

HOUSE OF LORDS

Wednesday, 31st March, 1965

The House met at half past two of the clock, The LORD CHANCELLOR on the Woolsack.

Prayers—Read by the Lord Bishop of Manchester

The Lord MacDermott—Took the Oath.

WATER SUPPLIES

2.36 p.m.

LORD ALPORT: My Lords, I beg leave to ask the Question which stands in my name on the Order Paper.

[The Question was as follows:

To ask Her Majesty's Government whether they anticipate that, assuming an average rainfall in England during the next six months, there will be any serious shortage of water supplies; and, if so, which areas of the country are likely to be affected.]

THE JOINT PARLIAMENTARY SECRETARY, MINISTRY OF LAND AND NATURAL RESOURCES (LORD MITCHISON): My Lords, the present situation is exceptional. The three years ending January, 1965, were the driest 36 consecutive months in this century over England and Wales as a whole. February, 1965, was particularly dry. Average rainfall in the next six months should maintain supplies in reservoirs, but in areas dependent on underground sources, where rainwater may take up to three or four months to percolate, abnormal rainfall will be needed to cancel the risk of shortages later.

It is not possible to say in which areas shortage may occur. This depends not only on the total quantity of rainfall. It also depends very much on the "pattern" of rainfall: that is to say, whether a little rain falls each day—in which case much of it evaporates; or a lot of rain falls on a number of days—in which case much of it percolates into the ground; or the rainfall of several weeks falls in one day—in which case much of it runs off the surface into streams and rivers.

LORD ALPORT: My Lords, I am very much obliged to the noble Lord for his full Answer.

VISCOUNT DILHORNE: My Lords, is the noble Lord aware that the situation is already pretty serious in certain parts of the country? Can he give an assurance that every possible step is being taken to avoid rationing in the later months of this summer?

LORD MITCHISON: My Lords, I do not know how much rain is going to fall in the later months of the summer. All I can say is that this situation has unfortunately happened before. I looked up what happened in the six months ending on November 10, 1959 (when the present Government definitely were not responsible for the rainfall), and I think that about 52 drought orders were made in England and Wales. This was done under the Water Act, 1958, which had recently been passed for this very purpose. I cannot find that any further enactments directed to this particular matter have been passed since then, and I doubt whether any kind of legislation can be certain to cope always with the vagaries of the British climate.

VISCOUNT DILHORNE: My Lords, the noble Lord misunderstood me if he thought I was asking for further legislation on this subject. The legislation passed by the late Government is ample to deal with the situation. What I was asking the noble Lord for was an assurance that steps would be taken well in advance to try to bring into use other supplies—because there are in many instances other supplies which could be brought in. They may be of a similar character, but they would be a help, not only now but in the future. There is very serious concern about this matter in many parts of the country, and the noble Lord is not dealing with the matter by referring to what has happened in the past, in 1959.

LORD MITCHISON: But, my Lords, the point is this. These orders are made on the application of statutory water undertakings, and have to be so made. I have not the least doubt that now, as in 1959 when previously we had a very dry summer, the applications will be met. I am relieved to hear from the noble and learned Viscount that the legislation passed for the subject is appropriate and sufficient. I was not quite certain about

[Lord Mitchison.]
it, and it is nice to know. I can assure him that it is being operated, and that the broad question of water resources, which was dealt with, he will remember, by the Water Resources Act, 1963, is of course under active consideration, and has been for some time.

VISCOUNT DILHORNE: My Lords, I repeat again, if I may, that I was not on the question of legislation; nor was I on the question of drought orders. I was asking the noble Lord to give an assurance that his Ministry would take every step possible to encourage the authorities responsible to bring into use in plenty of time such other sources as may be available. As the noble Lord is, I am sure, aware, where water boards are created in various parts they often cease to use certain sources of supply, which might be brought back into use at the present time. That is what I was asking the noble Lord about—whether he would give that assurance.

LORD MITCHISON: With great respect to the noble and learned Viscount, I do not think that that is necessary. When there is need for a drought order undertakers ask for it. They are the first people to ask. There was no difficulty in getting requests for orders on the last occasion; nor do I expect any such difficulty now. However, I can give the noble and learned Viscount the assurance—and I think it is a repetition of what I said before—that the whole matter of water resources is under active consideration now. I do not quite know what he is suggesting should be done. There are two Ministries concerned, I may add: the Ministry of Land and Natural Resources and the Ministry of Housing and Local Government.

THE EARL OF SWINTON: My Lords, is not the answer that the Minister is suggesting, with some hesitation perhaps, that the Government inherited the weather from the late Administration?

LORD MITCHISON: May I thank the noble Earl, and tell him that it is not the first time I have noticed his very deep interest in water supplies in this country?

LORD BRECON: Would the noble Lord tell us whether the Government have in mind any plans to prevent the wastage of water, and whether we, as

householders, who are charged for water on our rateable value, cannot have a meter? Because it would be much cheaper if we were charged by a meter than on the rateable value, as happens at present.

LORD MITCHISON: My Lords, I think I must ask for notice of questions about meters. I hope that I have answered the Question on the Order Paper.

LORD RUSSELL OF LIVERPOOL: My Lords, may I ask whether the noble Lord cannot on this occasion put the blame for the whole situation on thirteen years of "Tory misrule"?

LORD MITCHISON: My Lords, I hinted that I was not quite sure whether there had been sufficient legislation, but I was reassured on that point by the noble and learned Viscount, who told me that it was all right.

A NOBLE LORD: It generally is.

BUSINESS OF THE HOUSE

LORD SHEPHERD: My Lords, at a suitable moment after 3.30 p.m. my noble friend Lord Lindgren will be making a statement on railway closures and manufacturing powers.

AGRICULTURE

2.43 p.m.

LORD ST. OSWALD rose to draw attention to the present conditions in Agriculture; and to move for Papers. The noble Lord said: My Lords, the subject of agriculture, as your Lordships know, is being debated simultaneously here and in another place, although there on a more specific and censorious Motion. Your Lordships normally prefer a wider Motion providing a debate to which a varied wealth of experience can make its varied contributions. Nor do your Lordships normally need formal guidance as to when, or where, or whether to be censorious. Certainly, none of my noble friends has asked me for such guidance to-day.

For all the permitted breadth of this debate, I have no doubt that very many noble Lords will be applying themselves to the recent Annual Price Review, but

I think it proper for me to address myself mainly to this topical matter. The only explanation I can find for this Review is that the Government have tried to typify the popular, but, as to-day, the not always accurate, idea of English weather—grey, damp and dispiriting. That is not to say that when it rains it always rains pennies from Heaven—not in a Socialist Britain, at least not on the increasingly productive and superbly tilled acres of British agriculture.

It has been said with some authority that the present Government's determinations, just published, completely fail to recognise the needs of the agricultural industry in relation to the needs of the nation. Together with that stricture, the National Farmers' Union has sternly drawn attention to the luscious and pontifical pronouncements uttered by present Ministers when still in relatively harmless Opposition. On April 14 last, in another place, the present Prime Minister declared:

"What is required . . . is a policy from the Government of the day to expand those industries which can make a big impact on exports . . . and also to expand industries no less important which can save imports."—[OFFICIAL REPORT, Commons, Vol. 693, col. 287, April 14, 1964.]

But, apparently, what is required of the Government of the day less than a year later—and a Government headed by the orator himself—is a Price Review which causes the normally phlegmatic farmers of this country to thrust unwilling chickens at the chicken-scorning Minister and to threaten to block the roads of this country with their tractors. I gather that they achieved a blockage of traffic at Paddington this very morning.

On September 30 last, from a platform which I had the pleasure of sharing with him, the present Minister of Agriculture said that the Tories have never produced a Minister of Agriculture comparable to Tom Williams. He has since made it quite certain that the Tories will never produce a Minister of Agriculture remotely resembling Mr. Thomas Frederick Peart—that would indeed be a curious target to set ourselves. He added, on the same occasion:

"Labour has never let down agriculture. We will give the industry a square deal."

THE MINISTER WITHOUT PORTFOLIO (LORD CHAMPION): Hear, hear!
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LORD ST. OSWALD: The noble Lord, Lord Champion, says "Hear, hear!" But what we have before us to-day is the most cock-eyed conception of a square deal ever produced by the mind of man. Only in its most abstract art form could the noble Lord claim that his right honourable friend had drawn a square on this occasion.

I am not setting out to-day to cover the whole field of Government failure and imposture. The noble Lord, Lord Champion, and I had an early exchange, fourteen days ago, on the Statement itself. It certainly seems to me that what was touched on then by the other noble Lords and myself contains most of the material of the Government's demonstrable failure set in the vacuum of things neglected.

Let me, in deference to the Government's own propaganda, examine first the main plank of the current agricultural support as hopefully advertised in this Review. The Minister repeated tirelessly, and at times petulantly, that the dairy farmers were being given £11 million extra by his generous hand. The total award is £10 million, which means that more has been taken away from the industry as a whole than has been given to the dairy farmers. I do not think the noble Lord can be under any illusion that the dairy farmers consider themselves either fortunate or favoured by this treatment. They do not. It is noticeable that the rest of the industry, most of whom have in one way or another been partially deprived of support, do not consider that the dairy farmer has been especially cosseted in this Review. The noble Lord will argue, as he is entitled to do, that the extra penny a gallon covers the increased production cost. It may do so. He and his colleagues have the figures, and we shall be grateful to be told them.

The theme which was plugged by Mr. Wilson most monotonously before the Election was "import substitution". Unlike some of his themes, he continued to promote it when in office. Let me take only one instance. In Swansea, in January, he said this:

"I would particularly stress the need to develop import-saving industries. This should be tackled with at least the same energy as the export drive."

[Lord St. Oswald.]

Where, and how, has this energy been applied to this Review? Yet this is the obvious and undeniable long-term means of achieving import substitution. The remarks I have just quoted might be taken to vindicate the 15 per cent. surcharge. But this was a short-term and disruptive action, which the Government must have regretted since. If they talk in terms of the long term, let them take that road, and be seen to take it. They have gone down a very different track in this Review.

When the noble Lord says, as I assume he will say, that the penny a gallon covers the increased production costs, my answer is that this is slide-rule stuff. In the Statement which the noble Lord, Lord Champion, read out last week, there appeared certain words which I picked upon at the time:

"In view of the importance of the dairy herd, not only for milk but also for beef. . . ."

We are told—and I have no reason to doubt it—that many milk producers were waiting for this Price Review to govern their decision whether to stay in or get out. Does the noble Lord have the impression to-day that he has persuaded them to stay in? This is a loaded question, loaded in his favour, if he can bring himself to answer, Yes. If not, if a great number will be going out of milk after this Review, does he think that it matters? Does he think that it may even be a good thing?

In the answer he gave to my noble friend Lord Eccles, the noble Lord appeared very sanguine on this point, basing his assurance on the claim that the decline in milk production had stopped. This in itself seemed to some of us a pretty unsteady peg on which to hang his confidence that this Review would not start the decline off again. But may I encourage him to make the best of what case he has by giving some figures? These figures would naturally make clear what sort of period they have been taking. Since when has the decline been halted? Would he also agree that once a farmer has gone out of milk he is very unlikely to return to the heavy work of a seven-day week? It is the clear opinion of most agriculturists that the Government are, at best—and I think that not many would con-

cede them even this—cutting it pretty fine. It would be all too easy to pass the point of no return in milk production—or, should I say, milk reduction?

Does the noble Lord take at all seriously the belief that the Review will affect, is bound to affect, the supply of dairy calves for the beef industry? If he is as confident of the virtues of the Review, as he himself pronounced the other day, this is the sort of question that should positively delight him. Milk is the psychological and economic hinge of the whole farming industry in this country, and since, for that reason, many other noble Lords will be referring to it, I do not intend to pursue this particular theme.

The Minister will, I assume, wish to deal also with cereals in his winding-up speech and I use the word "wish" in its more euphemistic and Parliamentary sense. He will not, I think, claim, as he stated in the closing words of his Statement, that he is "giving the industry an opportunity to improve its income" by the expedient of cutting the wheat and barley guarantees by 1s. 1d. and 1s. 4d. respectively. An angry but efficient farmer from Hampshire, who takes the lamentable and mistaken view that all politicians are as bad as one another, attacked me last week—though without, I am happy to say, any physical violence. He recited to me, in a kind of ferocious chant: "1s. 4d. cut in barley—£2,000 a year loss; increased fuel tax; 15 per cent. surcharge on essential imports—another £1,800: making £3,800 to find, in all, in one farming year." Where was the money to come from, he demanded to know. If the noble Lord can tell me that to-day, I will pass it on to the complainant, acknowledging the source of wisdom, with my normal openhandedness in these matters. This farmer is a relatively big man—big because he has grown by his own efficiency and confidence in the past several years. But what of the smaller men (supposing, as I should myself expect, they survive), all of whom are affected in direct ratio, but can hardly have the same resilience or resources to call upon? It is all very well for the Government to encourage small farmers by enlarging the scheme which they inherited from us, but what is the point of this encouragement if they kick

the poor chap in his corduroy breeks when he bends over to dig?

When I quizzed the noble Lord upon the cereal cuts, he said that the action was forced upon his Government by the Minimum Imports Agreement concluded by their predecessors. He did not, in fact, use the word "forced", and if I am distorting his meaning, he will doubtless correct me. If not, then we ought to examine the words as I understood them. They refer, I think, to the opening sentence of paragraph 11 of the four letters published in Command Paper 2339, under the title of *Exchange of Letters and Notes*. Because this cut is such an important one (in fact, it is in one case, the maximum permitted, and in the other very nearly the maximum under the Act of 1957) I feel that it is worth scrutinising the precise words of this undertaking, to examine exactly what was, and remains, the force and scope and application of this undertaking, an undertaking which was approved, as I recall, by the Opposition of those days.

Paragraph 11 (I am quoting from one of the four letters) reads:

"If it is found as a result of a review of the minimum import price arrangements under paragraph 9 that they have resulted in an appreciable distortion of the pattern of trade in the products which this Letter covers between co-operating Governments supplying the United Kingdom and in consequence have damaged or threatened to damage the trade interests of the Government of Canada, the Government of the United Kingdom shall take effective corrective action in consultation with the Government of Canada and other co-operating Governments and in accordance with the procedures outlined in paragraph 7 to remedy the situation."

The paragraph ends by stating that in particular circumstances

". . . the United Kingdom shall take effective corrective action at the earliest practicable time to remedy the situation."

The reference to paragraph 7 concerns the actual form which consultation shall take. Now, consultations between the British Government and those of Commonwealth and foreign countries are a delicate matter. I appreciate that the noble Lord may not wish to divulge or describe the detailed course of such consultations. But he can, I think, tell me whether any consultations did take place, and in what form.

I am not intending to take unfair advantage of him when I say that the

impression given by his reply the other day is that other Governments were so insistent upon this maximum cut, imposed upon the British farmer, and deployed their arguments so convincingly, that Her Majesty's Government had no other recourse than to submit to their demands. I hope that he will find it possible to forgive me if I place a somewhat different, a significantly different, construction upon it; that is, that Her Majesty's Government lost so many friends at one blow on October 26, with the surcharge of 15 per cent., that they now need friends with a desperation that no British Government has ever felt before. They are so bent on winning back those departed, those offended friends, that someone has to pay a heavy price for winning some of them back—and the British farmer has been detailed to foot this bill.

These very startling cuts, only partly compensated by an increase in the standard quantities, reminded me of an intervention by the noble Lord, Lord Walston, during my speech at the other Dispatch Box last year. It makes interesting but somewhat doleful reading. The noble Lord asked me whether he could take it as absolutely definite that an increased consumption of cereals in this country would be shared in some proportion between the home producer and the importer. I replied, with great certainty, "Yes". The noble Lord then wished me to specify what the proportion would be, and this I could not do, although in anticipation of continued and stimulating Tory Government, I myself felt pretty optimistic. I think that if I had forecast the disappointing ratio as between the levels of deficiency payments and standard quantities, as published in this White Paper, the noble Lord would have assailed me with wholesome glee.

I ask the noble Lord opposite to-day: is this really the best the Government can do for the British cereal farmer? One of the most harmful reputations a Government can acquire is the reputation of being a bad bargainer on behalf of their countrymen. The Government will find it very hard, I think, to free themselves convincingly from that reputation. However, if the noble Lord, Lord Champion, can persuade your Lordships this afternoon that his colleagues have not been

[Lord St. Oswald.]
out-negotiated on this occasion, he will be doing them a signal service—and performing something of a debating miracle.

