considered:

- target support to farms and areas of particular social or environmental need and ensure a diverse and resilient farm structure which includes small and family farms;
- phase out price support;
- continue the use of commodity supply management measures (based on demand and sustainability criteria)

- as part of the suite of instruments as appropriate;
- a gradual reduction in the CAP budget;
- ensure full internalisation of external costs of production and distribution by for instance taxation of international maritime and aviation fuel;
- make assistance available for fair and ethical trading schemes such as the Fair Trade mark, and for enhancing environmental, cultural and social benefits of shorter, more sustainable food chains at a regional and local level worldwide;
- subject all policy to health, environment, equity/ international development and animal welfare assessments to ensure policy coherence;
- reform other policy areas to take account of the need to protect farmers from unfair competition and unfair practices elsewhere in the food chain (including farm supply companies and retailers).



¹ *Background Briefing 1 The Common Agricultural Policy. How the CAP operates, the key commodities, competitors and markets for the European Union.* Sustain/UK Food Group (2002) and 'The CAP: Options for Reform and their Potential Impact' Background briefing 2 (2002) are available on request from Sustain/UK Food Group.

² *Farming and Food – a sustainable future*, Policy Commission on Farming and Food, Cabinet Office, 2002.

³ according to WTO criteria, Briefing 1, Sustain/ UK Food Group, 2002

⁴ A quarter of all CAP payments are to processors, exporters and other institutions rather than producers.

⁵ *Setting aside the CAP*, Consumers Association, 2001

⁶ The EU should engage in consultations with those developing countries that will be affected by CAP reform in products of specific interest to developing countries (e.g. sugar).

⁷ Organic farming depends on using crop rotations and greater diversity of crops, but as only a limited number of crops are eligible for arable area payments, organic farmers receive lower support payments than non-organic farmers.

⁸ OECD, 2002.

⁹ *England's Green and Unpleasant Land?* Plantlife and the Wildlife Trusts, 2002.

¹⁰ *Environmental Effects of the Common Agricultural Policy and Possible Mitigation Measures*, Joint Nature Conservation Council, 2002

¹¹ NEI. *Evaluation of the Common Organisation of the Markets in the Sugar Sector*, 2000.

¹² Borrel & Hubbard (2000) 'Global economic effects of the EU Common

Agricultural Policy' Economic Affairs, Vol. 20, No.2

¹³ Liselotte Schafer Elinder, *Developments since 1996 in the CAP from a health impact perspective*, 2002 National Institute of Public Health, Sweden, in preparation.

¹⁴ *Setting aside the CAP*, Consumers Association, 2001

¹⁵ *Background Briefing 1 The Common Agricultural Policy. How the CAP operates, the key commodities, competitors and markets for the European Union.* Sustain/UK FoodGroup (2002) And Background briefing 2 'The CAP: Options for Reform and their Potential Impact' Sustain/UK Food Group (2002)

¹⁶ However, additional thorough research is needed on the impact of CAP reform scenarios on farmers, rural economies, consumers, animal welfare and international development or poverty reduction in developing countries.

¹⁷ *Farming and Food -a sustainable future*, Policy Commission on Farming and Food, Cabinet Office, 2002.

¹⁸ 65% of CAP is direct payments and this can result in 'producers' selling agricultural produce at below cost of production.

¹⁹ The Policy Commission of the Future of Farming and Food report recommended a 'broad and shallow' scheme to be available to all farmers.

²⁰ Enforcement needs to be simple but effective, possibly based on the existing IACCS system but with spot checks and other monitoring methods.

²¹ A package of measures in the WTO Agreement on Agriculture to provide greater flexibility to developing country governments to protect small farmers from import surges of food crops.

Endorsements for the *CAP doesn't fit* (as at 4th July 2002).

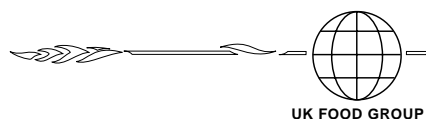
In supporting this document, each of the following organisations is indicating its formal agreement only in those areas where it has specific competence. At the same time, each acknowledges the expertise and authority of the other organisations in their respective fields.

Allergy Alliance
ActionAid
Butterfly Conservation
CAFOD
Campaign for Real Ale (CAMRA)
Centre for Food Policy, Thames Valley University
Christian Aid
Community Nutrition Group
Compassion in World Farming
East Anglia Food Links
Ecological Foundation
Friends of the Earth
Haemolytic Uraemic Syndrome Help (HUSH)
Health Education Trust
Institute of Consumer Sciences
Land Heritage
National Federation of Women's Institutes
National Oral Health Promotion Group
Oxfam
Pesticides Action Network UK
Royal Society for the Prevention of Cruelty to Animals
Royal Society for the Protection of Birds
Soil Association
The Children's Society
The Food Commission
Women's Environmental Network



Sustain: the alliance for better food and farming, represents over 100 national public interest organisations working at international, national, regional and local level. Sustain advocates food and agriculture policies and practices that enhance the health and welfare of people and animals, improve the working and living environment, promote equity and enrich society and culture.

