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POLITICS AND THE LAND

INTRODUCTION

DURING times of agricultural depression it invariably happens that there is copious discussion of causes and proposal of remedies, (1) by men who get their living from the land, (2) by others who study economics, and (3) by some who suffer from neither of these obstacles to facile generalization.

In former times, agriculturalists seldom appreciated the underlying economic causes which make for prosperity or adversity, while few economists had an adequate knowledge of the details of practical farming. But, in the depression of the last five years, the modern schools of agricultural economics have brought their knowledge to bear and helped to prepare a series of Reports by Commissions, Tribunals and Committees, which have put at our disposal a wealth of old and new facts and many valuable conclusions. Among these Reports should be mentioned as specially helpful, those of Lord Linlithgow's Committee[1], of the Agricultural Tribunal of Economists[2], and of the Committee of the Ministry of Agriculture on the Stabilization of Prices[3].

The depression has not been confined to this country, and it is well to trace the similar course of events in the United States of America as set forth in the *Report* of the Joint Commission of Agricultural Inquiry[4].

[1] *Departmental Committee on Distribution and Prices of Agricultural Produce, Final Report*, 1924, Cmd. 2008.
[2] *Agricultural Tribunal of Investigation, Final Report*, 1924, Cmd. 2145.
[3] Ministry of Agriculture Economic Series, No. 2, 1925.
[4] *The Agricultural Crisis and its Causes*, Washington, 1921.

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Of many books which have appeared since the depression began, special reference should be made to Mr J. A. Venn's *Foundations of Agricultural Economics*[1], to Mr R. R. Enfield's *The Agricultural Crisis* 1920–1923[2], to Lord Ernle's *The Land and its People*[3], and to an article by Mr C. S. Orwin on *Commodity Prices and Agricultural Policy*[4]. A study of these authorities will enable the enquirer to obtain a clear idea about the past and present state of the agricultural industry, both as a craft and as a business, and to form an independent opinion as to possibilities of future improvement and methods of development.

Before remedies are considered, it is well to study the nature and causes of the disease. About its nature there is no difference in responsible opinion. What agriculture suffers from is the existence of prices for agricultural produce which in general are unremunerative in view of the costs of production. Prices broke in 1920, fell rapidly till 1923, and since then have oscillated round a level about constant. Farmers of arable land suffered heavy losses during the first fall in values. Skilful men made some profit in 1924 and 1925, but the present prospect is not favourable.

The farmer is less able to bear a continued fall in prices than other producers, chiefly because of the length of time his operations take. His costs begin months before he sells his produce, and, when he goes to market, he may find that prices have fallen away till his receipts are less than the expenditure he has incurred at a higher

[1] Cambridge University Press, 1923.
[2] Longmans, 1924.
[3] Hutchinson and Co. 1925.
[4] *Journal of the Royal Agricultural Society*, vol. LXXXIII, 1922.

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level. Because of the slowness of the turnover, the length of the economic lag, rising prices mean prosperity and falling prices adversity to the farmer more than to other men, and the movement of prices is to him more important.

For an adequate examination of the causes of change in agricultural values we must turn to the *Report* of the Committee on the Stabilization of Agricultural Prices, or to Mr Enfield's book on *The Agricultural Crisis*.

Plenty or scarcity, acting on ill-organized markets, causes a rise or fall in price of single crops—wheat, it may be, or potatoes. But the general change in agricultural prices, which causes universal prosperity or adversity, is always accompanied by a corresponding change in the prices of other commodities. The change is not confined to agriculture, and the cause is not agricultural. It can only be elucidated by the general economic theory of prices. When in a future chapter we deal with this question, we shall find that the chief factor involved is the amount of currency and credit available compared with the amount of business to be financed.

The long agricultural depression of 1875 to 1896 was due to the demand for gold and credit based on it outrunning the supply. Prices fell and farmers were distressed not only in England, but in heavily protected countries, and even in the new lands whose competition was and is almost universally blamed for the ills of the British farmer. It was only the discovery in 1886 of new South African goldfields, and the gradual increase in world currency and credit which followed, that caused an agricultural revival about 1900.