My Lords, in case I should be taken as deliberately selecting the weakest points of the Government's case—taking advantage, that is, of their generosity in providing such points—I should in fairness turn to those awards that they are most openly pleased with: hill-farming and beef. The hill farmers have been favoured in two ways. First, the hill cow subsidy has been increased from £12 to £13 per eligible hill cow, and the stocking rate has been raised. Secondly, the hill sheep subsidy has been brought into the Review at a flat rate of 18s. per ewe for the standard rate flocks and 9s. for reduced rate flocks. I have great respect for the hill farmers. I was Chairman of the Advisory Committee in my time, and it was one of the most absorbing responsibilities given to me. I was able to look at hill farms in several parts of the country, including Yorkshire, and even in Scotland, though heavily disguised and under an assumed name. The full importance of hill sheep to the industry as a whole is not simple to understand, but it is certainly valid and an essential component of our fatstock industry.

My noble friend Lord Balerno is learned in matters of genetics and knows what is required to maintain the strain of lowland sheep, which cannot be done without regular reinforcement from the hills, and we cannot do without the hill farmers, who live more remote and less comfortable lives than most others. I hope they will get what they need, and I am certainly not going to carp or question before the results of those changes are shown. My noble friend Lady Elliot of Harwood will be speaking later with far greater knowledge than is possible to a lowland farmer like myself, and especially a farmer in a coal-mining area, who rashly tried keeping sheep for one ruinous year, blinding himself to the fact that nearly every miner keeps a dog and that dogs run a great deal faster than sheep. I will not carp, but I will point out that what the hill farmer is interested in is not simply and solely raising his sheep, but selling his sheep. If the Government had been able to be more helpful to the fatterer down below, the hill farmer's

market would have been more promising; therefore benefit given may prove a limited benefit. I shall listen with interest to any comment the noble Lord has upon this, and I am sure he will have a thoughtful answer ready.

But before leaving this subject, I must say one word in defence of the Minister himself, in respect of one specific canard, in case his noble friend has to omit it from among all the things he has to defend. On January 22 I read on the second page of the *New Statesman* that Mr. Peart has become "the hill farmers' darling". I think it is absolutely wicked to suggest—and I protest at the suggestion—that the present Minister should seek the affection of one particular section of the industry among all others. I think it is monstrous, and I am positive that if he wishes to be loved by any farmers, he wants to be loved by them all. He has not, so far, to my observation, been entirely successful. I have heard talk of "friendly Fred Peart" of "fumbling Fred Peart", and other affable alliterations, but never, so far, any reference to "darling Fred Peart".

To turn to the other bid for love and understanding, it is clear that the Minister intended to encourage the beef producers. Here, again, we shall have to watch for results. It looks as if the authors of this particular part of the Review may have been playing hopefully with mirrors and ended up by confusing each other. It is, at the moment, not easy to see how the increase of 4s. per cwt. can help very much so long as the present high prices hold. The noble Lord has probably been shown the F.M.C. Midland Area Circular, which says:

"If market prices were to remain unchanged during the week commencing 29th March, the effect of the Price Review would be to reduce the overall return to producers by 3s. 8d. per cwt. or 1d. per lb. It is therefore expected that cattle which this week were group one will be reduced by 1d. per lb. or 5s. per cwt. next week, and that our price list will, with regret, have to reflect this alteration."

Aware that this upsetting opinion has been expressed, the noble Lord will doubtless have a reassuring answer ready, and we shall be interested to hear it. By the look of it, at present nothing less than a real decision, lucidly and persuasively set out, on long-term measures, could have given the confidence which Labour spokesmen promised so frequently before the Election.

There are, in fact, four allusions—no more than allusions, piously worded—on long-term policy on which the noble Lord, Lord Champion, must hang his whole case to-day. They occupy altogether about five full lines of the 48 pages of the White Paper. They are subsections (a), (b), (c) and (d) of paragraph 3. The first two are the maintenance and stability of the industry and the further progressive introduction of new technological improvements; better farm management; and improved marketing. This is comprehensible, because it simply and wisely continues Conservative policy, and I hope will continue the success of that policy. Subsection (c) is the

“encouragement to farmers generally to obtain the benefits of scale in production and marketing.”

The noble Lord can help us a great deal by telling us what this means. Once he has done so, we may discover more cheer in subsection (d), the consequential further release of resources for use elsewhere in the nation's economy. This is commendable, cloudy and utterly meaningless as it stands. Here, again, the noble Lord can help us. Does this refer to the release of land or labour or machinery, two of these, or all three; and how is he going to set about it; and, again, when?

My Lords, whatever the intentions of the Government were, this has been, demonstrably, a depressing Review. The Government may exhibit righteous astonishment, but they cannot doubt that farmers are depressed. Still, nothing can ever weaken my personal fondness for the noble Lord opposite, and I put no blame upon him.

Some weeks ago, when debating an entirely different subject, I invited the noble Lord, Lord Champion, to stay with me in Yorkshire, on a Ministerial occasion. His noble Leader asked me, most gratifyingly, if that invitation extended to the whole of his Front Bench. The somewhat cautious nature of my reply on that occasion was due to awareness that the visit would be after the Budget—and after Ministers had begun to receive their increased emoluments. Dazzled by my mental picture of the new Ministerial standard of living, and abashed by the austerity of what, by that time, I might be able to offer them, I was understandably reluctant to ask dis-

tinguished Ministers to “rough” it in my own establishment. At the same time, so went my hasty calculations, since virtually all my living now comes from farming, I thought a favourable Price Review might just enable me to entertain them. In the circumstances we are now discussing I must ask the noble Lords on the Bench opposite, entirely in their own interests, to limit their numbers for May 19. However, in spite of all things visible and invisible—made visible two weeks ago and still invisible until next week (saving yet another leak before then, of course)—the noble Lord and his Leader will be very welcome, even if I have to share my last crust with them. But perhaps there is yet hope for something better. The luncheon at Downing Street to-night—

THE JOINT PARLIAMENTARY
UNDER-SECRETARY OF STATE,
HOME OFFICE (LORD STONHAM):
Luncheon—to-night?

LORD ST. OSWALD: The dinner at Downing Street to-night. What will come of that? A transformation—who knows? The Prime Minister is never happier than when playing the rôle of a modern Machiavelli, reared on Worcester sauce. What would be more pleasingly Machiavellian than instructing dependable Mr. Peart to cast the farmers into the present dungeon, and then—“Open Sesame!”—into No. 10; and the treasure chests of the neighbouring Treasury are flung open. All is forgiven, and only a few of us choke from the smoke of that inescapable pipe. All within a fortnight! How is that for “Stop-Go”—dynamic Stop-Go? Fanciful, I suppose, but not inconceivable, judged on current behaviour.

There would be a casualty, of course. But you cannot make an omelette without breaking eggs; and this particular egg is visibly cracked already. The Minister denied on Sunday, on Tyne-Tees Television, that this most unpopular Review had been forced upon him by his colleagues, as many have charitably assumed. He said it was his, and his alone. This is loyalty carried to commendable and even heroic lengths. Those of us who have an affection for him—and we are many—would prefer to believe otherwise. In fact, it looks as if the do-it-yourself tar and feather kit, which

[Lord St. Oswald.] seems to be part of the standard equipment of every Socialist Minister, has been applied here by cold-eyed colleagues with an almost Ku Klux Klan gusto to this entirely amiable man. That is the picture that many people have in their minds. I do not think that ever before have the N.F.U. found it necessary to take whole pages at £5,000 each in national newspapers to put forward their protest.

LORD STONHAM: They have not been well off enough to do it.

LORD ST. OSWALD: This was up to this Price Review. The noble Lord, Lord Champion, will do his best at the end of the day, and his best is always impressive. But what has he to fight with? To defend this Review the noble Lord has already trotted out a number of glossy-coated but seriously spavined arguments, which he would far better have left in the stable. He said that the first explanation of the flourishing agriculture which the present Government inherited was an exceptionally good year for farming weather in 1964. No doubt he will do his best to blame bad weather for the looming misfortunes of the industry when the time comes. But, in any case, the line of argument seems to imply that farmers cannot expect such exceptional aid from nature in the coming season. Instead of Tory weather, we shall have Socialist weather. In this expectation, the farmers might have looked for a more helpful, not a less helpful, Review. But in fact the noble Lord regards it, as I heard his remarks, as an excuse for cartailing support.

He said there was also a good Price Review in 1964. "Good" was the noble Lord's adjective, which he attributed to an Election year. He made great play, as did his right honourable friend in another place, with that attribution. And yet I recall that the then Opposition were very coy in admitting that they, last March, would have presented a less favourable Review—almost as coy as was the noble Lord more recently in admitting, as we now know, that this year's Review was in fact imposed. My right honourable friend Mr. Christopher Soames challenged the present Minister on that very charge after last year's Statement. He said:

"If, from the inference he has drawn, the honourable Gentleman thinks that the Government have been over generous in any particular, let him tell the House."

Mr. Peart on that occasion remained curiously silent. Perhaps the noble Lord will be more forthcoming to-day in stating that in 1964 the Labour Party favoured giving the same short shrift, the same parsimonious treatment, to agriculture which they have imposed on attaining office.

But this resentment of what the noble Lord himself classifies as a "good" Review last year, carries an even more significant and disturbing implication. What the noble Lord appears to be saying, at the top of column 375 of *Hansard* of March 17, is that the farmers, having enjoyed thirteen years of wise, understanding, and helpful Tory Administration, are now in for a spell of purblind and punishing Socialist policy. That is the way I read his observations, and I assume that is the explanation most farmers will find for the nature of this year's Review. The same impression was being given, with far more harshness, at the other end of the building by a Government supporter who complained that another £11 million was being poured down the drain for this industry. These are the kind of indications the farmers are bound to note, with all their foreboding. How startlingly they contrast with the gay, exotic pledges given before the Election by Labour spokesmen! We had Mr. Richard Crossman telling the farmers in advance:

"Produce all you can. We will get rid of it because the world needs it."

This is translated into maximum cuts in the wheat and barley guarantees, with other cuts in lime and fertiliser subsidies. We had Mr. George Brown trumpeting his fourteen points at Swaffham, with the assurance that the first part of Labour's food policy would be on the world stage, with the presentation to the United Nations of new proposals aimed at channelling food surpluses to starving countries. In fact, the first part of that food policy has been to discourage our own producers, and perhaps the noble Lord will tell us when the United Nations is likely to have this plan presented to it.

We had Mr. Peart a year ago promising "an improved price policy affecting

milk", and foretelling an expansion of the dairy industry. Is this the improved policy? Is this the impulse to expand? We had fine fighting talk about "low interest credit for farmers." What has happened to that? We questioned the noble Lord two weeks ago about the long-term policy for beef. He said that that, of course, was a matter for further consideration. I quote Mr. Peart from the *Farming Express* on May 21 last year:

"One of my first jobs, if I were Minister of Agriculture, would be to thrash out a five-year or more policy for agriculture. You can't afford to go along from one expedient to another."

There has been plenty of thrashing around by the Labour Government in the past five months, but dynamism does not seem to extend to agriculture.

I am not one to rub salt into the self-inflicted wounds of anyone, especially the noble Lord opposite. But when I referred the other day to the contrast between promise and performance, he replied beamingly with that old bromide about "the mess they had not expected to find." I must say to the noble Lord, in the greatest friendliness—indeed, in recognition of his personal qualities—that this retort was totally unworthy of him. This apologia sounds emptier every time it is used. Nobody has kept count of the number of times it has been used, and it sounded empty enough at the beginning. It looks suspiciously as if the Labour Party had this protective smoke condensed and bottled in the vaults of Transport House for cover against the indignation which a potential Labour Government would inevitably call down upon itself.

This was foreseen from within the Labour Party over many years. Sir Stafford Cripps said:

"I cannot imagine the Labour Party coming into power without a first-rate financial crisis."

That was in 1934, but we all know that the Labour Party has not changed in thirty years. Mr. John Strachey said, only ten years ago, that if a Labour Government even attempted to implement its policy the national reserves of gold, dollars and foreign exchange would pour out of the country in a torrent. Prophetic words, my Lords—a pity that not enough people heeded them in 1964. But do not pin it on a Tory Government, particularly not in agriculture. The more

we look at the policy of this Government, and compare it with our policy, the more clearly we see the difference between our two approaches. The Labour Party loudly describes its championship, loudly proclaims itself the farmer's best friend—and then defaults, as it has in this Review. We make no vaunting or ingratiating claims. We quietly, effectively, consistently prove our esteem for the industry in the administration we offer, and take quiet joy from its health and achievements. I beg to move for Papers.

3.18 p.m.

LORD HENLEY: My Lords, may I thank the noble Lord, Lord St. Oswald, for bringing this debate before us to-day? I enjoyed his attacking speech. But I am not sure that he was not attacking much the same sort of thing as I suspect a Tory Minister of Agriculture might well have to be doing too. Obviously, the terms of reference of this debate are very wide and, equally obviously, I am going to address myself in the same way as the noble Lord has, to the White Paper and the Price Review. I want to follow him, first of all, on the subject of the question of home production and food imports. I always look at these annual Price Reviews every year in terms of the balance of home production and food imports, because it seems to me that this is the central problem of our agriculture. I look at it from the point of view of what effects on the balance between home production and imports the Price Review is going to have and whether those effects are going to be good ones. If the balance between home production and food imports that we have at the moment is right—I repeat, if it is right—then perhaps the Price Review is not unreasonable; but I do not believe that this balance is right. In fact, I am more and more convinced that it is wrong; and I thought the Government thought it was wrong, too.

The noble Lord, Lord St. Oswald, pointed out the sort of things with regard to agricultural expansion that Ministers of the present Government have been saying in the last year, stressing how very important it is to equal the efforts towards import saving to those towards exports. The Prime Minister has said this very strongly; so have Mr. George Brown and the present Minister for Agriculture; and I thought that what this meant was that the new Govern-

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ment were going to re-examine what seems to me to be the old 19th century concept that Great Britain was overwhelmingly an exporter of industrial goods and overwhelmingly an importer of food. Is this any longer true? I do not believe it is. Once again we have a serious balance of payments crisis. It is endemic. Obviously we must export industrial goods, but similarly, and at the same time, we must save more than we are doing on imports. It is the balance between these two things which is wrong, and it is the sort of balance that can in some measure be put right by a changed outlook on the whole agricultural policy. The endemic balance of payments difficulties seem to me to be a proof of this.

May I remind your Lordships that imports of food from temperate climates amount to £1,000 million a year? This is equivalent to one-quarter of all our exports; and if import saving means anything at all, surely we ought to be making great efforts to try to reduce this £1,000 million. I should have thought that if we took quite a small figure like 5 per cent. per annum, we would reduce this £1,000 million by a third in the course of five years.

Does the Price Review even point in this direction? I certainly do not think it does. The Price Review, it seems to me, accepts the *status quo*; accepts the fact that the balance between home production and food imports is right. It is the same old view that British agriculture should be small. In a world with population explosion on top of us, has this any longer the same significance that it had for 19th century Britain? Does the view that British agricultural expansion means a diversion of scarce resources into marginal efforts really any longer apply? I do not think it does.

It seems to me that, in so far as it is accepting this old view, the Price Review is taking a wrong view of the real cost to the Exchequer. The real cost to the Exchequer is not just a straight subsidy to farmers. Again, may I remind your Lordships that there is a very large element of consumer subsidy in the whole complex of our agricultural subsidies. May I remind your Lordships also that a great part of this subsidy is a subsidy to industrialists in the form

of cheap food, and that part of it is maintaining our currency at 2.80 dollars to the pound. We can do this only by subsidising the food industry in the way we do. Similarly, there is an indirect subsidy to invisible exports, such as shipping and insurance. In fact, one cannot help feeling that the country has had very good value out of the subsidies, which amount really, in terms of support, to very little more than most industrialists have had in the way of tariffs.

It is rather interesting that just at this very moment when we have had a new Price Review the Russians have announced a great new look in agriculture. What this really means, so far as Russia is concerned, is that they are recognising, probably for the first time, the tremendous burden that their agricultural industry has borne in enabling them to make the colossal industrial advance which they have made in the last fifty years. A great deal of that tremendous industrial advance has been on the back of the Russian agricultural community. The Russians are obviously now in a way afraid that perhaps their agricultural industry may turn sour, and they are having a new look at it. I think the same thing could easily happen here. It is no longer true to feel that agriculture in England can be brushed aside, that it is a relatively unimportant thing and that we must go ahead with all our resources put to industrial effort. It might have been true a hundred years ago, but it certainly is not true now. We must look at this matter from a totally different angle from the one from which we have been viewing it in the last fifty years.