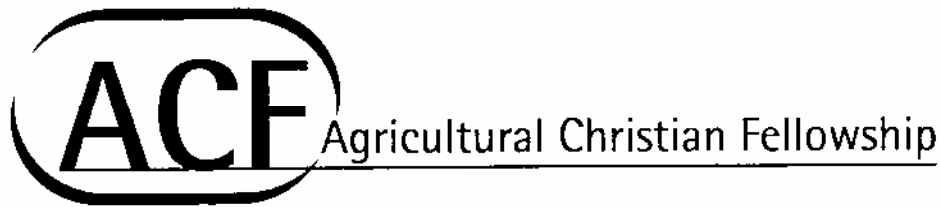
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The UK Food Group is a network of non-governmental organisations from a broad range of development, farming, consumer and environmental organisations, who share a common concern for global food security. Through raising awareness of the impact of globalisation in food and agriculture, the UK Food Group seeks to promote sustainable and equitable food security and agriculture policies world-wide.

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July 2002



The Agricultural Christian Fellowship is an association of farmers, lecturers and others connected with agriculture. It is one of the two parents of Farm Crisis Network, one of the main farm support charities. It is also a member of the UK Food Group, which is the network of a diverse range of NGOs concerned about international security and trade.

A response to 'A vision for the Common Agricultural Policy'

1. The Importance and Role of Agriculture

In spite of the wish list in 1:5 the basic assumption seems to be that the significance of agriculture lies in its share of GDP and the number of people engaged in it. This leads to the welcome recognition of agriculture's great importance to the 'Third World'. However, it also leads to the assertion that it should be treated the same as any other sector of the economy (1:29).

There is little attempt to address the question of what agriculture is for and what the roles of European Agriculture, in particular, are. Farming provides food and that alone gives it peculiar significance. In this respect, the state of European agriculture is of global importance. World food security might not be damaged by the kind of unwinding of British Agriculture which occurred between 1870 and 1938, but a similar process all over Europe would have a major impact – and this document is a version for Europe, not just for the UK. As well as providing food in the present, agriculture should nurture the potential for future production – soil, plant and animal varieties, biodiversity and knowledge. It controls most of the land surface and hence water catchment, landscape, and wildlife habitats, and through these things an important part of local identity. It has familial, social and cultural significance. We are not sure that any sector of the economy should be treated just like every other, but in the case of farming it is an assumption pregnant with trouble.

2. The Character and Nature of Agriculture

Insufficient consideration is given to this:

- i. Agriculture marches to a biological drum as well as to an economic one. This 'confuses' farmers' responses to economic signals, not least because it is impossible to control or predict the quantity of production in the way a manufacturer of television sets might. It also means that powerful economic or political signals which ignore this reality can do great damage. Large scale monoculture with all its problems for biodiversity, pollution, and wildlife habitat is a response to centralised buying power, rather than an adaptation to any real comparative advantage.

This is why agriculture is normally managed on a small scale. Circumstances of climate, topography, soil and weather often vary from area to area and from day to day. Usually, no pattern of activity is appropriate everywhere, every day. An activity geared to those realities struggles in relation to a global economy run by powerful entities with standardised requirements.

- ii. There is an assumption in the vision document that there is a simple proportional relationship between the price of farm products and the level of production. Cut the price and production will fall, and yet when prices fall other economists bombard farmers with advice to raise production to reduce the unit cost and maintain income. This is indeed often the reaction at least for some years, often aided and abetted by changes in technology – something else little considered in the document.

3. Food within Europe

The document makes fairly confident assertions about the cost of food within Europe and its relation to policy (2:10 and elsewhere). These seem to depend on the relationship between farmgate prices and retail prices – less protection in Europe, lower product prices and therefore cheaper food. On this analysis, surely the reforms of 1999 would have led to a fall in food prices albeit delayed perhaps. We understand that the retail price of food in the UK rose nearly 9% between 1995 and 2002, when farmgate prices certainly fell! The 2004 Defra report 'Agriculture in the United Kingdom' (Table 2:8) shows a steep fall for the farmgate share of retail prices for most products between 1988 and 2004.

4. Farm Incomes

The Farm Crisis Network and the Arthur Rank Centre did a detailed examination of these in 2005 (FIRM Briefing 231 - The current economic state of British Agriculture), using Defra information and information revealed during farmers' financial travails during the foot and mouth epidemic. It is not easy to produce figures to compare income between a population largely salaried or waged on one hand and people dependent on a variable business on the other. The FIRM briefing does this tentatively. The vision document blithely asserts (2:26) that farm household incomes 'are around 150% of UK average household income'. Correspondence with Defra indicates that this means a farm household income of £46,000 and it seems that only the farmer and spouse are included. There is no explanation of this figure in the paper. Suffice to say that it is very hard to reconcile with any interpretation of Defra's net farm income averages which recognise the need to spend from these figures on loan interest or farm investments.

This figure really undergirds many of the assumptions in the document about the capacity of European farmers to withstand the kind of changes advocated by the authors. There must therefore be some robust justification for them.

5. Farming and the Environment

(Sections 2:32 to 2:38)

- i. Section 2:33 quotes a critical passage from the Curry Report indicating that current product prices have necessitated production methods, which no longer deliver a healthy and attractive countryside as a by product. 2:35 spells this out in detail. 2:34, however, says high levels of market prices support' are responsible. These are not easy to reconcile! To us, Curry is much nearer to the truth.

To suggest that £10 an acre from the Entry Level Environmental Scheme or even a boosted amount will realign agriculture to remove the problems listed without the undergirdings of Single Farm Payment (and cross compliance) is unrealistic.

There also needs to be recognition that the whole business of 'buying' countryside, wildlife habitat and diversity is in its infancy.