Similarly, the inflation in credit necessary for war

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caused a rise in prices from 1914 to 1920, and, in turn, the rise in prices called for more currency and credit. The process became cumulative, cause and effect acting and reacting on each other. In the hectic boom of 1919, there almost seemed a danger that control would be lost, and the pound follow the rouble and the mark into nothingness. But a check was called, credit contracted, and in 1920 prices, agricultural and other, came tumbling down. Deflation followed inflation. The pound was saved, but industry, manufacturing and agricultural, became depressed, and unemployment grew apace.

When the general price level is falling, agricultural depression is inevitable. No skill in cultivation, no co-operative marketing, no import duties of possible amount, can prevent depression, though they may mitigate its effects. The only complete cure would be a stabilization of the general price level, for the chief cause of depression is not agricultural or economic, but monetary. This is the fundamental fact of the whole subject, and, till it and its consequences are understood and faced, it is useless to toy with partial remedies in the hope that they will cure general ills. Too often they are but treatment of the symptoms, which do nothing to check the progress of the disease.

I am not decrying the usefulness of some of them. Indeed it may be that alleviation of symptoms is all that is possible in present conditions, and will perhaps give time for Nature (in the form of a new goldfield) or Man (in the form of a refusal to produce enough food at present rates) to effect a radical cure. Yet I find it difficult to believe that we shall always consent to deal in terms of a unit of money the value of which depends

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on the varying supply of, and demand for, a single commodity. What should we think of a standard of weight or length which expanded by 40 per cent. between 1875 and 1896 and then, by 1908, shrank again by a quarter? Yet that is what happened to the value of the gold sovereign, measured in the amount of goods or services it would buy.

When we have realized the underlying cause of general agricultural prosperity or adversity, we can consider the different surveys of the present position and the various proposals for the future with a due sense of proportion.

Of the three official Reports we have named, that of the Tribunal of Investigation covers the widest ground. The Tribunal was appointed to consider the methods adopted in other countries to increase the prosperity of agriculture and secure the fullest possible use of the land, and to advise as to the methods by which those objects can be achieved in this country. This it has done in a valuable survey, final majority and minority reports being issued in May 1924.

Since 1870 the area of land under the plough at home has diminished by three or four million acres, but abroad, by the adoption of definite supporting policies, the arable acreage on the whole has been maintained. Continental countries rely chiefly on family farms, which we should regard as smallholdings, while, in comparison, British farms are larger, and more dependent on hired labour, which receives better wages than in the rest of Europe. Co-operation is more developed, not only in Denmark, which farms for export, but also in Germany and Belgium, which, like England, import food.

The differences are due to economic causes, and not

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to the want of agricultural skill sometimes alleged. Sir William Ashley and Professor W. G. S. Adams in their majority Report say that this country "still presents some of the best farming in the world and is unsurpassed as a source of breeding stock," while Professor Macgregor, who presents a minority Report, shows that acre for acre the corrected yield of British crops is as high as that of any other country but Belgium. This is a very different picture from the one drawn by some irresponsible critics.

In their recommendations, both majority and minority Reports advocate development of agricultural education, research and co-operation, an increase in the number of smallholdings, and facilities for credit, as well as some things which, like District Agricultural Wages Boards, have since been established. Professor Macgregor looks for these objects to be accomplished with less governmental control than is contemplated by Sir William Ashley and Professor Adams, who recommend also direct State action in other constructive measures. They hold that "under a Free Trade system Great Britain can only maintain its tilled area by going over to arable stock farming." They believe that the "disadvantages attaching to any further decline in the arable area, will be so grave that it will be worth while for the country to pay a substantial price for its maintenance." But they recognize the fact that the nation will only consent to protect agriculture by import duties, subsidies or guaranteed prices, and shoulder the burdens involved, if it is converted to the view that broad national advantages would thus be secured. Professor Macgregor, on the other hand, thinks that military needs alone,

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pressed on the Government by the responsible authorities, could justify us in paying the cost. Stabilization of the general price level, which would involve the whole subject of monetary policy, he regards as beyond the scope of the Report.

Lord Linlithgow's Committee was given the more restricted task of considering the distribution and prices of agricultural produce. Their final Report was issued in November 1923. After dealing with the general rise in price of agricultural produce and requirements during and after the war, a rise which they recognize as "largely due to increase in the currency," and the subsequent fall, they pass on to consider the spread between producers' and consumers' prices, a phenomenon so annoying both to the farmer and to the housewife. The Committee made an extensive study of methods of marketing and distribution, and set forth much detail of costs and charges previously unknown.