My Lords, I come back to what I said before: that within the framework of the present *status quo* this is not an altogether unreasonable Review. I do not believe that within that framework, if you accept that framework, the farmers could very well have asked for more. Certainly it is better than a good many of the last Reviews we have had: those in 1958, 1960, 1962 and 1963. I do not believe that a Conservative Government, accepting this same framework, could have done anything different at all; and the explosion which has come from the farmers now, the rage and despair, is, I think, that they genuinely felt that now that Labour had come back into power there

would be a new look at this problem. I think the farmers are disappointed in feeling that this is not a new look; it is the same old thing as we have had before.

I feel that this framework, which is too much accepted by members of both the other two main Parties, has, in fact, become a straitjacket, and that we have got ourselves into a very difficult position in that only milk and cereals are really very profitable. Indeed, so far as milk is concerned this has aggravated our structure problem in this way: where the small farmer, in relation to the rest of the industry, should possibly be concentrating on meat, he cannot, because the profit is not there, and he has to concentrate on milk. That has had a deleterious effect on the whole situation. We cannot make a case at all for further expansion of milk. On the other hand, we do need—if I am right in suggesting that we should be concentrating more on import saving—very much more meat and cereals.

The line we probably ought to take—this is the sort of difficulty one is in: how we are to make this balance right—is to allow cereals to find their own price. There is a great difference between the price of cereals in this country and the supported price abroad. So this means, in fact, a rise in cereal prices. I think the effect of this will be that it will gradually eliminate subsidy on cereals. As the noble Lord, Lord St. Oswald, says, a share for the British farmer in an expanding cereal market is not enough. We must have something more. It is necessary to allow the price of cereals to go up and save a certain amount of imports by letting the price go up. The same also applies to the cattle herd. We have to increase it, but in such a way that we do not flood ourselves with milk. What this means is that we have to make beef more profitable. The hill cow subsidy and the hill sheep subsidy are an improvement and a great help, but they are simply not enough. What we want is a totally different conception both of beef and of cereals, as regards subsidies.

This is, after all, Common Market policy. This is what has been happening in the rest of Europe, and it is what the Liberal Party have been advocating for a long time. In this context I quite

genuinely feel that ours has been the only truly expansionist policy with regard to agriculture. I notice the noble Lord laughs. I have often admitted that, so far as this Party is concerned, in many ways our agricultural policy is not particularly strong, but nor is that of the noble Lord's Party or of the Party now in office. We are all in the same predicament; so are the Americans, the French and Russians. This is one of those extremely difficult problems. There simply is no easy solution. Be that as it may, this is the general Common Market policy, and I think we ought to be steering towards it.

I know that this may mean that meat is going to rise in price. We are the only country, or very nearly the only country, not paying the proper price for meat. If you like, why not use some of the saving on cereals, if you let the price rise there, in a consumer direction so far as the rising price of meat is concerned? In any case, I feel it is not reasonable that we should always consider that we must have our food for nothing. So far as consumer goods are concerned people are prepared to go on paying more and more, but so far as food is concerned there is always this feeling that food must be "for nowt".

We must re-examine the whole relation of the home production and food imports, and this is what the Price Review and the White Paper do not do. Nineteenth century conditions do not apply. Again, may I remind your Lordships that technically British agriculture is probably the best in the world. In relation to American agriculture it is higher as regards output per man than British industry is in relation to American industry. The national productivity over the whole country has risen by 3·2 per cent. and that of agriculture by 6 per cent. May I remind your Lordships, too, that it has less protection than it has in any other country in Europe. In fact, the degree of protection is more or less the same as British industry gets. The British farmer is not overpaid. If you look at the average incomes over the last 16 years, I think you will find that the N.F.U. have a good point in suggesting that whereas the national income has risen by something like 56 per cent., farming income has risen by only 1 per cent. I am not suggesting that this has anything to do with guaranteeing

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farmers' income. I am saying there is a tendency for a lot of the so-called farm subsidies to be, in fact, the other way round. The farmers are carrying the burden for a lot of the improved conditions industrially.

Most of our imports come from the U.S.A., from Australia and from Canada. Are we really going to hurt them so much if we change the balance in this direction by quite a small amount? I do not think we are. In any case they are all countries with a much higher standard of living than ours. Also, it might help to make food available for some of the poorer countries. One tends to forget that before the war something like one-third of the population of the poorer countries was undernourished. The appalling fact is that it is now something like one-half. In those circumstances, can the expansion—this is what we are talking about now—of British agriculture, which is so efficient, damage British industry? I do not think it can. I do not think that these old 19th century views about the place of agriculture in the British economy are any longer valid. But I see no signs that this view prevails in the present Government's policy towards agriculture.

POLICY ON RAILWAY CLOSURES AND WORKSHOPS

3.35 p.m.

THE PARLIAMENTARY SECRETARY, MINISTRY OF TRANSPORT (LORD LINDGREN): My Lords, for the convenience of the House and particularly of my noble friend, because there is nothing worse than being interrupted, with your Lordships' permission I will now repeat a Statement on two aspects of railway policy, one of which affects other nationalised industries, which is being made in another place by my right honourable friend the Minister of Transport. With your Lordships' permission I will use his words. The Statement reads:

"In my Statement to the House on November 4 last, I explained that my policy on passenger closures was being developed in accordance with the Government's policy on national and regional planning. Now that regional economic planning councils and boards have been established for most of the country, I have decided to consult them

about any proposed withdrawal of passenger services. Accordingly, as from to-day, where regional councils and boards exist they will be given full opportunity to advise me on the planning implications of any proposed closure for the regions with which they are concerned, before I make a decision. This arrangement will apply to all outstanding proposals published by the Railways Board on which I have not yet reached a decision and to all proposals which are published in the future.

It will apply also to those not published but referred to me, to consider whether they are clearly unacceptable from the start, under the special arrangement I announced in my previous Statement.

This procedure will ensure that regional planning is not prejudiced by rail passenger closures, and will ensure that in those cases in which I decide that closures are justified, I have been able to take account of all relevant considerations.

As the House knows, I have also undertaken to make a further Statement on workshop policy. This involves much more than British Railways workshops, although these are the establishments about which honourable Members have expressed most concern. The Government are convinced that not only the British Railways Board but other nationalised industries should be free to employ and develop their manufacturing resources to the best effect. We intend, therefore, as opportunity arises, to introduce legislation to remove statutory limitations which impede the nationalised industries.

The reorganisation of British Railways workshops is now almost complete and their modernisation well advanced. The removal of the restrictions will enable these national assets to be employed to the fullest extent."

LORD NEWTON: My Lords, I should like to express our thanks to the noble Lord for giving us the Statement. So far as the second part of the Statement, referring to the workshops, is concerned, I do not think it would serve any useful purpose for me to comment on that now.

Obviously we shall have to wait for the legislation which he has promised and which we shall have to study very carefully.

As regards the earlier part of the Statement, on the closures, what immediately strikes one is that the Government, for reasons which no doubt seem good to them, are deliberately imposing a new link in the chain, so to speak. How much further delay is this going to entail before essential decisions are made? Obviously it could mean a very great deal of delay, and we wonder whether the noble Lord would give some assurance that they simply are not going to put back making difficult decisions for a very long time.

LORD REA: My Lords, I agree with the noble Lord, Lord Newton, about the second part of the Statement, which obviously is very controversial and I think will need special debate. With regard to the first part, I have rather a different view from the noble Lord. It seems to me that the Government have a good policy on national and regional planning, but they are now looking to these regional committees, whatever they may be, merely for advice, which the Minister may or may not take. They are not yet strengthening enough the regionalisation and letting responsibility come from the regions as much as they indicated they were going to. I hope they will take a much stronger line, give more power and more decision to the people involved, so that questions such as the closures of railways against very strong popular opinion in the areas concerned may have much more consideration, and so that other questions of the same sort may have more consideration than in the past.

LORD LINDGREN: My Lords, may I thank both noble Lords for their references to railway workshops? I am glad they have taken that view, because I am only a Parliamentary Secretary and not a Parliamentary draftsman and I should have been in deep water if they had asked questions on the possible extent of legislation. To return to the new procedure for railway closures, and to deal with the point of the noble Lord, Lord Rea, about advice to the Minister and the right of the Minister to make a decision, the view taken by the Minister—and I think most Ministers would take the same view—is that the decision must be his. He

cannot pass his responsibilities on to outside bodies. He has the right and the duty to take advice and, in the light of that advice, to take the responsibility for a decision, which he must make and which is, through the Minister, the responsibility of the Government.

The noble Lord, Lord Newton, referred to the possibility of delay, and this is a point that will have to be watched. It is not intended that there will be an opportunity for delay. Submissions to the transport users' consultative committees and to the regional boards will be simultaneous. There will be a time limit on their discussions and we hope that the decisions will be very speedy. But the Minister takes the view that transport is an essential part of the economic development of a region, and, therefore, that those who have been given the responsibility for regional development ought to have some say in the part that railways, that transport, should play in regard to it.

LORD NEWTON: My Lords, may I ask one further question, for clarification? The noble Lord, Lord Lindgren, has just said that a time limit for consideration will be imposed. Does that mean that a time limit will be imposed on the regional economic planning councils and on the boards?

LORD LINDGREN: My Lords, perhaps I went a little further than I ought to have done. The position is that closure proposals are made to the Minister and then they are published and they will go both to the T.U.C.C. and to the regional boards. In many cases the regional boards will have had a preview of them because they are submitted to the Minister first in order that he can decide whether or not they should obviously be rejected on economic planning grounds. Cases will go direct to the boards before they are published and we do not think there will be any delay. There may be a slight delay later because there will be decisions already awaiting the Minister's consideration that have been to the transport users' consultative committee. They will be submitted to the regional boards immediately this arrangement comes into operation, but, with the co-operation of the regional boards, we do not think there need be any delay.

3.44 p.m.

LORD DRUMALBYN: My Lords, may I ask the noble Lord a question? If it is right for regional boards to be consulted about passenger closures, is there not also something to be said for them to be consulted about the withdrawal of freight services? I appreciate that the Minister does not come into the matter in the same way in each case, but it would not follow from that alone that the regional board should not be consulted.

LORD LINDGREN: My Lords, passengers and freight, as the noble Lord appreciates, are two different entities. The person who is sending goods from place to place does not really worry by which route they go. If a passenger service is not withdrawn and the line is open the tendency is for freight to remain on the line. The withdrawal of freight services generally arises only when the passenger service is withdrawn and there is a requirement for the removal of the line, but it may also arise where there has been a concentration of collection and delivery stations. In these instances it is entirely a matter for those who have the responsibility of managing the railways and arranging the collection and delivery of goods to do it in the best possible manner, so that the services they give to their customers are in the interests of the economy of the country.

LORD BRECON: My Lords, with regard to closures in Wales, will the decision be made by the Ministry of Transport or the Secretary of State for Wales? If the Minister consults the Secretary of State for Wales and they arrive at different decisions, when the Minister gives his decision shall we be informed of what the Secretary of State recommended?

LORD LINDGREN: My Lords, having listened to a number of Welshmen over a period of time, I did not know there were any railways left in Wales; but in so far as this procedure arises, of course the Welsh Regional Board will be consulted and my right honourable friend, as is usual among Ministers, will consult his right honourable friend.

LORD BRECON: My Lords, I was asking about who would make the deci-

sion because, after all, the promise was made that the Secretary of State for Wales was going to take over tremendous responsibilities and I wondered whether this was one of them.

LORD LINDGREN: My Lords, he will not be taking over that one, but, of course, the Minister of Transport is a member of the Government and the Government accept corporate responsibility for all their actions.

LORD MERRIVALE: My Lords, may I ask the noble Lord two specific questions? I understand there have been proposals for the closure of the Heathfield line and the Forest Row link line. This has been considered by the T.U.C.C. Will this now go before the regional board and, if it does, will the regional board be able to consider the question of the feasibility of light railway operation?—because I understand that the T.U.C.C. can consider only the question of hardship and not another form of operation on these or other lines.

LORD LINDGREN: My Lords, I cannot remember all proposals in regard to individual closures that are coming forward, but I can say that if a decision has not yet been given on any proposal by my right honourable friend, it will be referred to the regional board for consideration and for their observations. The transport users' consultative committees are different. They are concerned with hardship to individuals, the numbers of persons likely to travel, whether they are, say, men going to work or women going to market. Submissions to boards are on social and economic grounds from the point of view of productivity and the creation of wealth. So far as light railways are concerned, I cannot give any authoritative answer, but if the noble Lord would like to put down a Question I should be only too pleased to answer it, or I will send him a reply by letter.

LORD MERRIVALE: My Lords, I am most grateful to the noble Lord. If I understand him aright, the regional boards will be able to accept a wider view of the problem than the T.U.C.C. can.

LORD LINDGREN: My Lords, yes: they will be considering the economic and social problems arising from a closure.

LORD WISE: My Lords, if the matter comes before the board and the board advise the Minister that the railway should not be closed, will the matter then be considered by the T.U.C.C.?

LORD LINDGREN: My Lords, all proposals will be considered by both bodies. Their functions are different. The transport users' consultative committees are concerned only with hardship to individuals, whereas the regional boards are concerned with the general national and regional planning of the area and the productivity of industry within it.

LORD LEATHERLAND: My Lords, can my noble friend tell us what will be the position in what is known as the South-East Study area? That can conceivably be one part or cut up into two, three or four parts. If the regional boards in that area are not going to be formed soon, will there be a standstill on all closures until they are?

LORD LINDGREN: My Lords, as my noble friend is aware, so far as the South-East is concerned there is as yet no regional board, and pending the establishment of such a board there will be discussions between the Ministry of Housing and Local Government, the Department of Economic Affairs, the Treasury and the Board of Trade and so on in regard to them. So consultation, instead of being with the regional board, will be among the Government Departments concerned.

AGRICULTURE

3.50 p.m.

Debate resumed.

THE JOINT PARLIAMENTARY UNDER-SECRETARY OF STATE FOR SCOTLAND (LORD HUGHES): My Lords, the noble Lord, Lord St. Oswald, is a seasoned campaigner in these Price Review debates, whereas perhaps the noble Lord, Lord Henley, is somewhat more in the category in which I find myself—a comparatively new recruit—although he, like Lord St. Oswald, has the benefit of a practical background in farming, to which I can make no claim. It is perhaps because of this aspect, my being a new recruit, that I still have a certain feeling of

unreality when I find myself standing at this Box. This feeling of unreality has never been stronger than today when I speak on the subject of agriculture.

I must say that Lord St. Oswald did nothing to dispel this feeling of unreality in the somewhat fanciful picture he painted of the enthusiasm with which the farmers had received Price Reviews, uniformly, year in year out, during the period of Conservative Government, and that in fact nothing had gone wrong until the year 1965. I could almost imagine him forgetting that anybody like Tom Williams had ever existed, and that he and his colleagues had invented the whole procedure either before, in or since 1947.

LORD ST. OSWALD: My Lords, I think that if the noble Lord reads my speech, he will regard his version of it as very bizarre indeed.

LORD HUGHES: My Lords, I shall have the greatest pleasure in reading both speeches which the noble Lord has written—the one that he wrote for himself, and the reply which he wrote for my noble friend Lord Champion—although I doubt that, when I read his reply written for Lord Champion, it will necessarily be identical with the one which my noble friend himself will make in due course. I also have an apology to make to the noble Lord, Lord Henley, who, at one very serious stage in his remarks, thought that either my noble friend Lord Champion or myself (I think it was I) was laughing. It was, I regret to say, at something which had nothing at all to do with the Price Review. It was one of my noble friend Lord Lindgren's witticisms. But I apologise for the wrong impression which it created in the noble Lord, Lord Henley.

One does not need to be an agricultural expert to realise that the subject of this debate is one that is vital for every member of our community, not only to the farmer, not only to the agricultural community but to the community at large. In our largely industrialised society it is unfortunate that the problems of agriculture are not such widespread knowledge on the part of the community as a whole as perhaps one would like them to be. Perhaps it will not be the least useful part of the debate which is taking place in this House this afternoon, and that which is taking place at the same

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time in another place, if they help to spread a deeper knowledge of agriculture's contribution to the economy as a whole and of the problems involved.

The noble Lord, Lord St. Oswald, referred to the general dissatisfaction among farmers with their income position. He thought that I was taking a somewhat bizarre view of his speech, and he will probably form the same opinion of what I am now about to say.

LORD ST. OSWALD: I expect so.

LORD HUGHES: It seems to be quite possible on both sides of the Table to predict what the reaction is going to be to remarks. What I was about to say was that this dissatisfaction among farmers seems to be a natural result of pre-election generosity, because both the 1955 and 1959 Election years produced favourable Reviews. As I think Lord Henley pointed out, the Reviews which immediately followed were disagreed Reviews, which were not greeted by the farmers with the same acclamation. Farmers are not, of course, alone in thinking that their incomes are too low and should be improved. This is a feeling which, rightly or wrongly, many other sections of the community share. But the farmers at least are in the position that their grievances are of long standing. They arise, in the main, from a series of disagreed annual Reviews.