- ii. There is another very important aspect of this question not touched on. In many cases, a sure way of gaining competitive advantage in a globalised market for agricultural products is to exploit or abuse the environment – and agriculture uses a lot of environment! For a number of years, to its great credit, the UK Government strove with others to stiffen the resolve of the EU fairly to protect sustainable smallholder banana production which could not compete with plantation production. Step by step, every restraint on the globalised market has been removed and a ‘race to the bottom’ set in motion feared alike by smallholders and plantation workers and damaging to the natural world. Where bananas lead, other products can follow.

6. EU farming and developing countries

It is good that the document recognises the potential impacts of the CAP on farmers elsewhere in the World.

- i. We support the ending of export subsidies. However, it is a great mistake to think that is all that is needed to enable small scale farmers in developing countries to thrive. The drive by international institutions and probably EU negotiators to persuade or coerce developing countries to remove their border protection for their agriculture is wrong headed and in some cases immoral. It is not only EU or North American products which can ride rough shod over local produce.
- ii. There is a blithe (4:11) that if a country trades more end exports, its poor will benefit. There is recognition that the poorest countries will struggle to benefit from EU market access. That is certainly going to be the case if it is an EU market characterised by rock bottom world prices. There are very difficult issues about the circumstances in which farmers (poor or not) and poor people benefit from exports which are passed over.
- iii. It is noticeable that the references cited in this section seem not to include many from developing countries and there is no evidence of the views of peasant organisations.

7. Britain and the EU

This is difficult, but might it be the case that, seen from outside, the UK and, England in particular, has a bad record in the area of agricultural policy and administration? The conception and spread of BSE, the failure to control foot and mouth disease, the redevelopment of Bovine TB, and the implementation of the current CAP reform might be cited. Should people in glass houses throw stones with so much verve?

8. Markets

This document is undergirded by a blind faith in trade and markets, leading to a drive to eliminate ‘distortions’ – as long as those distortions arise from public policy, and yet there are private companies involved in the production, processing, trading or retailing of food with turnover far greater than that of many nations. Perhaps the existence and activity of companies like Cargill and Nestle is in itself a trade distortion. How can it not be in a World of many producers and many consumers? The UK Food Group has produced a very important report (Food Inc*) demonstrating how all the World’s principal food products when traded pass from hundreds of thousands through very few to millions, and how the very few reap more and more of the benefit.

Markets may be a wonderful mechanism if they are really ‘free’, but to write a vision for the agricultural policy of Europe based on free trading without even addressing this issue is to risk losing all credibility.

*www.ukfg.org.uk

9. Climate Change

To omit reference to a thorough examination of this subject is a further risk to credibility. There is some discussion of food miles, but very little about how EU policy might reduce the carbon dioxide production of our food system – most of it seems to originate beyond the farm - and none about ways in which agriculture might produce carbon neutral fuels. Nor is there discussion about whether policy should help to prepare European agriculture for the effects of climate change upon its operation. Nor is there consideration of the impact of climate change elsewhere in the World on the assumptions about global trade and food security.

10. Conclusion

This vision is written with clarity, brio and confidence. Unfortunately, its basis in reflection is much too narrow and some of its detail is shaky.

This is an issue of vast importance touching food culture, landscape, riches and poverty, justice and injustice. Indeed, agriculture is central to the whole pattern of relationships among people and between people and the rest of the natural world, and indeed between both and the Creator of both. We doubt if a right policy can arise out of a thin soil of a narrow economics.

Defra's document 'A Vision for the Common Agricultural Policy' can be downloaded from the Defra website at <http://www.defra.gov.uk/farm/capreform/vision.htm>

FAMILY FARMERS' ASSOCIATION

A FARMING MANIFESTO

SUMMARY

People need the countryside **and** food. Without food we die. A diverse and well farmed countryside makes life worth living.

The best way to care for the countryside is to farm it, i.e. to use it to produce food and other useful products of the soil, such as timber, wool and flowers among other things.

We can buy food from other countries, but how secure – or healthy – is that food? At the moment we can buy foreign food easily, but most of that food is not produced to our standards.

The cost of producing food in Britain is high. British farmers are regulated by many environmental and welfare rules which are not applied in the countries seeking to sell us cheap food. We also have to pay fair wages. Any cheap food coming from the third world can only be produced with social and environmental costs that should make us ashamed.

These factors make our farmers hopelessly uncompetitive with those in many other countries. If food production – and thus care for the countryside – is to survive in Britain, either cheap imported food must be limited, or some form of support must be given to our farmers to enable them to make a living from producing food.

If farmers cannot sell the food they produce for a profit, many will just give up and much of the country will become a wilderness. Others will try to produce food in an intensive, industrialised way hoping thus to compete with imported food by producing large quantities at minimum cost and minimum wages. But this will leave no margin for caring for the countryside

BACKGROUND

We have been encouraged to write this paper by the reaction of the participants at the conference we held at Westminster on February 1st. Many of those present seemed to share our thoughts on the farming situation. Most of the official policy quoted in this paper is taken from the combined Treasury and Defra “Vision for the Common Agriculture Policy” (December, 2005). The “vision” was that we should be “internationally competitive without reliance on subsidy or protection.” We in this Association have long held that to be competitive (i.e. to produce food cheaply?) conflicts with all the desirable aspects of farming.

The Defra Parliamentary Committee recently made a study of Defra’s “vision”. For this they invited comments from many individuals and organisations. On examining both the representations sent in and the Committee’s conclusions we were surprised to find that most of the individual and organisational comments were to our way of thinking. But the committee’s conclusion supported government thinking, indeed went beyond it.

