Economics for Agriculture

ECONOMICS FOR AGRICULTURE

Food, Farming and the Rural Economy

**Berkeley Hill
and
Derek Ray**

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Foreword

This book emerged from a teaching course taken by a wide spectrum of second-year undergraduate students at Wye College. Mainly they were studying for degrees in agriculture and had already covered a course in basic economics. Mixed in with these were others following studies in environmental subjects and some specialist agricultural economists. From this original audience the nature of our text should be clear; it is aimed at any student at university or college level who requires a broad picture of the agricultural industry in the UK. In the 1980s it is no longer appropriate to assume that all students are young. There are many post-experience or part-time courses to cater for the wide spectrum of older people interested in rural issues. These also were in our minds and helped shape our approach. The language used is non-technical. Though a knowledge of economic principles is an advantage, a reader completely fresh to this area of study should find no difficulty in understanding our material.

In the past there has been a tendency to regard farming as separate from the consumer, understandable in view of the isolation from the free market that has typified this industry for the last half-century. In response to the increasing awareness that this isolationism is misguided and, for reasons described in this book, cannot continue, we have deliberately stressed the linkage of farming with the rest of the food chain. And as farming is only one user of rural resources, we attempt to look at its activities and use of the countryside within the context of the whole rural economy. Our focus is primarily on farming because this is the point from which most of our readers will start. However, by taking a broad view we hope that we have something to say not only to students involved with agriculture, narrowly defined, but to geographers, economists, natural scientists, sociologists, bankers, businessmen and people in other fields of interest on which agriculture impinges.

As a deliberate policy, when in this text changes are considered (and much of the reason for studying agriculture at all involves its changing nature) attention is given primarily to the medium and longer term. We

concentrate on the more permanent trend characteristics that lie behind everyday issues of farming and the market for food in Britain. These trends help explain the problems faced by those actively engaged in farming and those who service the industry in a variety of ways.

In a text covering such a wide range of material it is inevitable that teachers will find that our degree of detail is not uniform. To some extent the balance here reflects our personal interests and estimations of what aspects of agriculture a reasonably well informed student should be aware. Nevertheless we hope that overall the text will be helpful and that we provoke the reader to explore the references.

Detectives of style may wish to know that Derek Ray is responsible for Chapters 2 to 4, Berkeley Hill for Chapters 5 to 9, 11, 12, 14 and 15. The remainder (Chapters 1, 10 and 13) have contributions from both.

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Abbreviations and Glossary

AAS	Annual Abstract of Statistics (London: HMSO)
ACP	African, Caribbean and Pacific countries (linked to the EC through the Lomé Agreement)
ADAS	Agricultural Development and Advisory Service
<i>Am. J. Ag. Econ.</i>	<i>American Journal of Agricultural Economics</i>
ATB	Agricultural Training Board
BSU	British Size Unit
<i>Can. J. Ag. Econ.</i>	<i>Canadian Journal of Agricultural Economics</i>
CAP	Common Agricultural Policy of the EC
CAS	Centre for Agricultural Strategy, University of Reading
CCAHC	Central Council for Agricultural and Horticultural Cooperatives (incorporated into FFB, 1984)
CCD	Common Customs Duty (Also called Common External Tariff. For all EC/non-EC trade. The level of tariff varies from product to product)
CEAS	Centre for European Agricultural Studies, Wye College, University of London
CGT	Capital Gains Tax
CLA	Country Landowners Association
COMA	Committee on the Medical Aspects of Food Policy (which reported to the DHSS)
CSO	Central Statistical Office
CTT	Capital Transfer Tax
DAFS	Department of Agriculture and Fisheries for Scotland
DANI	Department of Agriculture for Northern Ireland
DHSS	Department of Health and Social Security
EAGGF	European Agricultural Guidance and Guarantee Fund (also called FEOGA, its French acronym);

	that part of the European Fund of the EC allocated to CAP expenditure
EC	European Communities (the official name for the European Economic Community, European Coal and Steel Community, and the European Atomic Energy Commission, which merged in 1967 to form the EC)
ECU (or ecu)	European Currency Unit
EDC	Economic Development Committee for Agriculture, part of the National Economic Development Office
EEC	European Economic Community
ESU	European Size Unit
EUR (9)	European Community with 9 member states; the addition of Greece raises the size to 10, and Spain and Portugal to 12
<i>Eur. Rev. Ag. Econ.</i>	<i>European Review of Agricultural Economics</i>
FADN	Farm Accountancy Data Network (also called RICA), based on national surveys of farm accounts in the EC
FAS	see FMS
FDI	Food and Drink Industries
FFB	Food From Britain
FMS	Farm Management Survey (in Scotland, the Farm Accounts Survey)
	Part of the survey results are sent to the EC for FADN
GATT	General Agreement on Tariffs and Trade
GB	Great Britain (England, Wales and Scotland)
GDP	Gross Domestic Product
GNP	Gross National Product
ha	hectares
HMSO	Her Majesty's Stationery Office
IDS	Institute of Development Studies
IGD	Institute for Grocery Distribution
IR	Inland Revenue
JACNE	Joint Advisory Committee on Nutrition Education (formerly NACNE), reporting to the DHSS
<i>J. Ag. Econ.</i>	<i>Journal of Agricultural Economics</i>
LDC	Less Developed Country
LFA	Less Favoured Area (renamed Severely Disadvantaged Area)
LIC	Lands Improvement Company
MAFF	Ministry of Agriculture, Fisheries and Food

MLC	Meat and Livestock Commission
MMB	Milk Marketing Board
NACNE	see JACNE
NEDO	National Economic Development Office
NFS	National Food Survey
NFU	National Farmers Union
OECD	Organisation for Economic Cooperation and Development
PMB	Potato Marketing Board
SGM	Standard Gross Margin
<i>Scot. J. Ag. Econ.</i>	<i>Scottish Journal of Agricultural Economics</i>
SGM	Standard Gross Margin
SLA	Scottish Landowners Association
SMD	Standard Man-days
SPI	Survey of Personal Incomes (by the IR)
UAA	Utilised Agricultural Area
UHT	Ultra Heat Treated
UK	United Kingdom (England, Wales, Scotland and Northern Ireland)
USDA	United States Department of Agriculture