Your Lordships will forgive me for mentioning that, of the last ten Annual Reviews, including the present one, six have been disagreed. This inadequacy of income, as the farmers consider it to be, has been the main cause of difficulty of Annual Reviews in the past, and all the three farming unions have disagreed the Price Review because they did not think the resulting figures of income to the farmer were satisfactory. In their current publicity, the N.F.U., not unexpectedly, are giving particular prominence to this matter. They emphasise two main points. First of all, that the level of net income in farming is inadequate to give a proper return on the capital investments, particularly if one has regard to the rate of increased productivity being achieved; and, secondly, that farming incomes are lagging behind those of other sections of the community.

I wish to emphasise—and I think that the farmers themselves, if they look more closely at the matter, will realise this—that in very large measure the reason for their disappointment at this Price Review is that it comes on top of all that has gone before. As Lord Henley said, the farmers, thinking back to the change in their position which stemmed from the 1947 Act, expected from this Government—even in the circumstances which exist—miracles which, in the light of their experience, they would not expect from the Conservative Party. I would remind your Lordships that while the farmers have not demonstrated in the past after Reviews as they are doing at the present time, they have had worse Reviews than the present one.

One gets a good idea of what the industry is left with, when one takes into account increased costs of £29 million, the award of £10·4 million, and the assumed gain from increased efficiency. And, I would remind your Lordships that the last item has been taken throughout all the years from 1951 onwards at £25 million. I mention that particularly, because if it is wrong to assume it at £25 million this year, it has been equally wrong to assume it at £25 million in all the years before. I would suggest that there must have been many times when this figure was wrong, but I believe that it is generally accepted that, over a run of years, the figure of £25 million is probably pretty near the average, taking one year with another. Taking these figures together, as I say, one gets a good idea of what the industry is left with. This year it is plus £6½ million. That compares with last year's figure of plus £32 million—a very vast difference, as Lord St. Oswald will be surprised to hear me admit.

LORD ST. OSWALD: I do not see how the noble Lord could do anything else.

LORD HUGHES: I could have done what the noble Lord did, and draw a veil completely over the figures. In 1962, taking all the figures, the farmers had a net reduction of £5½ million; in 1960, the net increase was £3 million; in 1958, it was minus £5 million; in 1954, it was plus £1½ million; and in 1951 it was minus £8 million. These are the bad Reviews over a period. I say once again

that the main source of the farmers' dissatisfaction is that it has been cumulative. This particular Review has disappointed them more than somewhat because they perhaps hoped against hope that they were back to 1947.

It was in 1947 that the farming position began to improve. I was particularly interested to see that in the four-year farm expansion programme of the Labour Government in 1947 the money income, both in actual cash and in real terms, expanded considerably, probably more so than at any other period, before or since. Of course, things then were different. As a result of the changeover from war-time conditions, the country needed a very considerable expansion in food. Very heavy targets were placed before the farmers. They responded magnificently; there was a 20 per cent. increase in output over the period, and net incomes rose by 20 per cent. on an actual basis, although when adjusted for what is regarded as normal weather conditions—which is a rather foxing business for the layman—the 20 per cent. becomes 14 per cent.

At this Review, the Government had to accept the farm incomes position as they found it. The settlement at the 1964 Review was an exceptionally generous one (even for an Election year) and 1964-65 proved in general a good farming year. Net incomes for the United Kingdom as a whole in 1964-65 are expected to rise by £63 million or 15 per cent., or, allowing for the favourable season, by £31 million or more than 7 per cent. We know that these large aggregates of income conceal a tremendous variation from one farmer to another, depending on their scale of enterprise, their choice of products, the natural difficulties they have to face, their skill in management and so on. This is an aspect which the Government had very much in mind during the Review discussions and when setting out the main lines of the long-term policy which is outlined in the White Paper and to which I shall be referring further in a few moments.

This welcome improvement in the industry's general income position was, of course, only one of a number of factors which the Government took into account before making their determinations. The increased costs, to which I have already

referred, of £29 million facing the industry, the difficult state of the economy and trading obligations and commitments, and what might strike a fair balance between consumers and farmers, were all factors which had to be taken into account. In all these circumstances, Her Majesty's Government believe that the award of £10.4 million is a fair one. I emphasise "in all these circumstances". We still leave the industry with part of its higher productivity, which provides opportunities in certain sections of the Review, in particular, for a further rise in farm incomes in 1965-66.

Your Lordships would not expect me to ignore the subject of milk. A good deal of the criticism levelled at this year's Price Review has been concentrated on the award of 1d. per gallon for milk. There has also been a fair amount of alarmist talk, to which the noble Lord, Lord St. Oswald, added his little quota, that there will be a rapid decline in milk production. Let us look at the facts of the situation and to its history over the past few years. If we do so, I certainly cannot agree that there are grounds for that criticism, and I suggest that your Lordships will not be able to agree either.

In 1964-65 milk production in the United Kingdom, allowing for all the uncertainties of prediction, seems likely to be 1 to 1½ per cent. below the figure for 1962-63, the highest production so far attained. In that year it was over 2,500 million gallons. There was a drop in production of some 2½ per cent. in the year 1963-64, but a fair proportion of that drop has been made good in the last year, notwithstanding this prediction of a continued constant decline in the numbers in the industry. Just over two-thirds of our home production of milk goes for liquid consumption and the rest into the manufacturing market, where it realises, on average, a price very much below the guaranteed price fixed for the "standard" quantity. It is not, therefore, in the interests of producers as a whole that production in excess of the "standard" quantity should keep on rising at a faster rate than the increase in liquid sales. Noble Lords may recall the problem that faced the previous Government over the three years prior to 1962-63. Production increased each year by an average of 110 million gallons, but liquid consumption increased by only 22 million gallons. As a result, the average

[Lord Hughes.]
 "pool" price received by producers fell by 2d. per gallon over that period.

A better balance has been achieved since then, and Her Majesty's Government believe that one of the effects of what has been done in relation to milk will be to keep the average "pool" price which the farmer receives to the highest possible figure. It would not, in fact, be a help to the farmer to encourage him to produce large extra quantities of milk, which might have been the result if much more than 1d. had been provided. He would thereby get only the manufacturing price for the extra quantity, giving him a very much lower price over his whole sales than he otherwise would have had.

There has been a substantial decrease in the number of milk producers. Five years ago there were 150,000 of them; this year the figure has fallen to 125,000. But I would remind your Lordships that this has been almost entirely balanced by a steady increase in the average size of the dairy herd and an increase in milk yields. In Scotland, for example—and your Lordships will forgive me for quoting a figure with which I am more familiar; but it is typical of the United Kingdom—the average size of the dairy herd has risen from 35 ten years ago to 45 at the present time. So although one-sixth of the producers have disappeared from the dairy scene, it does not follow that there is the same reduction either in cows or in milk. This growth in average size, and in the specialisation that goes with it, reflects what is happening in all branches of farming and in most other industries. Few people would wish to deny that this is the proper way for those who remain in milk production—the great majority of them—to make their own contribution towards the betterment of their income.

But having said that, I wish to say that the Government do not underestimate the difficulties facing milk producers, or the arduous nature of their task. This is, perhaps, an aspect with which everyone must be impressed—the arduous nature of the task of the man who keeps a dairy herd—and we should like him to be assured of a proper reward. But we have had a look at the facts of the situation as they exist. If we had to consider only what was the

best thing to do for the farmers, we might well have produced a different award, but the farmers have had to fit into the general picture that exists. After a long period of pressure on the milk producers' returns, an award of 2½d. per gallon was given last year. This was by far the largest increase they had ever had in the guaranteed price, and because of it, and because the amount of milk going for manufacture declined, the average pool price received by producers has markedly increased. It needed the combination of these—a reduction in the quantity and an increase in the price.

The Government are confident that the combined effect of this improvement, and the 1d. per gallon award this year—which, after all, despite all that has been said of it, is the highest since 1952, except for last year's award—should produce an improvement in dairy net incomes without unduly stimulating production. When one talks about helping the balance-of-payments situation by discouraging imports, I would point out that we certainly could discourage imports of manufactured milk, in the sense of butter and cheese, if this were felt to be the right policy. But if, as a result of that, the farmer is going to get a big increase in the quantity of his milk which is being paid for at manufacturing price, he is going to be worse off at the end of the day, rather than better off. The farmer knows that, although perhaps in his disappointment he tends sometimes to overlook it.

LORD ST. OSWALD: My Lords, is the noble Lord now leaving dairying?

LORD HUGHES: Yes.

LORD ST. OSWALD: This is by no means an unfriendly intervention, because I recognise that a lot of what the noble Lord says about the pool price in a decreasing national herd is logical, although only so far as it goes; but what he has not referred to is one point on which I touched, and that is the effect on the beef herd if, although sufficient milk is still being produced, dairy calves are no longer available to the beef herd. I wonder whether the noble Lord would be good enough to touch on that.

LORD HUGHES: No, my Lords, I should prefer to leave it. After all, at the outset the noble Lord assumed that

my noble friend was to reply to everything. He must not now jump to the other extreme and assume that I am to leave him nothing.

I wish to go on to cereals, because this is another point on which Her Majesty's Government have been attacked by both Parties opposite, but for totally different reasons. The Government fully appreciate that the cuts in the guaranteed prices of wheat and barley are unpalatable to growers, because if somebody has been getting a certain element of income and he finds that it is going to be diminished by 1s. 4d. in one case and something else in another, and he multiplies that by a figure and finds that, by adding in everything else in sight, it produces a reduction of £3,000, obviously he is not going to be enthusiastic about it. But we must face the fact that home production has increased far beyond the standard quantities fixed at the Annual Review a year ago.

Now the noble Lords of the Liberal Party are perhaps in a better position than the rest of us are on this matter, because they are not accepting the whole conception of standard quantities; but the noble Lords in the Conservative Party certainly cannot argue that, because we are putting into operation what they arranged. As a matter of fact, if I remember rightly, it was the *Economist* which said that in this matter they had set a time bomb which had exploded under the present Government.

What is the effect of it? In the combined production of wheat and barley there is an increase beyond the standard quantities of nearly $1\frac{1}{4}$ million tons. In the result, in the current year the imports from our traditional suppliers have fallen below the target level—which is the average of the previous three years; not a bad bargain, I should have thought—by 800,000 tons. I doubt very much whether the noble Lord, Lord St. Oswald, in his desire, perhaps, not to be unfair to Her Majesty's Government but to be legitimately hard on them, was really fair to certain other Governments—and he mentioned in particular the Government of Canada, because that was the particular letter from which he was quoting. I do not accept the fact—nor, I am sure, would the Government of Canada accept it—that they had driven a hard

or an unfair bargain with Her Majesty's Government in what has been arranged. On the contrary, I should think—

LORD ST. OSWALD: My Lords, I said "better bargain", I think. My implication was that they had driven a better bargain than our Government.

LORD HUGHES: It may be, but what the noble Lord is saying is that he would have been unfair to the Government of Canada. This comes strangely from a noble Lord who is representative of those who, long before taking over the present agricultural support system of their own invention, had regarded the Commonwealth as their private preserve. So it is perhaps a rather unusual charge that is being levelled by him against us, that we have been kinder, or less hard, to the Dominion of Canada than he would have wished to be. We do not think we have been either kind or hard. We think that what has been done is fair. In the end, it produces the result which the noble Lords on the Liberal Benches do not like, not because they think it is unfair, but because they think the system is wrong.

LORD OGMORE: Hear, hear!

LORD HUGHES: I am not going into that; I will leave that to my noble friend Lord Champion. It is a nice one. After all, he can take on the whole Liberal Party, of which there is a good representation here to-day.

Now the last Government, with the approval of the National Farmers' Union, entered into commitments with our overseas suppliers—and remember this: this was not something which the last Government imposed upon the farmers; they did this by agreement. What the farmers wanted were minimum import prices, and what had to be paid for the minimum import prices was the sharing of the home market. Without these agreements and the minimum import arrangements there would not have been the floor for a cereals market which we now have. The noble Lord, Lord St. Oswald, touched lightly on the fact that the cereals decision was not just a cut in the amount of money but was accompanied by an increase in the standard quantities. The increase in the standard quantities is not as insignificant

[Lord Hughes.]

as he would have us believe. The increase for wheat is 100,000 tons, and the increase for barley is 250,000 tons. So that reflects the decision of Her Majesty's Government that the home producers are to get a reasonable share of the expanding total cereals market—and that they have been given in very large measure, as, for instance, the amount of money involved will indicate.

The subsidy bill in the present year is expected to be £63 million. Notwithstanding the operation of the standard quantities, the bill is expected to rise to £76 million in respect of the 1965-66 cereal crops. So there is another £13 million in that. Now I must immediately say that this is based on predictions, and almost every one of these calculations can be falsified in the event by the conditions which actually turn out by way of weather and harvest.

I had been intending to say something about potatoes, but I think the noble Lord, Lord St. Oswald, will not be disappointed if I leave the "hot potatoes" on my noble friend's plate. I should like to say a brief word about beef, because it has some bearing on the other aspects in relation to milk. In view of the general world market prospect for beef, the Government thought it right to provide a further measure of encouragement for the home producer. A total of £8 million has been provided for this purpose, and we have tried to inject extra money at all the main points in the production process—breeding, rearing and fattening. The guarantee for fat cattle has been raised by 4s. per live hundredweight; and, in addition, increases have been made in the rates of calf subsidy and hill cow subsidy. The noble Lord, Lord St. Oswald, referred to these.

We must look to the dairy herd for a large part of our home supply, and it is here, perhaps, that there is the main scope for increasing supplies by encouraging retention of many of the calves that now go for slaughter at an early age. The Government propose to extend the calf subsidy so as to admit heifers of dairy breeds that are seen at the point of slaughter to provide acceptable beef carcasses satisfying the requirements of the Fatstock Guarantee Scheme. Beef production is a long-term

business, involving decisions by producers of many different kinds and with varying interests. The spreading of incentives throughout the production chain should ensure a continuing and steady build-up of supplies from all available home sources.

My Lords, in a disagreed Price Review it tends to be assumed in the aftermath that nothing in the Review is acceptable to the Farmers' Unions. This in fact is not the position at all. I doubt very much whether there has ever been a Review in which some aspect has not been pleasing to some section or other of farmers, or in which some aspect has perhaps been pleasing to all farmers. I have mentioned beef, where there was a fair measure of agreement. Other very important aspects generally acceptable to the Farmers' Unions were the Government's proposals for helping the small farmers to raise their efficiency as business units, and the Government's decisions for maintaining prosperity in the hill and upland areas. Of the items in the Review, this will probably be the last aspect to which I shall refer, and as a Scot, I think it is perhaps appropriate that it should be so, because it is a subject which has particular value to my countrymen. I wonder whether noble Lords realise that about one-third of the agricultural acreage of the United Kingdom is devoted to hill farming. In Scotland, rough grazings account for some 12½ million acres, out of a total agricultural areas of 17 million acres. The corresponding figures in England, Wales and Northern Ireland are not so dramatic; but no less than 5 million acres of England and Wales and three-quarters of a million acres of Northern Ireland are rough grazings.

These hill areas, however, form an indispensable part of the total farming picture. They are the home of the hardy sheep, which form the basis of so many of our low-ground types, and they produce a substantial number of store cattle for fattening on the better land. Under past policies, which in this Review we have reinforced, the hill sheep population has been maintained and the hill cattle population has more than doubled. Hill sheep at present account for approximately one-third of all the breeding animals in the United Kingdom. They represent, in fact, 60 per cent. of all

the sheep in Scotland, 40 per cent. of the total Welsh flock, 27 per cent. in the case of Northern Ireland, and 15 per cent. in England. The hill areas produce annually not far short of half a million store cattle. The Scottish hills contain two-thirds of all the beef cows in the country, or one-third of the total Scottish cow population. In the other parts of the United Kingdom, hill cows amount to 15 per cent. of the total in Northern Ireland, while there are lower figures for England and Wales. As a total for the United Kingdom, they represent 9 per cent. of the whole. In addition to the figures that I have given, the hill areas also carry, on the better land, substantial numbers of crossbred sheep.

My Lords, I have not given a great many statistics. I have given a few in this particular category, perhaps more than can reasonably be digested at the speed at which I have been throwing them out, but I hope that some of your Lordships may do me the honour of looking at them again when it will perhaps be easier to follow them. But I hope that I have put into your minds the importance of this section of agriculture to the country as a whole, and how important, therefore, it is that perhaps the most favourable part of the Price Review has been given to this particular section, where at the end of the day it will probably have the best results. The proper development of these areas must be a feature of balanced regional development and, if your Lordships will forgive my mentioning it, of the plans of the proposed Highland Development Board.