The Committee chairman, Michael Jack MP, said in a press release “The only long term justification for future expenditure of taxpayers’ money in the agricultural sector is the provision of public benefits.” Fair enough, but he went on “Payments should represent

the most efficient means by which society can purchase the public “goods” – environmental, rural, social – it wishes to enjoy.” No mention of food! Does he mean that food is not merely inessential, it is not even enjoyable?

This is the absolute antithesis of the Family Farmers’ belief that producing food in a civilised way is an activity that must not be allowed to die. So we resolved to state our beliefs specifically.

ESSENTIAL TRUTHS

Farming can, and should, be one of the most worth while activities possible. Farmers produce something everyone needs. In an ideal world they are working in a healthy environment. Nurturing plants and animals is a most satisfying activity and can be very enjoyable. So there is no difficulty in finding people willing, indeed happy, to work at producing food.

The problem is: **how can the producers of food** – that essential product of labour – **be rewarded?** Rewarded that is in the face of apparently large supplies of food which other countries are keen to sell us more cheaply than we can produce it.

Until relatively recently the government assumed responsibility for organising food production in Britain. Older people remember well “dig for victory”. When the world was in turmoil during the last war it became very difficult to import food and many sailors risked, and some lost, their lives in the attempt. The food that was grown in Britain was absolutely vital to our survival and government did everything possible to encourage its growing, to the extent that some of those who were not willing to co-operate had their land confiscated.

Is the world really such a peaceful place now that we can guarantee there will never be any difficulty in obtaining as much food as we need from abroad? One contributor to the inquiry asked, “If the world is guaranteed to remain peaceful, why do we need Trident?” Climate change may well make supplies erratic, and also mean that we have to produce fuel, as well as food, as we used to produce hay and oats for our working horses.

It is estimated that UK self-sufficiency in indigenous crops, which was well over 80% 20 years ago has fallen to less than 70% now, and is still falling. We believe this steady reduction should be reversed; and that, government opinion notwithstanding, **food production should be encouraged in the UK.**

THE MANIFESTO

We deplore the way much farming has become a soulless activity.

Livestock, land and labour are often simply regarded as the means of providing raw materials for the “food industry”, which wants cheap raw materials in order to put food on the market at the lowest possible price. This pleases every one (but the farmers), as consumers then have plenty of money left to spend on other things.

The more cheaply food can be produced, the less important it becomes because it contributes such a small part of our total GDP. An anomaly if ever there was one!

This necessity to produce cheap food has made life a misery for many farmers. Because they receive so little money for their produce, they attempt to make up the resultant cash

deficit by producing greater quantities. This then becomes a vicious circle: because produce is plentiful, and mostly perishable, the growers are not able to insist on fair prices and traders gather it in at prices that leave minimum or no reward for the hard work of producing it.

Meanwhile a plethora of economists, experts and consultants are telling farmers how to produce more for less expenditure. Farmers are encouraged to acquire more land, more livestock, bigger machinery, more effective chemicals and generally intensify.

This can work fine for those who are both very clever and very determined. They need also to be naturally tough, optimistic, and not too scrupulous about their methods. Government then holds the successful ones up as examples of how everybody should farm. The number of bankruptcies, nervous breakdowns, and suicides among those who cannot stand the pace is not well publicised. It is extremely difficult to quantify the damage to the landscape. The suffering of the animals involved in this mass production has been noticed and the worst aspects have been made illegal in Britain, though not in all of Europe.

We call on the government to recognise what the cheap food policy is doing to Britain. It is destroying what was a good life for the country people who produced the nation's food. It is also destroying the landscape in large areas now reduced to boring monoculture, and it sometimes causes pollution and erosion problems. We now have to employ people to maintain the fabric of the countryside in the way farmers did naturally when they had leisure and incentive to take pride in their land. Managers employed to make profits for limited companies are not likely to be as interested in the social and ethical aspects of farming as farmers living on the farm, among the community where they may have been born.

Make no mistake, if industrial farming is not discouraged in some practical way, it will become the predominant system here, as it already is in some of the most highly developed parts of the world. (Unfortunately, it is also well established in some less sophisticated countries.) Once established, it becomes very hard to control, as the commercial, and sometimes multinational, interests involved are powerful and well versed in evading regulations intended to protect communities threatened by their activities.

All is not yet lost in Britain. Much of our land is still farmed in a humane and civilised way, although many farmers feel desperate about their lack of profitability. We must find some means of taking farming back to a way of business which takes pride in producing happiness as well as money. Happiness in the farmers producing excellent food and in those who eat it, and happiness in those who visit the countryside for spiritual refreshment and for the pure enjoyment of it.

Government must recognise that our farming needs either protection or direct financial support where it is in competition with the rest of the world. Without it, a large part of farming will die. If it is allowed to go the way of coal mining and ship building, the consequences will be severe on both our countryside and our food supply.

THE FAMILY FARMERS' ASSOCIATION

The Family Farmers' Association was started in 1979 (originally as the Small Farmers' Association), with the intention of alerting the public and the government to the fact that

small farms were disappearing fast. Although it was then possible to make a living from a small farm, most usually by dairying (40 cows being a good sized herd), it was almost impossible for young people to acquire a farm on which to start. As some farmers fell by the wayside or retired, many of the successful ones invested their profits into buying more land to enlarge their farms. They were in a strong position to outbid would be starters. Tenancies also tended to be awarded to established farmers.

Farming economics became increasingly complicated after Britain joined the EU and the CAP (Common Agriculture Policy) took control of us. Through the years FFA has campaigned for a fair deal for smaller/family farmers – those who live on their farms and do a lot of the work themselves. (Sometimes known as “muddy boots farmers”)

There has been incredibly little support or sympathy from Government. Indeed many farmers are convinced that the government positively wishes they would quietly disappear. But we do seem to have quite a lot of support and sympathy from the general public. Especially, of course, from those who live in the country and understand how important farmers are to the landscape and the community.