While recognizing the essential nature of the services rendered both by wholesale dealers and by retail distributors, the Committee reported that in many cases "the spread between producers' and consumers' prices is unjustifiably wide." During the time of falling prices which began in 1920, even good farmers made losses and farm labourers suffered a fall in wages. But distributors maintained high profits, and paid high wages. It is unjust that producers should bear the whole burden of a depression.

With regard to the future, the Committee recommend the stimulation of co-operative marketing by facilities for credit, improvement in the collection and the broadcasting of market intelligence, and of transport arrange-

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ments. They hope for a "development of a marketing sense" in farmers, and a standardization of agricultural produce. By such means the farmer may be put in a stronger economic position relatively to the dealer.

With these facts and recommendations before them, our three political parties have produced agricultural policies of their own. The Labour Party wishes to nationalize the land and place the import and distribution of food under some form of public direction[1]. The more extreme section apparently hopes to establish collective control of agriculture also, either by the State or the manual labourers. A Committee of Liberals carried out an extensive enquiry of their own, and have put forth the results in a bulky volume of 584 pages[2]. They advocate the nationalization of land but not of agriculture, a scheme which, with modifications, was adopted by a Conference held by the National Liberal Federation in February 1926[3]. Some Conservatives support protection and some subsidies, while most wish to see a great increase in the number of occupying owners. Finally, the Government, weighted with the responsibility of office, has issued the White Paper of a blameless line of policy, which, while containing much that is common to all sides, pleases none of the enthusiasts of the contending factions[4].

The White Paper renounces "drastic and spectacular

[1] *A Labour Policy in Agriculture*; published by the Trade Unions Congress and the Labour Party, July 1926; approved by the Labour Party Conference, see *The Times*, October 14th, 1926.
[2] *The Land and the Nation*; Rural Report of the Liberal Land Committee 1923–5; Hodder and Stoughton.
[3] *Report of the Land Conference*; Liberal Publication Department, London, 1926.
[4] *Agricultural Policy*, 1926, Cmd. 2581.

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action on the part of the State," and in its positive proposals is perhaps a greatest common measure of the other pronouncements. It promises support of the existing Wages Committees as the best means of securing the highest wages the industry can afford, and a continuation of the work of the Forestry Commission, of agricultural research and education, and protection from animal and plant diseases. It announces new facilities for agricultural credit, for rural housing, for cottage holdings and smallholdings, for land drainage, and for co-operative marketing. Where legislation is needed, the Government is already setting out to redeem these pledges.

Probably all political parties would approve the objects thus set forth. Though we may expect some criticism of the methods proposed for carrying them out, in substance the necessary action should secure a considerable measure of agreement.

Turning to proposals for more fundamental change, we reach controversial ground. A subsidy would benefit any trade, and certainly protection would help one that supplies only the home market and suffers from foreign competition. A stronger case can be made out for agriculture than for any other industry. During the war there was a very general feeling that agriculture should never again be allowed to fall into such a depressed state as it did from 1880 to 1895, and that national interests called for some kind of guarantee to the farmer[1]. But the guarantee given in the Corn Production Act of 1920 was repudiated as soon as the

[1] See the *Report* of the Agricultural Policy Committee of which Lord Selborne was chairman, 1917, Cd. 8506.

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cost to the Exchequer was realized. Personally, though I shared the general view during the war and supported a guarantee, I recognize that times have changed. I now think that, in present conditions, the balance of national advantage inclines against protection or subsidy, for reasons that will appear below, and, whatever view we may take as to their desirability, we must admit that, in present political circumstances, they are impracticable. This conclusion has now been accepted by a Conservative Government and endorsed with even greater emphasis by the two other parties.

An extension of occupying ownership is warmly advocated by some who believe that "the magic of property turns sand into gold," and the example of Denmark is often adduced. Many English tenants bought their holdings after the war, to prevent their homes from being sold over their heads. But there is no general desire among English farmers to sink capital in land. The economic state of Denmark—a small and comparatively poor country in which agriculture is the chief industry—is so different from our own that comparisons are misleading, and there is definite evidence from America, where both systems are common, that agricultural efficiency and output do not depend so much on tenancy or ownership as on other factors.

Some of those who have realized that the determining cause in agricultural prosperity is the price of agricultural produce have gone far beyond the modest desire of the Government to help co-operative marketing with credit facilities. They have not faced the fundamental problem of the stabilization of the general price level, but they have worked out a complete scheme for national

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