As announced in the White Paper, the Government propose to consider urgently what more should be done to make the best use of agricultural resources in these areas, having regard to the economic, social and other factors involved. Meanwhile, we have increased the hill cattle subsidy by £1, and the hill sheep subsidy has been stabilised at 18s. per ewe. We have increased the rates of calf subsidy by 10s. per calf, which, though not confined to the hill farmers, is of considerable benefit to them. We have adapted the scheme of winter keep grants in England and Wales and Northern Ireland to a system of headage payments, although Scottish farmers decided that the maintenance of acreage payments,

together with small headage payments, was better for them than going on to the English system. These decisions have been dismissed in some quarters as fringe benefits, but I am certain that no one with the interest of the hill areas at heart will regard them as such.

Time is passing, and I must turn over the pages and leave some subjects unmentioned. But I should like to say this: the pointers in the first part of this year's Annual Review White Paper to longer-term policy are not at the moment getting the consideration they deserve, due to the controversy about farm incomes, but I believe that in due course they will be regarded as the first fruits of a constructive effort to deal with the more fundamental problems facing the industry. We are still considering the important subject of the place of agriculture in the National Economic Development Plan which is in course of preparation. Nevertheless, there are certain lines of development which can play an essential part in the maintenance and improvement of the industry's fine record. There are immediate steps which we can take and which form part of the settlement at this Review. Management and marketing are good examples. There is, I believe, wide agreement that we have not yet explored the full possibilities of higher efficiency in these two spheres.

So far as management is concerned, there is little doubt that, just as much as in industry, the taking of correct decisions on farming operations must rest on a firm basis of comprehensive and suitable records of all the processes involved. The revised Small Farmer Schemes will be based on the keeping and use of farm records, but we wish to give a much wider impetus to the practice. Farmers not eligible for aid under the Small Farmer Schemes will qualify for grant assistance towards the cost of having the right kind of records kept. This is a new form of grants scheme, but we intend to get it off the ground this year by the introduction of pilot schemes in certain areas. I certainly hope that we shall be able to move on to a much wider application of this assistance in 1966.

On the marketing side, there is, I believe, wide agreement that far more could be achieved by co-operation. We

[Lord Hughes.] intend to carry out a study of the whole field of co-operation in agriculture, but we have decided, as an immediate practical step, to extend to agriculture the assistance already provided for horticulture for the development of producers' marketing organisations. We shall be ready to give grants of one-third towards the cost of expanding or increasing the efficiency of existing agricultural producers' marketing organisations or of establishing new ones. The Departments are pressing on with work on the details of this scheme so that they can be announced as soon as possible.

I have touched on quite a number of the aspects of what is a very wide subject, and I am sure your Lordships will forgive me if I have left perhaps almost as much for the noble Lord, Lord Champion, to deal with when he winds up. But I should like to conclude by reminding you of what I said in the earlier part of this speech about the four-year programme which the Labour Government launched in 1947. If the farmers had then judged what was to come only on the first Review, they would certainly have seriously underestimated the tremendous value to them that the succeeding years proved a Labour Government to be. I would suggest to your Lordships that this is the very mistake which the farmers are in danger of making this year.

4.29 p.m.

LORD HURD: My Lords, as I rise to address your Lordships for the first time I shall try to avoid contentious arguments while I give point to some views on the topics which have been raised by my noble friend Lord St. Oswald. This is not the first debate on Farm Price Reviews in which I have engaged and I am comforted to see my old friend the noble Lord, Lord Champion, sitting on the Front Bench opposite, because he and I often faced one another in such debates in another place. I think that we have generally managed to find a fair amount of common ground about the problems of British agriculture and the progress which it has made through the years.

As your Lordships will readily recall, this progress has been remarkable over the last twenty-five years, since we determined that we must beat the submarines by stepping up production in this country

to the absolute maximum. A great response during the war years was carried on after the war, when we had other problems, no less teasing ones, which could only be met by maintaining a high level of food production at home. All Parties were agreed on the principles of the 1947 and 1957 Agriculture Acts, which gave continuing assurances to the farmers, so that we had an almost non-partisan approach to farm problems. The noble Lord, Lord Hughes, reminded us that a good many of the Price Reviews which have flowed from the Agriculture Acts have not been agreed. That is true. It would be a dull world if the farmers, or any other section of the community, always agreed with the Government of the day. But farmers have felt confident enough during these years to plan and invest for greatly increased outputs.

May I remind your Lordships that the net output of British agriculture last year was 108 per cent. above the average of the years before the war, and taking a more recent basis, 1954-56, which the Ministry of Agriculture now seems to prefer, the net output increased 37 per cent. over the ten-year period. That was a remarkable performance, when agriculture was already geared to high production. These figures are some measure of the revolution which has involved the whole farming community—farmers and landowners, farm workers and those who supply requisites to the farming community. Our countryside hums with activity. The tractor, combine harvester and grain drier have taken the place of the carter and his pair of horses. As a result of mechanisation, agriculture, with no more than 400,000 full-time workers, now produces twice as much food as 700,000 full-time workers were able to produce before the war.

Incidentally, it is good to know, in these days of recurring balance-of-payments crises, that our farm machine industry has developed to such good purpose that we exported last year £164 million worth of tractors and agricultural machinery. This is quite new business which Britain did not do before the war. It is now our fifth largest export industry, based on a highly productive and progressive home agriculture.

What does the future hold? Some of my friends who speak for the National

Farmers' Unions in the counties—a good many years ago I did so myself—rushed in immediately upon the publication of this year's Price Review award to curse the Minister of Agriculture. That is quite understandable. I do not quite accept the suggestion that, because there has been a change of Government, farmers were expecting a more generous deal than they had in recent years. I do not think that demonstrations and suggestions of physical force will do the farmers' cause any good. What is needed is the education of Her Majesty's present Ministers—I am being non-contentious—in so far as they have failed to do their homework and have not really understood that short-sighted and ill-advised price and policy decisions this year can undermine confidence and upset the course of rising productivity, on which our farming has been firmly set in recent years to the great advantage not only of the land but of the nation as a whole. This confidence is a rather delicate plant and all too easily can be upset.

So I welcome the ready response which the Prime Minister gave to the request of the leaders of the National Farmers' Union for a meeting. He has asked them to dine with him at Downing Street. He is treating them as the responsible leaders of a great industry. We can all hope that they will have an enlightening evening together.

Do we want increased productivity from our agriculture or have we got far enough? I think we must ask the Government for a straight answer to this question. After all, it is a new Government and might therefore be expected to have a different view from that of the Conservative Government over recent years. We find that the Price Review this year puts a damper on cereal growing by a sharp cut in the price guarantees for wheat and barley, makes an inadequate recompense for the increased costs that milk producers generally will face in the year ahead, makes another cut in the guaranteed price for eggs, gives no certainty about pig prospects beyond the projected increase in imports of bacon, about which I see that Poland and other countries are now rejoicing, and imposes a reduction in the fertiliser subsidy, which is likely this year, as last year, to result in higher costs to farmers. The overall picture is an increase in farmers' costs

of £29 million in the year to come. The recent wage rise and increased figures for rents and interest are significant features in the build-up of increased costs. As the value of the guarantees goes up by no more than £10½ million, the industry is left to meet the balance of £18½ million.

In this reckoning, a modest plus sign is marked up for hill sheep. I fully agree with the noble Lord, Lord Hughes, about the importance of hill sheep and cattle. They are a great reservoir for the Lowlands by providing us with sound and hardy stock for finishing on better ground. I welcome that plus sign very much. There are also modest plus signs for beef cattle, milk, potatoes and sugar beet. I think it is generally agreed that these will no more than barely cover the increased cost of production in each case.

An increase of 4s. per cwt. on the guarantee for beef cattle, and a trifle more on the calf-rearing subsidy, are sensible moves but hardly significant. The world is short of beef and all the extra we can produce will be wanted. Would it not be prudent to increase the guarantee by, say, 9s. a cwt., making it 180s. a cwt., and, moreover, to give an assurance that the guarantee will not fall below this figure in the next four years? I suggest this, having recently been in Argentina, which is suffering from drought, and after hearing what I have from business connections in Australia, which also is suffering from a bad drought.

I think that the Government should look again at the beef price and the assurance given to producers. It is not going to cost the Treasury very much, because the price of beef is going up. But will the British public have their beef in a year or two's time? I think decisions taken this spring may be quite crucial on that point. I am sure that an incoming Conservative Government later this year or next year would confirm this assurance, projecting an increased beef price per head for four years, if the present Government were inclined to provide it. So I trust that Ministers will look at this matter again.

To turn to milk, it looks as if we shall get all-in about an extra 1¼d. a gallon, 1d. straight and another ¼d. probably on the increase on the standard quantity. This 1¼d. a gallon will not, I fear, keep in milk production many whose herds of 20, 30 or 40 cows are barely paying

[Lord Hurd.]
now. The money is not good enough to hold them tied to their cows for a seven-day week, Saturdays and Sundays included, when Mr. Everyman and his wife are driving down to the sea or otherwise enjoying themselves.

As your Lordships know, the trend is now towards ever bigger production units in milk, as well as in hens. Even so, the herd of 120 or 150 cows looked after by two men has to carry a relief milker to give a reasonable working week. So this is not all-that-cheap labour. To-day a couple in charge per head of 150 cows will earn between them up to—and it may be a little more—£2,500 a year; and the head cowman in charge of a herd of 80 cows will earn, and deserve to earn, £1,000 a year. I am very glad the noble Lord, Lord Collison, is in his place this afternoon, because he and I, although we usually differ in politics, both recognise that the skilled, experienced and responsible farm worker deserves a better wage than he has hitherto been able to command. I am very glad that these key men in the dairy industry are to-day, at long last, getting what I regard as a proper reward for the services they render. It is often a higher reward in wages than the smallholder is getting from his cows, although he works just as long hours and has just as many responsibilities as the herdsman in charge of a big herd on a bigger farm.

In the White Paper that went with the Price Review we are reminded that most of the output of the industry is produced by about one quarter of our 450,000 agricultural holdings. I should like to remind your Lordships of the actual sentence which follows in this White Paper, because it is perhaps the most significant part of the whole Review statement:

“ These holdings are for the most part those which, because they have secured economies of scale through the size of their farm businesses, can be expected to have low costs of production.”

The bright light of this truth will not, I trust, blind us to the situation that faces all farmers, large and small.

It might interest your Lordships if I ventured for a moment to give you the estimate which the farming company of which I happen to be chairman has

made for the coming year. We farm 4,600 acres in Wiltshire, grain and milk being our two main lines. We reckon that this coming year we shall have to face a minus of £6,800, mainly through lower grain prices, the extra cost of fertilisers and the recent wage and insurance increases. Against this we look for an increase of nearly £2,000, to come from the extra on milk, on calf subsidy and a little extra on the beef cattle price. So our budget leaves us with a minus of £4,800 to be taken care of by further “ technological progress.” This is, I think, a novel phrase for a Ministry of Agriculture document. But why should the new Departments of State have all the fun with the new jargon? The Ministry of Agriculture, Fisheries and Food have now adopted this, and we read about “ technological progress ” in a White Paper accompanying the Price Review. It will be quite a tough proposition for this farming company, which has the advantages of size and, I hope and believe, competent management, and certainly a good staff.

So it is not surprising that many individual farmers with, not 4,000 acres, but perhaps 300 acres, including some corn land and perhaps 30 cows and 500 hens, are baffled and angered by this year's Price Review. Your Lordships will have noticed that just the opposite happened in Government circles when it came to deciding what to do about the Post Office. The Government have approved the raising by the Post Office of postal rates to restore profitability and to pay for mechanisation.

There is nothing in the way of any such “ capital injection ” for farmers in this Price Review. The noble Lord, Lord Hughes, spoke of the great surge forward in output which followed the 1947 injection of capital into the agricultural industry, in the days of the Labour Government. What the noble Lord says is true. I well remember it, and it had a marked effect. But for most farmers, I am afraid this Price Review is cold comfort when they read in their newspapers about possible plans to amalgamate holdings to help

“ improve the structural deficiency of British agriculture ”;

or about the extension of agricultural co-operatives and group activity, or the development of upland areas and an

extension of the aid scheme for small farmers. All these professions of good intent are admirable ; but there is, too, a muffled assurance that

“ agriculture’s place in the national economic development plan is being studied ”.

What does it all mean to the man with 300 acres, trying to make a living, who does not know where to turn? Can he get rid of his cows and turn to rearing calves? Can he go on with his hens, or should he pack up? What should he do? He is the man who is sorely tried to-day ; and he is the man who has been in our Lobby seeing Members from the other place and, I think, behaving with great restraint. Because he is sorely tried. As your Lordships know if you have met any farmers on that scale in recent days, their prospects are blurred. I think, reading this White Paper, one must ask: Do Her Majesty’s present Ministers know where they want to go in agricultural policy? Are they taking advice from those who understand the industry, or are they in the toils of economists and economic planners?

I hope always for the best, and I come to this conclusion in my remarks. In a predominantly industrial country like ours there is, I think, need for a representative Council of Agriculture, drawn from all sections of the industry and the trades which serve agriculture, this Council to be recognised by the Government of the day as the responsible authority to which Ministers, including the Prime Minister, can always turn for confidential consultation, advice and guidance. I think your Lordships will agree that a highly productive agriculture is to-day such an essential part of our national economy and wellbeing that we cannot afford the misunderstandings which have resulted in the present unhappy and unnecessary crisis of confidence in the industry. The Prime Minister can take the first steps to restore confidence when the members of the N.F.U. take dinner with him. We must all hope that he will succeed.

4.50 p.m.

LORD WISE: My Lords, my first and very pleasant duty is to congratulate the noble Lord, Lord Hurd, upon his maiden speech. I do so with very real pleasure. He and I have met on many occasions in another place on opposite sides of the House, generally discussing

our points of view on the trials and troubles of the agricultural world. He was a recognised authority on agriculture, and we always took note of what he had to tell us. This afternoon he has given us several practical examples which I hope the Minister will note, and will study in *Hansard* afterwards.

It is pleasant also for me to mention—and I can do so in your Lordships’ House—that he was a recognised “ pair ” with a very old friend of mine, and that their pairing enabled both to give useful services in other directions in the community. We also met on the other side of the world on a Commonwealth Parliamentary mission. In that instance I think we were both talking about farming from the same point of view. The noble Lord has other interests which affect farmers, and I hope that in the course of time, during his membership of your Lordships’ House, he will address us on those other interests, and I am certain that we shall always listen to him in a kindly spirit.

My speeches over the last few years have been regular, year by year, on the Price Review. In those speeches I have said pretty well what I thought about the Price Review, but this afternoon I hope to be brief, as there are so many speakers to follow me. Each year in your Lordships’ House we have discussed the Price Review after publication, and I do not remember any alteration or amendment having been made by reason of our—or anyone else’s—representations or objections. Discussion after publication, with excuses and other observations, have been unsatisfying and futile. I think we should discuss farming matters just after harvest, so that the Government will know then, long before the Price Review is considered, of any suggestions which we may be able to give them. Unfortunately, our discussion to-day will achieve the usual result, and whatever we may say or suggest will fall vainly on the ears of the Government, as it always has done on past Governments: we shall fail to change one word or figure in this year’s Price Review.

In spite of the interesting eloquence of the noble Lord, Lord St. Oswald, we shall make no impact whatever ; and when the next Price Review comes to be considered, our words will not be referred to, and will probably be forgotten. This Price Review, in some

[Lord Wise.] respects, does not denote an agreed settlement between representatives of the National Farmers' Union and the Government; and the Government, entrusted with national interests, holds the scales and has come to what it considers to be a fair result. It is as well to realise this, and I am afraid that this coming year those engaged in the farming industry must accept it.

Tractor and animal parades, to the annoyance of other users of the highway, will serve no purpose; and the stoppage of milk supplies will embitter consumers in thousands of homes and tend to destroy the esteem in which agricultural producers are held by other members of the community, who for generations have benefited by the heavy toil of those who live and work on the land. If rewards for services rendered are parsimonious—as indeed they may be in existing circumstances in the dairying industry—then my voice is on the side of the producer. But—and here I utter a word of warning to those in that section of the industry who have recently assumed the rôle of agitators—their complaint will be ignored by the adoption of an attitude of defiance.

I know something of the difficulties of dairy farmers. In my earlier days of farming, before the general introduction of machine milking, I had a dairy herd of about 50 milking cows which were milked by hand twice a day. Admittedly, at that time I was more of a watcher than a milker, but later I could operate the milking units with some measure of success. Milking early in the morning and again in the afternoon tends to pall, and soon loses its attractions. Milking is not a job which is universally sought after and should, therefore, be satisfactorily rewarded.