If you agree with us that ordinary, working farmers are important and need encouragement, please sign our Manifesto. If enough people do, the government might even notice. We need people to join us in discussions as to what measures we should advocate for helping people who farm in a civilised way on a human scale.

Will those who wish to endorse our Manifesto please sign here;

Printed name and address of person or organisation.

Position in organisation (if any) _____

I would like to come to a discussion meeting to debate useful measures we might advocate. Tick here _____

Please post to: Family Farmers' Association For further information
Osborne Newton Phone 01548 852794
Aveton Gifford
Kingsbridge or email
Devon TQ7 4PE pippafamilyfarmers@uk2.net

Comments?

We welcome new members. Your annual subscription of £25 will help to fund our activities, as we have no sponsors. We also have no obligations to anyone but the farming community and the British countryside. Please tick here ____ if you would like an enrolment form and send this page to the address on the previous page, filling in the form given there.

Briefing 333 – March 2006 reviewed April 9, 2008

An alternative vision for the CAP

Summary

Professor David Harvey argues that the Defra/Treasury Vision is mis-timed and ill-focused and not a serious option for EU agreement in the foreseeable future. Furthermore, elimination of Pillar 1 support will be a nightmare for farmers and environmentalists alike. We need to reform and develop policies to improve the match between those trying to make a living from and those trying to have a life in the countryside. We need to remove the existing policies which are not helping and which are costing more than they deliver. The 'Vision' ignores the transition to an open market for food and farming. It assumes that government intervention will continue to be necessary for the environment and rural development, but fails to explore the kinds of intervention that might work.

Introduction

The Vision for the Common Agricultural Policy produced towards the end of last year by HM Treasury and Defra is important because it sets out long term objectives for support. It includes proposals to end support for food production. RuSource Briefing 297 summarises the paper as follows:

This discussion document ... argues that the CAP increasingly needs changing to produce an industry which is fundamentally sustainable, protects the environment better and promotes broader development in rural areas whilst reducing the costs of protectionism on developing countries and EU taxpayers. It argues that agriculture should be rewarded by the taxpayer only for benefits which the market cannot deliver.

The UK House of Commons Environment, Food and Rural Affairs Committee is to inquire into the "Vision" and Professor David Harvey of the School of Agriculture, Food and Rural Development at the University of Newcastle upon Tyne has submitted a pair of memoranda to them which provide a critique and an alternative vision which is summarised in this briefing. The full texts of the memoranda are at:
<http://www.staff.ncl.ac.uk/david.harvey/DRHRootFolder/DRHEFRAMemo.doc>

Memorandum 1: Critique of the Vision

Professor Harvey argues that:

1. The document contains no real vision of the future other than its proposal to eliminate Pillar 1 support (for food production) over 10 to 15 years. This vision may well please the Treasury and the taxpayers but is more like a nightmare to countryside interests and anathema to many EU voices.

2. The critique the document offers is out of date because it ignore changes already happening which resulted from the 2004 reform of CAP. This means that it reinforces popular misconceptions, especially about the real costs of the current CAP rather than improving understanding of the critical issues.
3. The argument that the 'vision' does not need to 'set a route map for getting there' because 'gradual and carefully managed change' is needed is fundamentally mistaken. Firstly, the experience in New Zealand suggests that unambiguous signals and capacity to adjust are far more important than gradual change and time to adjust – the clearest signals are only provided in full on completion of the change. Also, even if there is general agreement about the objectives – the real problem is how to get there and how fast the transition moves. Lastly, change is happening anyway via the new CAP arrangements, WTO negotiations etc and these are ignored.
4. The document ignores the conviction from those at the sharp end that the vision is neither desirable nor achievable. These views are held both by farmers and others concerned with the rural environment, countryside, rural cultures and development (Professor Harvey calls the latter group 'pastoralists'). Farmers are generally unconvinced that they can survive in a free market and pastoralists are anxious about the potential ravages of industrial agriculture which they see as an inevitable consequence of free trade.
5. Attempts to temper these anxieties through regulation further frightens farmers who see that more regulation limits their capacity to compete in free markets. Neither group is prepared to sign up to reform without a clear idea of exactly what is involved.

Memorandum 2: An alternative vision

The shape of an unsupported agriculture

What would the countryside look like without traditional (Pillar 1) CAP support? How competitive would UK or EU farming be in a free trade world? Would the UK become totally dependent on food imports? What would happen to food prices? Would farming retreat to industrial monocultures in the most favoured areas and leave the rest to become wilderness? Would intensity increase, with consequent pollution problems? Would farmers eliminate discretionary spending on the environment, or would they exploit opportunities to sell their environments?