I think that in every Price Review the point of increasing efficiency in farming has been overstressed and used against the farmer. It should not be incumbent upon him always to absorb his annual rising costs in his efficiency results. Other industries seem to tack rising costs upon the price of their commodities, but under the present system of the disposal and sale of his products the farmer is unable to do this. He is at the mercy of the whims or pockets of his buyers, and under present conditions, so far as his main products are concerned, he receives no

stability advantages, owing to the fluctuation of prices and working of the price deficiency operations.

From the point of view of Norfolk and Suffolk arable farmers, I am sorry to see a reduction in the guaranteed prices of wheat and barley. Market prices for these products fluctuate according to the period of sale, and the lowering of the guaranteed price may depreciate the market price with no saving of additional payment by the Exchequer. Market price paid to the grower for a year's labour and other production costs, and weather uncertainties, are low enough, in all conscience. If, for the sake of comparison, we take an average price (excluding the subsidy to the farmer) of around £20 per ton for barley, wheat and oats, here is an example of processing and wholesale and retail distribution profits which may surprise some noble Lords.

No doubt, like most Members of your Lordships' House, I buy dog biscuits in small quantities. The biscuits I buy cost 1s. 2d. a lb., equivalent to £130 a ton. They are composed, no doubt, of coarse grains (from where obtained I do not know) without any guarantee as to the nature of the ingredients or the quality. There is another bone-shaped biscuit, which no doubt your Lordships know, which costs 1s. 3d. a lb., equivalent to £140 a ton. Neither biscuit appears to be difficult of manufacture. But here is the picture: £20 a ton, excluding the subsidy, for the basic product to the farmer; and at the rate of £130 or £140 a ton to the consumer for his dog—a 600 per cent. increase on initial costs swallowed up in costs and profits between. Who now dares to say that the remuneration to the producer of the basic raw material is equitable or sufficient? Cereal growing should be more rewarding, and I hope that the newly-appointed Committee will take due note. I could give other astounding examples of biscuits for human or animal consumption, and other commodities with bases composed of farmers' primary products, some of which would no doubt astound your Lordships.

I do not want to deal more specifically with other prices fixed by the Price Review, except to say that I think the increase in sugar beet payment does not cover additional costs of production and harvesting. It must be remembered that

a year or two ago the price was reduced, but nobody seemed to know a satisfactory explanation; and, having suffered that decrease, the price does not seem to have recovered by subsequent additions.

In a few words, I wish to put forward a proposal in regard to the continuation or otherwise of the Annual Review. Year by year we have these upsets and unsatisfactory wrangles between the Government and the agricultural industry. They do not make for friendly relationships between the parties concerned, and they are detrimental to the interests of those whose job in life it is to produce high-grade, home-grown products for national consumption. The Price Review seems to have worn out its welcome. Will the Government realise this fact and, in conjunction with the leaders of the industry, or by means of an appointed knowledgeable committee, thresh out some new system of control on at least a five-year plan which will be acceptable and beneficial alike to the consumer, producer and the nation at large? In the background, in spite of the petty sniping which is now taking place, I believe that there must be some good will between the Parties. Control in certain commodities produced, or in other respects connected with agriculture, is already an accepted and acceptable operation. Grants, loans and suchlike seem to be outside the scope of a Price Review and to be administered in a more peaceful and satisfactory atmosphere.

5.4 p.m.

BARONESS ELLIOT OF HARWOOD: My Lords, I rise to make only a short intervention in this debate, and before making my speech I should like to congratulate the noble Lord, Lord Hurd, on his extremely interesting maiden speech. I think there is no one in this country who speaks with longer association with and more authority on agriculture than does the noble Lord, Lord Hurd. I well remember before the war that he used to make contributions to farming journals and a variety of important newspapers on farming when farming was then absolutely the Cinderella of all industries. He has always been a faithful supporter of the farming industry, and I hope very much that we shall often hear him speak in that capacity. He certainly gave us a most interesting speech to-day, and I

should like to add my congratulations to him from these Benches.

Your Lordships have been most kind in listening to me twice quite recently, speaking on other topics, more particularly speaking as Chairman of the Consumer Council. I do not speak in that capacity to-day; I speak quite unreservedly as a farmer. I declare my interest in the industry and I declare that I am on this occasion, as on many other occasions, speaking first and foremost as a farmer. I am the kind of farmer to whom the noble Lord, Lord Hughes, paid some compliments just now, in that I am a hill farmer. I am someone who produces the store cattle and sheep to which the noble Lord, Lord Hughes, in his interesting speech referred, and he gave very startling and important figures, showing how important that particular section of agriculture is in the total picture.

I think that almost all Ministers from either Party open their Price Review by stressing the importance of agriculture in the economy of the country, and this Price Review is no exception. It says in the very first paragraph:

"The Government will . . . be considering . . . what contribution agriculture can best make to national economic growth."

That is something which warms the cockles of the heart of all farmers and farm workers who are in partnership in this great industry, and I should like to hear that the best use is going to be made of our efforts to help national economic growth. But each Minister of Agriculture—and I think probably a Minister of Agriculture in a Labour Government is worse off than other Ministers in this respect—looks round the rows of M.P.s who surround him, representing in the big majority towns and cities with hundreds of voters who are interested only in manufacturing industry, heavy and light industry, living in serried rows of houses in urban conditions, with not the slightest knowledge of or interest in the countryside or agricultural production, seeing only as much of the country as can be seen when driving as fast as possible along roads as near as possible constructed like racing tracks, to visit some other town.

This is not the fault of the Minister of Agriculture; it is the make-up of the country and of the population of these

[Baroness Elliot of Harwood.] islands: 93 per cent. of the people live in towns and cities and earn their living in urban conditions. It requires a Minister of great courage to stand up to his colleagues and fight for the farmer, for the farm worker and for the industry, and he is probably fighting a fairly lone battle. I am sorry for the present Minister because I believe him to be an able and courageous man with the interests of agriculture at heart, but he is not strong enough to withstand the pressure of the urban population.

Yet I believe this to be shortsighted, because the contribution that home-grown food can make to our economy and to the balance of payments is very great. What we farmers would like to know is, how great do the financiers and the Treasury officials want this contribution to be? What is the proportion of home-grown as against imported food which would be in the interests of everyone? That is the question we have been asking and to which we want an answer. It is a pity that we cannot get an answer, because agriculture, unlike any other industry, can increase its capacity only slowly, and can also decrease its various products only slowly, because production on any significant scale in agriculture takes three years or more. It takes three years or more to increase the production of beef or mutton.

If you want to increase textile production or motor-car production you could probably do it in a few months by stepping up the hours at which you run the machinery which is used in that production, or by using other mechanical methods. In farming, particularly in livestock farming, mechanical time-tables just do not work. And I would point out that if it is decided, as it seems to be by the way the dairy farmers are being treated, that there is a surplus of milk, and the Minister wants to put more dairymen out of business, this situation cannot be altered from one year to another.

The dairy industry will go out unless it can be made to pay. I am not a dairyman. Noble Lords here know much more about the industry than I do, but I do know something about the difficulties of milk production. If you really want to keep the small farmer in the industry—and I stress this point because there has been great talk about small

farmers, and many of them are in the dairy industry with between 30 and 50 cows—then that man must have a reasonable return for his milk.

I have seen dairymen in Lanarkshire in West Scotland who have done everything to modernise their plant. That has meant putting a lot of capital into their farms. It has meant investing in the newest kind of milking-parlours—magnificent they are, but very expensive. They have to buy bulk tanks for their milk instead of using the old-fashioned methods. They have done everything to try to make their farming as economic and efficient as possible, and they are going to find it very hard to carry on at the present time. I have never understood how it is that the British public is prepared to give their children pocket money to spend on ginger beer or lemonade at 1s. 1d. a bottle, which I think costs much less to produce than that, and yet expects the farmer to sell a pint of the most nourishing food in the world for children, namely, fresh milk, at no more than 9d. a pint. Somehow we have got our values wrong.

As I say, I am not a dairy farmer. I am a livestock rearing and hill farmer, and, as has already been said, we in that section have had a more generous deal in this Price Review than some other branches of the industry; and as a livestock farmer I am grateful for it. We have many hazards which do not affect people in other branches of the industry. The vagaries of the weather, for instance, are sometimes an absolutely impossible handicap. Ills that breeding animals fall heir to are also very difficult. And these factors can make a difference between a profit and a loss irrespective of what any farming Review may give us. It took us in the Borders, where I farm, three years to recover from the great storm of 1961-2. So we are grateful for the help that we are getting in this Price Review.

Nevertheless, the real price that governs the farm is the end price, the price fixed by the Government for beef and mutton to the butcher. In the case of mutton this has remained the same since 1957. Can you think of a nationalised industry which has allowed its end product—let us say, electricity or gas or coal—to remain at the same price for eight years, while wages and costs have risen three times during that period? Never in this

world! We all know—we are all buyers of gas and electricity and coal—that the price to-day is very different from what it was in 1957.

In addition, the cost of everything the farmer uses—electricity, diesel oil, petrol, tractors and machinery of all kinds—has doubled and trebled. The price in the store market—and the noble Lord, Lord Hughes, pointed out, quite rightly, that the great production from the hills goes through the store market and is bought by the farmers who fatten it in the good land—has very often gone down. The draft ewe fell considerably in 1962 and 1963 and the price of wool did not recoup any of those losses. Prices for certain classes of lambs have gone down quite considerably in the last years, and with all the good will in the world it is not possible to show a profit when the product is held at the same price as in 1957.

With regard to efficiency, here, again, both sides of the House have spoken about this, and it is accepted that the industry has to recover every year 25 per cent. efficiency. This has been pressed on us to some effect, because I think that in almost all the years in which we have had Price Reviews, efficiency has been noted. I have here, as have many noble Lords, a great many figures, but I will not weary the House with them. The noble Lord, Lord Hughes, and the noble Lord, Lord Champion, have all the figures to prove that the efficiency of the agricultural industry is something we can be proud of. Even the first Secretary of State, Mr. George Brown, has acknowledged this. Year after year efficiency has cut production costs in the industry.

But stock rearing cannot be altered or made more efficient by buying machinery or by putting shepherds off the hills. Indeed, putting shepherds off the hills often leads to a decrease in production and efficiency, since in this particular type of industry one man cannot do the work of two men on the hills, whereas one man and extra machinery can often do two men's work on arable ground. The noble Lord, Lord Hurd, told us of the way in which efficient dairying can be done by two men with an additional milker, something which the noble Lord, Lord Wise, when he refers to his dairying in early days with hand milking, would look upon as nothing short of miraculous. But that

cannot happen in the great hill areas of the country where store sheep and store cattle are produced. You cannot, by taking a man off, increase the efficiency. You must keep your staff—that is the only way you can really increase the production on the hills. And, as we all know, there is no method of meeting the additional costs of manpower except by getting a bigger return from your product.

Under the present Review the hill farmers are getting more assistance, but the marginal farm—I also have a farm which comes under that category—which carries stock is not getting the same amount of help. Yet that type of farm is the farm that buys the best store stock and fattens the store stock. The marginal farmer's costs are not being helped. His efficiency cannot absorb any more costs, and one wonders how long he is going on fighting a losing battle.

During this debate there has been great talk of the beef shortage to-day. I was interested in what the noble Lord, Lord Hurd, told us of what is happening in Australia and the Argentine. Obviously beef is in short supply and is likely to remain so. Hill men are putting more and more cattle on the hill farms, urged to do so, rightly, by the present situation. But we say to ourselves, "Will the price hold, and in three years' time will the increase be supported, or will some Minister, or—worse—a Treasury gentleman, come along and say, 'No, you must buy from the Argentine or Yugoslavia or a Commonwealth country'?" If he does, we shall be landed with a huge increase—I hope a big increase—of beef, but we shall not have the remunerative market in which to sell it. Because of this, a long-term policy (and it is a long-term policy) is badly needed. This is why we want to know what part agriculture is to play in the economic growth of the country. This is where the end price of the product governs the amount of production and whether it is economic to invest in it.

The winter keep scheme is a good one. Some of the farmers left out of it are hard put to it, but those who get the grant—and I am one—are grateful for it. It is one of the ways in which the Government can help with rising costs, as it can be increased or decreased with a stroke of a pen. The stroke of a pen is one of the dangers of Price

[Baroness Elliot of Harwood.]

Reviews, of Treasury pressure and of the dominance of urban interests. A farmer's livelihood can be altered with a stroke of a pen, but his production cannot be altered under three or five years. He is subject to the laws of nature and it takes years to increase his crop, whatever it may be. So I would beg the Government—and I think the noble Lord, Lord Hughes, is quite friendly disposed towards this—to decide now, in the light of the importance of agriculture, both as a way of life and as an economic proposition, a long-term policy for the industry.

It has been said that the present Minister, Mr. Peart, said before the Election that a long-term policy was needed. The noble Lord, Lord Hughes, also said that in his speech to-day. I make this bold demand of the Government: let us have their long-term policy. Let us be sure that those of us who are putting more and more time, money and energy into this great industry are doing something not only in our own interests—because we do not want to be selfish about this—but in the interests of the economy and economic expansion of the country. If the Government do that, I cannot think of any industry which will respond more wholeheartedly than the industry of agriculture.

5.22 p.m.

LORD COLLISON: My Lords, I think I should first thank the noble Lord, Lord St. Oswald, for introducing this debate, which gives us an opportunity of ranging over a wide field. I am also deeply conscious of the fact that this is my first speech to your Lordships' House and I hope to be non-controversial. Therefore, I will keep away from the subject which has caused most controversy, both inside this House and outside; that is, the question of milk prices. I make no comment on that, although I have views of my own. But I must say that, to my mind, concentration on the precise details of the Price Review in terms of prices, particularly in regard to milk, and the controversy which is raging between the farmers and the Government as to whether this is or is not a fair Review, cloud some of the major issues which we should be talking about in this House and which are in fact dealt with in the Review.

May I remind your Lordships that we have good reason to be proud of the record which agriculture has achieved? I speak as one representative of agriculture and as one who has pride in it. The figures I am going to give are probably well known to your Lordships. It is a fact, however, that slightly less than 4 per cent. of our working population provide just over 4 per cent. of this nation's gross national product. This is a remarkable achievement, and it should not be forgotten either that the product of the agricultural industry is the most essential product of all. Food is the one essential fuel without which there can be no other type of production.

I believe it is not necessary to remind your Lordships of the problem which this country faces in terms of our balance-of-trade difficulties. The value of our agricultural product is in the region of £1,800 million per year. This represents about half the food we consume, and in the face of the balance-of-trade situation that I have mentioned it would be impossible to conceive of allowing agriculture to decline in its productive capacity. This is unthinkable as things are to-day. The opening sentence of the White Paper says:

“Agriculture is one of our biggest industries, and, as such, must take its proper place in the national economic development plan which is now being prepared.”

I think that agriculture has in fact played its part in that plan, but I also believe in planning as such. I think overall planning in our economy is a good thing, and that is why I and my colleagues have supported the National Economic Development Council; but as an agriculturist I have been a little uneasy because there has been no direct representative of agriculture on that body.

Agriculture is the largest single industry, and therefore I personally am delighted to learn that a small “Neddy” is going to be set up to cover agriculture. I am quite sure we shall find that there is a precise need to ensure that British agriculture continues to play its part in supporting the national economy. What we have done, I think, redounds to everybody's credit. The White Paper explains that the Index of net output stands at

137 to-day as against 100 for 1954-55—1956-57. This is a remarkable achievement. As I believe the noble Lord, Lord Hurd, said—and if it is proper for one maiden speaker to congratulate another, may I do so?—compared with pre-war there was an increase of 108 per cent.

May I now say a word for the agricultural worker? The productivity per man in our industry has increased at a tremendous rate over the years. In fewer than ten years the productivity per man in agriculture has increased by 80 per cent. That will bear comparison with the increase in any other industry, as will the increase of productivity in agriculture as a whole. Of course I know that much of this has been brought about by the proper development of management techniques, and one must give credit for this. It is also due, however, to the capability and the willingness of the worker to adapt himself to new processes. As one who worked in agriculture when it had no factories, may I say that I recognise the enormous revolution which has taken place in a very short time. Everybody has played up and done his job and deserves the credit which this country should give him.

I know, too, that the effect of mechanisation and the development of new techniques has been to enable the industry to reduce its manpower. In fact 300,000 workpeople have left our industry since the war, and they are still going at the rate of 20,000 per year. This has been a painless procedure because the nation as a whole is running through a period of full employment and therefore workers have been able to change their jobs without suffering the disadvantages of being redundant or unemployed. Of course, it is quite right and proper because it denotes efficiency within an industry, but I want to utter a word of warning to your Lordships because, desirable as this situation has been in the past, and although today there are pockets of shortage of labour in the country, there has to be some end to this situation. We have introduced into our industry a large number of machines. When one realises the acreage covered by one tractor and what it can do, I think there is some case to be made for a consideration of whether the industry is not to some extent overcapitalised. It is clear to me that, if

agriculture is to continue to do its job for the nation, we have to give consideration to the needs of agriculture over a pretty wide field. We must be assured that we can obtain, and retain, the type of men required for the agricultural industry.

If one examines the age structure of the agricultural labour force one finds that, as compared with industry generally, agriculture has an unduly high proportion of the very young and the very old. This is partly brought about by the fact that we are fortunate in the sense of having a good share of school leavers coming into the industry, and partly because our greatest loss of labour occurs between the ages of 25 and 44. This is a serious matter for the future. Unless the trend is altered we shall find ourselves with a labour force which has too few experienced men in their prime, too many inexperienced youngsters, and perhaps far too many men past their prime.

It is also economic folly to allow this trend to continue. By the time a man reaches 25 a great deal of time and money will have been spent on his training. If he goes out of agriculture, it is a tragedy. So many men leave our industry—an industry in which they are doing a job, perhaps two or three jobs, for which they have been highly trained and for which they are highly skilled—to go off into some other industry where they are putting a nut on a bolt or sweeping the floor. This is a complete loss of the money spent on the man's training. It is folly that we should let this continue to happen, and we must do something about it. And, furthermore, if a man leaves the industry we must realise that he has left it for good.

There is another aspect of this problem of the movement away from the land which vitally affects the future of our farming. I hope that this is not controversial, for I am speaking objectively. In the post-war years the vast majority of those who have left agriculture—I am not grumbling about this—have been employed persons and not employers. The position has already been reached where half of our farms employ no labour at all and three-fifths employ no regular whole-time workers, and only 6 per cent. employ more than four workers. Yet these workers account for half of all the regular men on our farms, and about

[Lord Collison.]
half the production. All the evidence points to the fact that in the immediate and foreseeable future there will be a further decline in the total manpower in the industry. So far as it is right that this should be so, we do not object: we recognise that this is the result of greater efficiency being applied.

Something must be done about the problem of the small, non-viable farms. In this regard the White Paper, which your Lordships have been discussing largely in another direction, has shown that the Minister has displayed considerable courage in this matter. In paragraph 6 he outlines the problem. He points out that

“ Most of the output of the industry is produced by about a quarter of our 450,000 agricultural holdings. These holdings are, for the most part, those which, because they have taken advantage of technological progress, and because they have secured economies of scale through the size of their farm businesses, can be expected to have low costs of production.”

Then the Minister says:

“ On the other hand, half of our holdings produce only a very small part of the industry's output. These for the most part consist of small acreages of land which cannot provide their occupiers with a full-time livelihood at prices which could be considered consistent with an efficient agriculture.”

That is not a statement arising from prejudice, but a statement of fact reached through an objective study of the position.

The Government indicate in the White Paper that they recognise that this is a question of policy which has to be solved. I recognise, as do your Lordships, that this is a problem which it takes some courage to tackle. This is a nettle or thorn which has to be grasped, and is now being grasped. The Government are helping the small farmer to become more efficient. I, for one, heartily approve of the scheme to enable the National Agriculture Advisory Service to help with record-keeping. This is vitally important.

In other ways the Report outlines what the Government are proposing to do. In paragraph 12 we see the following words:

“ But although by these measures it is hoped that many will be encouraged to strengthen and improve their individual enterprises, there will be others who can never hope, even with this help, to secure a proper

remuneration from agriculture alone. These are mostly those who have farm businesses which from their size and nature cannot yield a reasonable livelihood on the basis of prices consistent with a stable and efficient industry.”

The Government consider that something should be done, and arrangements for amalgamation are suggested. This is a proper thing to suggest. They suggest that much can be done by the development of co-operation and by co-operative marketing and the improvement of marketing techniques overall. Facing up to this prime problem, which has affected our industry for years, denotes much courage.

May I conclude on a more sectional note, again I hope being objective? I have said that we need in our industry assurance of the continuation of an intake of suitable people and that we must retain the people we have. This involves the acceptance of the fact that agriculture needs to build up its training programme and offer a good many more training facilities. We have in the industry an apprenticeship scheme, which rather falters. I am sorry about this, for I am one of those who sponsor it. We need, above all, the establishment of a training board for our industry, as boards are being established for other industries. I am delighted to know that it is now a fact that the National Farmers' Union and ourselves are asking the Minister of Labour for such a board. This will do more to co-ordinate training from the point of view of the skilled workman, the technician and the manager, and it will fill a crying need which it has long been our wish to see filled.

Agriculture must provide for people who go into it, on either side, the same kind of opportunity for advancement as any other industry does. Most of our people who leave agriculture do so because they can earn more money elsewhere for doing a less skilled job. This is a highly dangerous and highly damaging situation. Agriculture must be able to ensure that a young man who goes into the industry from school, after training, sees in it some prospect of advancement, in the same way as he would see prospects before him in engineering, electricity, banking, insurance and all the other kinds of trade which are considered to have professional stature. Agriculture is a highly professional industry, though

many people do not yet realise it. I am sure that the things which I have put forward must happen. I thank the House for listening to my first speech. Your Lordships have been very kind, and I am most grateful.

5.40 p.m.

LORD SWAYTHLING: My Lords, I must first congratulate the noble Lord, Lord Collison, on his very interesting speech. I feel sure that we should all have expected any speech from him to be interesting; and we were not disappointed. He is, indeed, an expert on the subject on which he has been addressing us, and I feel that we shall all look forward to hearing him on many occasions in the future.

As a dairy farmer I have long been puzzled at the special treatment which the price of milk receives. Other commodities or products—let us take, for instance, bread—receive very different consideration. When it is shown that the cost of producing bread has gone up, the price to the consumer is raised without question. When it is shown that the cost of producing milk has gone up, the Government step in and prevent the price from going up in reimbursement, or allow it to rise only a fraction. What is the difference in this connection between bread and milk? Both are equally necessary in the diet of the people. It would be informative to know the reason for this differentiation.

Regarding the retail price of milk, the position is that in 1938 it took an adult male industrial worker $11\frac{3}{4}$ minutes to earn the price of a pint of milk. In 1963 it took the same worker precisely 6 minutes to earn the price of a pint of milk. This clearly shows the advantage which the wage-earner has obtained over the producer. It is interesting to compare the actual index of retail prices, taking 1938 as 100 and comparing it with 1963, which I am afraid is the latest year for which I have figures. The cost of milk in that period has risen to 247; the general level of retail prices has risen in the same period to 304; the weekly wage rates in the same period have risen to 353. What I should like to know is: Why is milk singled out for such special treatment?

Then there is a clear difference between the way milk distributors and milk pro-

ducers are treated. Recently, the distributors introduced a five-day week for roundsmen, which came into effect from November 1. Their retail margin was increased from December 1 to cover the cost of this change. Could dairy farmers expect that, if they were able to introduce a five-day week for their workers, they would get an immediate reimbursement in terms of the price of their product?

In ten years the agricultural industry as a whole has absorbed £155 million in costs. The White Paper makes no mention of the fact that agriculture is one of the great import savers. The industry is expected to increase productivity without increasing output, and this is almost physically impossible. In other words, the industry is in a strait-jacket of standard quantities; and particularly is this the case with milk. At the present time more milk is imported, in the form of milk products, than the total production of milk in the United Kingdom. The question is, why is the Minister so concerned to limit milk production when one considers the enormous savings which could be obtained if production were increased?

It seems that for milk producers there is no reward for efficiency, and the Government appear prepared to accept with complacency the continual rundown in the numbers of dairy farmers. Producers have been leaving the industry at an ever-increasing rate. Over 5,000 producers left last year. This year, I am told, the number of producers in England and Wales will be lower than when the Milk Marketing Board was formed in 1933. It is well known that the increased size of herds has done much to compensate for the reduction in their numbers, but I venture to say that this balance between the two tendencies will cease. Just how many more will leave milk production in the months that lie ahead is a matter for conjecture. It is almost certain, that the Government's decisions on milk prices will accelerate the steady stream of small farmers out of milk production, which, with its relentless pattern of twice-a-day milking, seven days a week, offers no attraction to the younger generation brought up in a Britain of a five-day week. I have heard it seriously suggested that, owing

[Lord Swaythling.]

to the number of farmers going out of milk production, within two years there will be an acute shortage of milk. Be that as it may, I hope that I have said enough to show that the situation as regards the production and supply of milk is very serious, and fully deserves reconsideration.

5.45 p.m.

LORD SAINSBURY: My Lords, may I start by offering my congratulations to the two noble Lords who have made their maiden speeches this afternoon? They are both great and acknowledged experts in their subject, and I am sure that we shall always benefit from what they have to tell us. There are many other noble Lords who wish to take part in this debate, and the hours are passing, so your Lordships will no doubt be pleased to hear that I propose to delete a considerable part of what I was going to say.

I want, if I may, to talk about the difficulties of forecasting future trends in agriculture. It is always a hazardous enterprise. There is no better example in recent years than milk and milk products. In the early 1960s, there were fears of serious over-production and of a heavy burden of milk that could be used only for manufacturing purposes. Then came the 1962-63 severe winter, which affected dairy production not only in this country but in most of Europe as well, and the effects appeared to continue well into 1964. This year there would seem to be no likelihood of a shortage of milk products in Europe.

So far as butter is concerned in this country, present stocks of over 60,000 tons are nearly double those of a year ago. So it is possible to argue that a large increase in the price award to milk producers could lead within a couple of years to another period of over-production. We should never, in my opinion, lose sight of the fact that the main task of our dairy industry should be to supply the country with its liquid milk requirements. As I said a year ago in your Lordships' debate on Agriculture, the true cost to the nation of English butter is double the cost of production of New Zealand butter.

Beef, of course, presents another example of the difficulties of predicting future supplies. Your Lordships will

recall that in 1963 we in this House were bemoaning the low prices and the heavy cost of the deficiency payments. The then Conservative Minister of Agriculture addressed letters to the Argentine and Yugoslavian Governments, asking them to exercise restraint in their exports to this market. As a result, they sought other outlets, and there has subsequently been a large increase in the Argentine exports to Europe and in the Yugoslav exports to Italy. That request for restraint was made in 1963. How different the situation looks to-day, exactly two years later, when those concerned with the cost of living are bemoaning the high price of meat, and when the Treasury, concerned with national expenditure, welcomes the drop in subsidies!

Therefore, on the basis of the present situation, the increase of 4s. per live cwt. in the guaranteed price of fat cattle, and the extension and increase in the calf subsidy rate, are obviously warranted. Naturally, the farmers would have liked more. But even to-day those who believe in the price cycle are predicting that, within three or four years, the meat supply and price level may be entirely different. Against that, there are those who believe that, with rising standards of living in those countries which were not in the past big consumers of meat, we shall have a continuation of high meat prices. Which school of thought is going to be proved right? Professor McGregor Cooper, Dean of Agriculture at the University of Newcastle, recently made an interesting contribution to the discussion of the issue. He stated that if the 600,000 calves which are slaughtered each year soon after birth were raised for beef, it would add 150,000 tons, or about 17 per cent., to the nation's home-killed beef supplies. If one disregards quality considerations, he has made, in my opinion, a valid point. The extension of the calf subsidy will go some way towards the retention of calves for beef.

In respect of eggs, the Review, stressing the risk of over-production in the future, reduces the guaranteed price, as your Lordships know, by 1d. per dozen. Home production of eggs has more than doubled since 1938. Egg consumption, however, has increased by only about 20 per cent. during the same period, and there does not seem to be much scope for a further substantial rise. This

country is already one of the largest egg-eating countries of the world, with an average consumption of nearly 5 eggs per person per week. In America, the comparative figure is 5.6 a week; and what is interesting is that the American consumption is going down as a result of the rapid spread of what are known as "convenience foods". In my view, we may reach a point in the near future when the well over £1 million spent by the Egg Marketing Board on advertising will no longer be able to increase consumption, but may be necessary to maintain it.

The great unknown in connection with eggs is the future of the vertically-integrated factory farm, which has its own hatchery, compounds its own feed and has its own egg-packing station. If this type of operation is efficient in terms of cost, surely we should not, in the national interest, either discourage or oppose it. Equally, in my opinion, we must not automatically assume its success. Not only are there the problems of efficient management involved, but, inevitably, with intensive production, the risk of infection and disease. Therefore, like so much in connection with agriculture, prophecy in regard to eggs is dangerous; but the position should be closely watched.

Finally, I would say that, in my opinion, one of the most encouraging aspects since the end of the war has been the growth of agricultural and horticultural co-operation. It is now on a larger scale than it has ever been before in Britain, and in my view it has an ever-increasing rôle to play, in both marketing and production. The Government, in the White Paper, fully recognise this fact.

5.55 p.m.

THE EARL OF LYTTON: My Lords, I declare my interest as a hill and vale farmer, small in both cases; and, as regards whatever afflictions have been placed upon me by the Price Review, I am quite satisfied with all that was said by the noble Baroness, Lady Elliot of Harwood, and I should like to deal with the broader aspects. I take the view that during the past eighteen years agriculture has been raised in this country, after a century of squalor, to the status of a first-class, prospering industry. That is due, in so far as legislation is concerned, to

the activities of both the Parties, starting with the Agriculture Act, 1947, which guaranteed prices and assured markets, and even ended with the words, "an adequate return on capital invested in the industry". I look upon this Act as the Magna Charta of modern agriculture; its absolute foundation. It came at a time when we were expecting a slice of "Clause 4", and I think we have always been grateful that that Act was passed at that particular time. It is so comprehensive, and is still the foundation of our prosperity.

Secondly, there was the Act of 1948, the Agricultural Holdings Act. I noted Section 24(2)(c), which gives security to the tenant farmer. I am a tenant now, and I like being secure, although I am in no particular danger. Indeed, I do not think that, when I was a landlord, my tenants were in any particular danger, but I have sat on agricultural land tribunals and have seen some attempts to victimise which, because of this Act, we have been able to frustrate. Then came an Act introduced by the Conservative Government, the Agriculture Act, 1957, which dealt with farms of any size and brought in the Farm Improvement Scheme. That was a great advance, because it was not selective. It was not confined to the poor, to the small or to those who live on the hills, like myself, but was available to all. That is another important Act.

The last that I picked out of the major Acts is that of 1958 which I think only a Conservative Government would have passed as well. It is the establishment of rents on an economic basis—the willing landlord-willing tenant relationship. Since then I think that my rent for the same farm as a tenant is now twice what it was when I was the landlord, but that is fair. I have been a landlord and I am a builder, and I know what it costs to modernise, and how you have to wait for many years before you can take up these pound-for-pound improvement schemes in order to rectify the past—18th century buildings, 18th century houses; and even older. So, by and large, I think the farming community are grateful to both Parties, and in particular to those principally responsible for the Act of 1947.

But, like so many "Magna Chartas", the 1947 Act had a flaw: it established

[The Earl of Lytton.] a system of protection which was novel, and inconvenient for a farmer. The protection of industry is generally achieved by the taxing of imports so as to raise the price to the consumer. It is a protection of producers, and it has the advantage that on goods coming into the country a revenue is paid to the Treasury. It is the kind of protection that is pleasing to the Treasury and does not worry those who are making up the Budget. It produces tax revenue ; it is almost unnoticed. With the farmers, it is so arranged that, in order to protect the consumer from high prices (and that was the original intention, because at the time prices abroad were higher), there was devised the system of deficiency payments. These must be voted positively annually, given out of Treasury resources and allowed for in the Budget. Therefore, the farmers, of all the producers in this country, are annual mendicants at the Treasury door. I could not wish for my worst enemy a continued and everlasting situation as unhappy as that. My experience is that whenever things are difficult the Treasury always wins.

There is another factor which the noble Lord, Lord Hughes, mentioned. I found that the figures which I had proposed to quote, and which were obtained from the National Farmers' Union, are almost exactly those that he quoted on that particular subject. This factor is the relationship between the progress of real incomes and the progress of output. From the end of the war up to 1952 there was parity on the agricultural front between these two. Then from 1953 to 1963, a period of ten years, there was a substantial discrepancy. The community income was rising faster than the community increase in output. But in the matter of agriculture the increased income was only half the increased output—and the increased output was very great indeed.

Therefore, I find myself in agreement with the argument produced by the noble Lord, Lord Hughes, to the effect that this has been a running grievance. That it should have exploded at the present time is accidental ; it might well have exploded at any time. Because it is a continuing grievance, I wonder whether there is any possibility that both Parties may engage in a declaration of intent that the incomes of the farming com-

munity—all of them, the whole agricultural community—shall move up (as is the target of the Treaty of Rome) until they reach parity with the incomes of the rest of the community. I should like to ask whether that would be accepted as a target.