1. None of these questions are addressed in the current 'Vision' document, and none have clear answers. The New Zealand experience (which is the closest analogy) strongly suggests that agriculture would quickly adjust to become competitive at substantially similar output levels as under support. However this experience may not be relevant to European conditions. The only alternative is to speculate on the basis of an understanding of the way the socio-economic world works.
2. We have some of the best land, blessed with some of the most favourable agro-climatic conditions, embedded within one of the richest and most populated economies on the planet. Our farm structure is good, well populated with skilled and experienced farmers, blessed with fully integrated and modern supply and marketing chains, and backed up by well developed credit and legal institutions. Why would such an agricultural system not be competitive with the best in the world, especially for the home market?
3. First, the shock and trauma associated with elimination of support might disrupt these favourable conditions to such an extent that it would take a generation at least to make the most of the new opportunities. Second, the European population would hedge the industry with so many environmental, animal welfare, landscape, planning and employment conditions and regulations that the industry's costs of compliance would make it uncompetitive. Under either of these conditions, food supplies would fall and prices would necessarily rise, since the rest of the world cannot supply Europe with all its food needs, especially not at prices near current levels. As prices rise, so some domestic EU production would become viable and profitable. This would be greater if Europeans are prepared to pay premium prices in the market for locally produced (and quality) food. The world food

supply/demand balance is such that production levels would probably be close to present levels (at about 80 – 90% on average) and that domestic prices would be enough to make this level of production commercially viable and economically sustainable.

4. So what would the landscape and countryside look like? Lowland prairies and upland ranches and ranges (or wilderness)? Intensive feedlots and animal factories? Huge farms with no woods and hedgerows? Massive machinery? Or wasteland, derelict buildings and over-grown scrub? The answer would probably include examples of all these and more. But the rest of the economy is rich and prosperous, and accustomed to being very well fed with massive choice and secure supplies. Supermarkets and other food retailers would find that they needed secure supply chains to meet these demands, which require in turn viable suppliers and producers. Furthermore, plenty of people would like a place in the country. Derelict and unoccupied land is not likely to stay that way for long, unless people really don't want to live and play on it, rather than trying to make a living from it. People who want a piece of the countryside will try and make sure that it looks the way they like it. If hedges, hay meadows and stone walls are valued, then people can be expected to find ways of making sure that they are maintained and provided. In other words, elimination of Pillar 1 support would not repeal the basic forces of supply and demand. Probably the countryside would not actually end up looking very different from its present condition. At least, we might expect this to happen in the long run. But, as we know, in the long run we are all dead.

How might we get there – a practical vision?

5. A realistic vision needs to envisage how we might make the best of such a potentially radical transition. The first and most obvious difficulty is that elimination of support would bankrupt a substantial fraction of the present farming businesses, perhaps as many as 50%. These people have paid prices for their land and capital which presumes a continuation of support. Remove the support and capital and land values would collapse. It is politically impossible, as well as being morally questionable and economically inefficient, to eliminate Pillar 1 without some form of compensation.
6. *Compensation:* The implicit compensation offered in the 'Vision' document is simply continuation of support for a limited time (10 or 15 years), presumably gradually reducing it over this period. This is of little comfort or help to farmers. They need a lump sum, once-and-for-all payment – to protect their investment value and provide them with the capacity to adjust, either by changing their business systems or by leaving and letting someone else do it. Furthermore, they need to know what the new unsupported market will look like as soon as possible. Gradual change is much more likely to generate the boiling frog syndrome – drop a frog into a pot of boiling water and it will jump out; put it in cold water and bring it slowly to the boil and the frog will die. Sudden, but reliable change will induce rapid and viable responses; gradual change is much more likely to produce mal-adaptations and unviable responses. This is even more likely when there is strong political resistance to the changes anyway, and every effort being made to slow them down or reverse them.
8. *European Level Agreement?* An answer could be to let the EU budget pay only a fraction (say 25%) of the costs of the current CAP, instead of the present 100%. Make member states separately responsible for the balance for their own farmers, as they so wish, up to the budgetary ceiling already agreed. Member states would then be free to decide whether and how to make these payments, subject to European and international competition and trade laws and agreements, and subject to the European freedom of movement of (farm) labour and capital. If we wanted to provide limited lump sum compensation, we could. Some policy competition between member states would be a good thing – to test different options. At the very least, such a solution might provide some relief from the otherwise destructive British political battle about the EU, giving the UK (and other member states) more discretion and control over their own local policies, in the true spirit of subsidiarity.
9. *But what about the environment?* Pastoralists, however, complain (with some justification) that the free market will not provide the right levels of environmental conservation. They often argue that biodiversity, landscape quality, and environmental amenity need government intervention, regulation and support. Continued single farm payments, or something like them, with cross-compliance conditions about conserving the environment and natural resource, seem like a practical and effective way of providing the proper level of 'care' (conservation, amenity, recreation and environmental) goods and services.

10. *Care* goods and services fail because the people responsible for providing them (farmers) cannot get their necessary reward from the people who are willing to pay for them (pastoralists). The transaction and negotiation costs are too high. In addition, many of these countryside care goods are 'public' rather than private – once we have a pretty landscape or diverse wildlife for one person, it is available for all, regardless of whether or not they pay for it. We end up with less care than we are actually prepared to pay for. An answer is to force people to pay (through the tax system) and for government to be responsible for the care of the countryside.
11. But this answer – implicit in the 'Vision' – misses the essential point of the market failure – the difficulties of getting the beneficiaries of countryside care to put their money where their mouths are, and of getting these payments, and their associated care requirements and demands, to the people responsible for managing the countryside (the farmers and land users). But, as we get richer, so the benefits of getting care markets to work increase, and they do emerge. However the problem of free riders remains. There would be more and greater voluntary contributions if we could each be sure that everyone who valued the countryside was making their full contribution to its care and maintenance. We could encourage this by a) allowing such voluntary contributions to be deductible (within limits) from tax bills (rather than simply allowable against tax); b) making *ex gratia* payments from the Treasury to the care trusts to make good the free-rider shortfall. The trusts would then be responsible for reflecting the demands and requirements of their members directly to the land users. Variety and diversity of demands and supplies would be catered for through the diversity of and competition between trusts.
12. The alternative of government intervention, regulation and payments to farmers further separates the people willing to pay from the people who need payment to provide the care. A maze of procedures, rules, forms and disinterested bystanders and bureaucrats get in the way. It fails for the same reason that all central planning fails – it is not capable of reflecting the real diversity of the market and it is too rigid to adapt and adjust to changing and differing circumstances.

Conclusions

13. The 'Vision' offers limited hope of genuinely advancing debate or agreement about the future of the CAP and its funding. This is a pity, because there is a sensible alternative.
14. We need to reform and develop appropriate policies to improve the match between those trying to make a living from and those trying to have a life in the countryside. We need to remove the existing policies which are not helping and which are costing more than they deliver. The reforms, however, need to work with market forces, and not seek to replace them. The 'Vision' presumes that the market will work for food and farming, but ignores the transition. It assumes that government intervention will continue to be necessary for the environment and rural development, but fails to explore the sorts of intervention that might work.

David Harvey, March 2006

RuSource briefings provide concise information on current farming and rural issues for rural professionals. They are circulated weekly by email and produced by Alan Spedding in association with the Arthur Rank Centre, the national focus for the rural church.

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A CHARTER FOR CROFTING

“It’s about the people – making sure they can live here”



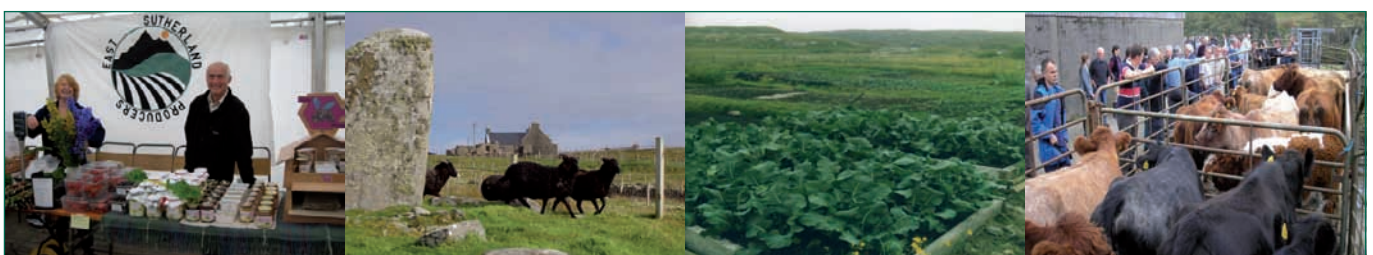
Crofting households account for around 30,000 people in the Highland and Islands – around 30% of households on the mainland and 65% of those on the islands. Over three quarters of a million hectares of land are under crofters’ stewardship. Crofting is the glue that binds rural communities across the Highlands and Islands. As well as an important part of our cultural heritage, it is an important part of our future, supporting a unique way of life, a diverse and rich environment, and a rural population in some of the most fragile areas of the Highlands and Islands.

Sources of information for this charter include

- SCF Strontian conference workshops
- SCF Lerwick conference
- Reports from crofting consultancy studies
- SCF branch and area meetings
- Parliamentary Environment and Rural Development Committee report on the draft
- Crofting Reform Bill

We believe that crofting needs:

- **Environmentally sound and economically viable crofting land use**
- **A well-regulated, well-supported crofting system**
- **Access to economic opportunities and services**
- **A strong local food economy**



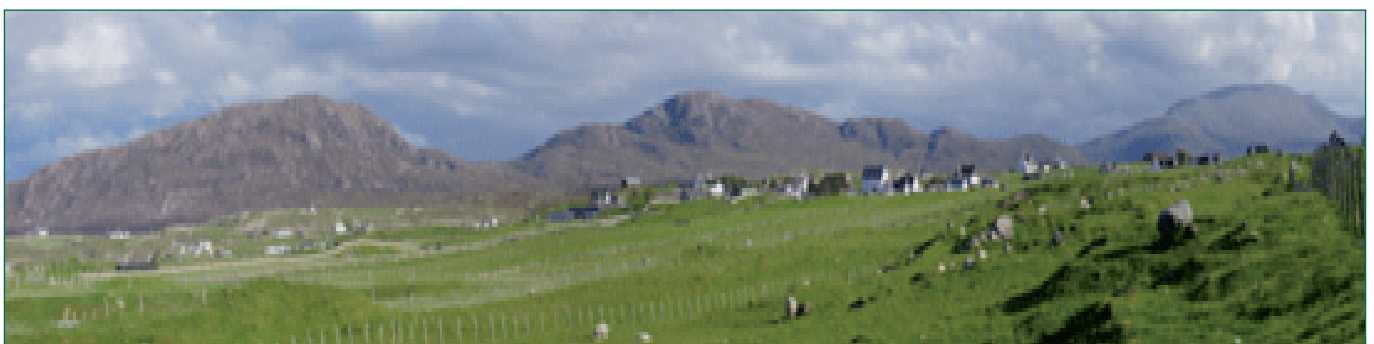
The Scottish Crofting Foundation calls on national and local government to take action to ensure the health of crofting for the future

Support and facilitate crofting land use activity

Crofting land use meets many of the objectives of national and European policy, managing an extraordinary landscape and environment, providing high quality local food and healthy, extensively-reared livestock to high welfare standards. The peopled, managed landscape of crofting areas plays a huge role in attracting visitors to the area. Crofting agriculture and land use is at the heart of rural communities throughout the Highlands and Islands. Yet massive inequalities in the system of farm support leave crofting disadvantaged; supported to a fraction of the extent of units on better ground. A flood of regulation and bureaucracy threatens to swamp small part-time enterprises in remote areas.

Vibrant, viable crofting land use needs:

- an agricultural policy which is appropriate to crofting areas and small-scale enterprises, recognising High Nature Value systems which deliver public benefit as well as quality primary products and healthy local food
- a move away from the purely historic basis of Single Farm Payment and a threshold set on Common Agricultural Policy subsidy per household, above which payments become degressive. The surplus thus generated could be used to create entitlements for new entrants and for land used for horticulture
- a reformed Less Favoured Area classification and policy to ensure that the measure achieves its objectives and provides a level playing field for mountain, island and remote mainland areas. The UK is one of the few countries in Europe not making use of the mountain area classification
- all modulation to be match-funded by the Treasury, with a franchise on the first €10000 of receipts
- flexible, well-funded and locally appropriate agri-environment and rural development measures, offering continuity for those already managing land under agri-environment measures
- the eradication of major animal and plant diseases within the Highlands and Islands, allowing the area to benefit from the market advantage of recognised good health status
- support for afforestation and woodland management which is relevant to marginal areas, provides timber of economic use and recognises additional costs in island and remote mainland sites
- the development of small-scale and collaborative local timber processing
- the reduction of unnecessary bureaucracy
- derogation, where possible, for small enterprises in remote areas
- rules on animal transport, traceability, water management and food processing which are sensible, proportionate and flexible with costs kept to a minimum
- no penalties for genuine mistakes and clerical errors in support schemes
- an overhaul of the subsidy appeals mechanisms



Ensure the crofting system is well-regulated, well-supported and continues to maintain vibrant crofting communities

Crofting is an important and valuable part of life in the Highlands and Islands; underpinning the rural economy, retaining an active land-managing rural population, protecting and retaining a distinctive cultural heritage and generating significant public goods. Crofting has been a proven model of sustainability, when regulated, and provides a productive and diverse socio-economic structure to maintain population.

A well-regulated, well-supported crofting system needs:

- effective, rigorous and fair regulation of tenanted and owner-occupied croft land by the Crofters Commission, working from an authoritative map-based register
- the same consistent policy direction to be provided to the Crofters Commission and the Scottish Land Court
- the development of new legislation for crofting based on the findings of the Shucksmith enquiry
- the creation of new crofts both in and outside the crofting counties, on forested and on pastoral land
- access for young people to crofting, studying and working opportunities in their own communities
- the Crofting Community Agricultural Grants Scheme to be well-funded, practical and easy to access
- a renewed bull hire scheme based on good quality, high-health status stock and realistic and affordable hire costs
- the Crofting Community Development Scheme approach to be continued and only subsumed under Land Management Contracts if the measure is supported by local facilitators
- support for building and renovating crofter housing. This should take fair account of costs and encourage the use of innovative and eco-friendly technology. Support should specifically recognise the cost of providing roads and services to allow building on the most appropriate site. Parity is required in housing support mechanisms to ensure crofters are not disadvantaged relative to the Rural Home Ownership Grant Scheme.
- supportive planning and crofting policy to encourage the housing required in communities to be sited on poorer land and common grazings and away from the best inbye land
- encouragement for community ownership and the development of crofting estates
- recognition of the distinct Gaelic and Nordic cultures of crofting areas. Language, music, rural skills and traditions should be fostered, with the importance of passing on rural skills and local culture and traditions formally recognised in the school curriculum



Ensure access to economic opportunities and services to keep people in remote, rural areas

Crofting is generally a part-time occupation providing part of a household income. Other economic and employment opportunities are also vital in ensuring the sustainability of remote rural communities. Raw materials and produce coming into a community is money going out of that community. Efforts must be made to enhance the self-sufficiency and sustainability of crofting areas.

An economically robust crofting community with sufficient service provision needs:

- high quality jobs created using the natural resources of the Highlands and Islands
- efforts targeted at ensuring that the Highlands and Islands are at the forefront of developing large and small scale renewable energy initiatives and community scale timber production
- development funding through the Highlands and Islands Enterprise network which supports local service industries (eg plumbers, joiners) and small businesses
- effective and affordable transport links
- relocation of public sector jobs in small teams to rural communities
- the increasing use and development of information and communication technology to ensure remote areas are able to participate fully in business, debate and governance
- further development of high-quality and special interest tourism in rural areas
- innovative solutions to ensure equality of access to public services for dispersed communities and remote rural areas. These public services include, but are not limited to, health, schools, post offices and public transport
- “first world” provision of building development infrastructure, especially water, sewerage, roads and electricity connection
- encouragement to install household and township-scale renewable energy sources combined with measures promoting energy efficiency

Encourage and promote local food and development of niche products

Crofting is in a strong position to benefit from increased public interest in where and how food is produced. The extensive systems of crofting agriculture and the clean environment provide excellent marketing advantages. Local food initiatives and product marketing are underway to support the growth of this sector. Production is generally on a small scale and collaboration and further expansion of direct selling capacity is needed to meet market demand.

A strong local food economy needs:

- the continuing development of local food initiatives
- public procurement opportunities for local producers
- action to address inequalities in the supply chain, especially the dominance of supermarkets
- promotion and encouragement of niche and high-end branding and marketing
- investment in and development of croft-scale horticulture

Can **YOU** help deliver for crofting?

For more information on any of these issues or for further copies of this charter please contact the Scottish Crofting Foundation on hq@crofting.org or 01599 566365