When I compare the records of both Parties, I cannot help feeling that my fellow-farmers are needlessly angry at this moment. We have a genuine grievance against all those who have managed our affairs, in that they are not advancing us to the level of the rest of the community fast enough. We are still lagging behind. Nevertheless, I think it is a mistake to be in too much of a hurry to bite the hand of those who established the foundation in 1947 and 1948, because I do not think the record of the other side is anything to inspire us with greater confidence.

I should like, in conclusion, to make another suggestion. One I have already made, the suggestion of the declaration of intent. But I should also like to put forward something which I think has been suggested in a different way by a number of speakers ; namely that there should be some independent outside body in the nature of what I had first thought of as an agricultural prices board. But it seems to me that something more is necessary because, as the noble Lord, Lord Sainsbury, reminded us, there is this difficult question of saturation and determination of quantities ; and we want something which produces greater stability and considers these factors, as well as prices, so that we are not given a jolt every Lent in this unexpected way. I believe that the principles which help to determine price support should be given as a guide to this independent body, or whatever it may be.

I appreciate that at the present time we are in the hands of the Treasury—though I wish we were not—and that to produce unnecessary agitation six days before a most important Budget which may have the effect of saving or losing the pound is most imprudent. I hope that if anything I say reaches my fellow-farmers they will ease up and get less hot, bearing in mind that we have advanced immensely in these last eighteen years ; but from neither Government have we obtained that process of catching-up to which we all look forward.

6.7 p.m.

VISCOUNT MASSEREENE AND FERRARD: My Lords, I should like to declare an interest, in that I farm in the Highlands and in South-East England. I shall confine myself—although this Motion is drawn very widely—to a criticism of the Review. I dislike the Price Review for two reasons: first, because it is unfair to the agricultural community; and, secondly, because I consider it a completely outdated theory that the United Kingdom should be a large importer of food. I should have preferred it if the Review had given every encouragement to maximum food production, within, naturally, reasonable costs. But in fact, as I think the noble Lord, Lord Henley, pointed out, the present Prime Minister said at Swansea, in 1964—and he was quite right—that to support our industries in this country that can produce goods which we import is just as important as exporting. That, of course, is common sense.

As the noble Lord, Lord Henley, pointed out, we import into this country £1,000 million worth of temperate foodstuffs every year. We are told that we probably have an overseas trade deficit of from £700 million to £800 million. I should have preferred that we had a high agriculture policy, for if we had had such a policy we could have helped the balance of payments quite considerably. Why have Her Majesty's Government discouraged the farmers from producing more food? It cannot be owing to our agreement with the EFTA countries, because we import very few temperate foodstuffs from EFTA, apart from Denmark. The majority of our temperate foodstuffs are imported from America, Canada and Australia. These countries, for the most part, are richer than we are and can well afford not to export food to us. I know that we have Agreements with them, but, as we have seen, the present Government threw overboard all Agreements when they imposed the 15 per cent. surcharge. Therefore, I think Her Majesty's Government ought to have taken a tougher line with Canada, Australia, Argentine and America. I have read the exchange of letters with these countries and I think the Government have not been tough enough.

Some time ago, we had a debate on world population, when several noble Lords and I pointed out that the popula-

tion of the world is going to double by the end of the 20th century. The population of this country will also be about 80 million by then. I consider it immoral, faced with a situation like that, artificially to hold down food production. Even OXFAM are so worried about this, that they are going to support birth control. It may even change the view of the Pope and the Roman Catholic Church on their most holy dogma. But it cannot change Mr. Peart. It leaves him completely cold.

The more I read this Review, the more I see that it is really unfair to farmers. Agriculture is our greatest industry, the most efficient industry in the country. It is no good the noble Lord opposite raising his eyebrows. Does he realise that one farm worker produces food enough for 23 townspeople? Our nearest competitor is Denmark, where one farm worker produces enough food for 17. In Germany, the ratio is 1 to 9; in France, 1 to 8, and in Italy, 1 to 7, down to Russia, which is the lowest with 1 to 4½. As several noble Lords have pointed out, the productivity of British farming far outstrips the manufacturing industries. It is double the productivity of any other industry. If British manufacturing industry had kept pace with the productivity of British farming, there would have been no balance-of-payments crises in the last ten years.

What is the farmers' return for this patriotic and efficient service? We have all seen in the daily papers how the N.F.U. have been advertising—it is the first time they have ever done so, but they have been driven to desperation—showing that whereas the average increase in incomes, in real terms, for the rest of the country over the last twelve years has been 56 per cent., the farmers' income has barely gone up by 1 per cent. Is that fair?

The Review raises the price guarantees by £10½ million, but costs are up £29 million. The noble Lord, Lord Hughes, said that that would be all right, because there would be an increased efficiency of £25 million, which would mean £6 million on the right side. But we cannot bank on that. How would a nationalised industry like it if the Government told them that they could not have any more money for their deficit because they were going to have increased efficiency? I think we may have come to a saturation point of

[Viscount Massereene and Ferrard.] efficiency in agriculture, a point where the increase in efficiency will get smaller.

In his excellent maiden speech, the noble Lord, Lord Collison, said that, compared to the industrial labourer, the farm labourer is underpaid. How are we going to correct that? The farmer cannot be expected to correct it, with a Review like this. In industry it is possible to have an automatic machine that can do the work of 100 people; but you cannot have a mechanical shepherd, so farming is up against a difficulty here. Farmers are always taken advantage of because they do not strike. They are the most patriotic community in the country. They work the land because they love the land. It would pay the owner-occupier farmer far better to sell his farm and invest the money in trustee securities. He would increase his income about 2½ times and would not have to do any work for it. But he is not that type of man.

We are told that every cloud has a silver lining, but I have found it extremely hard to find a silver lining in this Review. I think that the attitude of the Government is summed up in paragraph 15, which refers to the importance of reducing agriculture's dependence on Government financial support. That statement is very misleading to the public. The average member of the public does not understand that the manufacturing industries of this country are highly protected by import duties but the farmers have no protection at all against the importation of cheap food. To show the efficiency of British farmers, compare the price of German barley with the price of British barley. German barley is 37s. 8d. per cwt., whereas ours is 25s. 4d. per cwt.; and French barley is 30s. 5d. per cwt. I do not care what anybody says, farming has not had a square deal.

With regard to paragraph 43 of the White Paper, with regard to our agreements with our overseas buyers, when these agreements come to an end, as they will, I suggest that the Government ought to allow British agriculture to have the maximum output, and that, provided it is carried on within reasonable cost, it should not be restricted at all. Overseas suppliers ought to take second place. This paragraph talks about their having a fair

share of the home markets. Under the existing agreements, it may be that they must have some share of the home market, but I hope that in future they will take second place.

I should now like to turn for a short time to some of the more pleasing aspects of the White Paper, dreary though I must say I feel the document is as a whole. As a hill farmer, I welcome the flat rate of subsidy for ewes. In the past we have had a subsidy which has jumped between 5s. and 25s., according to the whim of the Government or the severity of the winter. But even if there is a severe winter, it is not so severe over the whole country. I therefore congratulate the Government on having this flat rate, which is far more satisfactory, because we know where we are and can plan accordingly.

I also congratulate the Government on the increase of £1 in the hill cow subsidy, and the raising of the calf subsidy by 10s. Even so, I do not think the hill cow subsidy is sufficient, because, as I think the noble Lord, Lord Hughes, pointed out, in the Highlands we have 12½ million acres of grazing, which represents two-thirds of the grazing in the whole country. The trouble with the majority of this grazing is that you can have cattle on it for four or five months of the year, but not in the winter time. During this period they have to be fed heavily, and it is impossible for hill farms to produce enough food. I have always thought—I have said so before in your Lordships' House—that if only the Government could devise (I agree it is not easy) some cheap transport system for straw and hay from the South to the Highlands, we could have three times the beef stock. I have at times had to pay £25 or £28 a ton for hay, and over one-third of it is the cost of transport.

The price of fat cattle is more satisfactory. We have this 1d. per gallon on milk, and the dairy farmers all appear to be very disappointed—and they are probably right: I am not a dairy farmer myself, so I do not know. But if this 1d. per gallon on milk does not prevent the dairy farmers from selling their herds (and in many cases I do not think it will) it will affect beef, too, because two-thirds of our beef calves come from dairy herds. The world's sources of beef are drying up, and I should have liked to see more

encouragement given to the production of beef. We even have the opportunity of exporting beef and mutton to the Continent. I have exported lambs directly to Paris from the Western Highlands. There is a great market on the Continent for our meat. I am pleased to see the help given to the small farmer, because at present small farming is not really economic. The small farmers are a stalwart part of our community, and for social reasons I believe that they require all the help the Government can provide for them. The suggestion of Her Majesty's Government about grants for co-operative marketing will also be a help. In the livestock markets the small man can sometimes have a bad deal, whereas it is easier for the big farmer.

My Lords, I have tried to say something nice on the Review at the end of my speech, but on the whole I think it is a dismal document. I cannot get away from the feeling that the farmer has been offered up by the high priest, Mr. Peart, as a sacrifice on the altar of Socialist expediency. Free drugs, apparently, are more important than a strong agricultural economy. In this urban country, where we have heard that 93 per cent. of the population are urban dwellers, possibly this is only to be expected. Nevertheless, it is time that Her Majesty's Government really helped the farmers, because they have been very patient, and one day they may get very angry. They had high hopes of a Labour Government, and there have been a great many broken pledges. Although he probably did not want it to happen, I think that Mr. Peart's hands are very red with blood from this sacrifice of the farmers and these broken pledges. On the whole, I deplore the Price Review.

6.32 p.m.

LORD BLYTON: My Lords, I should like to congratulate the noble Lord, Lord Hurd, on his maiden speech, as he and I were Parliamentary colleagues for many years in another place. I should also like to congratulate the noble Lord, Lord Collison, whom I have known for many years as the Secretary of the Agricultural Workers' Association.

I witnessed yesterday morning and this morning a demonstration by the farmers of England. To see these poor people must have moved the Tory Party terribly.

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I am sorry to say that I was not deeply moved. I cannot get emotional at the poverty of people who sit behind the wheel in Bentley and Jaguar cars which I have seen outside this building in the last two days. I remember forcibly that only a few years ago the nurses demonstrated against the Conservative Party when they were awarded only 6d. in the pound; I remember the 2½ per cent. wages pause of Mr. Selwyn Lloyd, when our civil servants could not get even the arbitration award to which they were entitled; I remember the Post Office strike to get even a little award; I remember the time of the demonstration of the 10s. widows, who got nothing; I remember the demonstrations of the unemployed, which we were told were Communist inspired. I do not know who inspired the demonstrations of the last two days, but it most certainly was not the Labour Party.

The National Farmers' Union and its members are fully entitled to demonstrate and claim whatever they think is justified, but I believe they are making a great mistake to-day in protesting so violently about this year's Price Review. The public are now getting cynical about the farmers, and a general expression among the people in the large towns is that if you gave the farmers the national income they would still not be satisfied. I am afraid they are losing public sympathy which has been built up over many years. We never witnessed anything like the action the farmers are taking to-day because of the Price Review, when the Tory Government accepted conditions of the Six in Europe for entry into the Common Market.

To go into the Common Market the Tory Party were prepared to accept a total giveaway in agriculture. It would have destroyed the whole basis of the 1947 and 1957 Agriculture Acts, which we on this side have always defended. The Tories would have abandoned to the Common Market the power to decide farmers' prices and incomes, and food prices for the British people. They also agreed that by 1970 the protection of the British farmer had to go. They agreed that British farm and food policy should be decided by a body abroad known as the Brussels Commission, under the Treaty of Rome, responsible to no one. Their decisions, once made—decisions of

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[Lord Blyton.]
a Council of Ministers whose system of voting at that time was absolutely unknown—could not be upset by any elected Government, no matter how harmful they might be to the farmers.

LORD ST. OSWALD: My Lords, I do not know whether the noble Lord is intending to be as entirely one-sided as he sounds. Of course, when he speaks of the abandonment of agriculture, this would not have been abandonment at all. Agriculture flourishes in the Common Market countries, and in point of fact it is not so much that the 1947 and 1957 Acts would have been done away with at cost to the farmers. We recognised that prices would have to rise, but there were also compensations for the consumer. The farmer would have benefited as well.

LORD BLYTON: My main point is this. I was the leader of the anti-Common Market body in the Labour Party, and I remember the National Farmers' Union fighting the Conservative Party as hard as we were fighting the conditions and prices that Mr. Heath accepted in the Common Market. No matter whether the farmers have blocked the road with their tractors, have poured their milk down the drains, have sent Ministers chickens, or have lobbied here in the last two days, if the conditions that the Conservative Party were going to accept for going into the Common Market had operated the farmers would have been helpless to-day in relation to Price Reviews which affect their cost of living.

It is rather remarkable that in those vitally crucial months, the farmers never organised any of the violent protests which we have seen this week. To the farmers—and I have fought for them all my life, although I am not a farmer but a consumer—I say now, “You had better keep your powder dry, because there is going to be an onslaught in the forthcoming months to get you into the Common Market, not by the Government, but by others. If you get in, then the whole basis of the 1947 and 1957 Acts will go, and your protection will go by 1970”. I also say to the farmers, quite frankly, to-day, “Your present agitation is simply not justified by a calm look at the facts of this Review.”

I believe that this Review is perfectly fair and compares favourably with those

of previous years. There have been tougher settlements than this one by Tory Ministers, and some were even aimed at reducing farm incomes. But we never had anything like the fuss we are getting to-day. This Review entails an increase of nearly £10½ million in the agricultural guarantees. Admittedly farmers' costs for commodities coming within this Review have increased by £29 million, and they have been asked to absorb a large part of these increased costs. But this is no different from the position in any other industry, and it must not be forgotten that the agricultural industry is constantly improving its methods and raising its productivity. Even in 1960 the farmers agreed with the Government of the day to put the value of their increasing productivity at £25 million per annum. So this Review, on that basis, leaves the agricultural industry with £6 million of this increased productivity.

Some farmers are suggesting that the Government should have produced an award to cover all their increased costs. This would have meant that the agricultural industry would have turned into a cost plus industry. This must be unacceptable not only to the Government and to the Opposition, but also to the farmers themselves, who pride themselves on their progressive outlook and readiness to take up and apply new techniques and methods to reduce costs.

During the last thirteen years, excluding Election years—and one understands that—there have been five agreed Reviews and five disagreed Reviews. Five were more favourable to the farmers than this one, and five were less favourable. But there was nothing like the attack on the Tory Party in the five years the Reviews were less favourable as we have witnessed to-day on the present Review. When the previous speaker talked about the farmer getting only 1 per cent. of the nation's increased productivity, he must look to his own Front Bench, because for thirteen years they were in charge of the agricultural industry.

A great deal of criticism from the farmers has been against the 1d. per gallon increase for milk, which has been described in many quarters as an insult. But it means £11 million a year more for dairy farmers. Is that an insult? In

fact, it is the most generous award to the milk producers, excluding that of last year, which was Election year, since the present method of remuneration was fixed for dairy farmers in 1954. Over the last two years the price paid to dairy farmers has gone up by 10 per cent. Farm incomes rose by £63 million last year, and have been rising at an average of 5 per cent. for several years. There is nothing in this Review that will lead to a drop in farm incomes. In my opinion, quite the reverse.

The Farmers' Unions asked for 6d. per gallon on milk. That would have put on the housewife's bill for milk about £54 million. No reasonable Minister could do this—and we hope that the present Minister, while being fair to the farmer, will keep in mind the consumer's point of view. I know that the number of dairy farmers continues to decline, but the decline of dairy herds has been stopped. And the decline in milk production has been checked, and production is increasing. In every month of this winter milk production has been higher than it was in the same months of last year, and the Milk Marketing Board itself is forecasting some increase in production this year. In this context we must remember that we produce more milk than we drink, and nearly half as much again is left over. To talk of shortage of milk is, therefore, in my opinion, very wide of the mark. If the 6d. per gallon increase which the producers wanted had been granted, at a cost of £54 million to the housewife, it would have made milk so profitable and produced such a glut that it would probably have found itself down the drain.

Some say that it is not profitable to produce milk, yet there are many farmers who find it is. The 125,000 farmers still in milk have, in fact, been increasing the number of cows they keep. The Milk Marketing Board's figures show that the dairy farmer made, on average, nearly 8d. per gallon profit two years ago. Since then they have been getting 5d. per gallon more for their milk. Their costs cannot have increased to that extent, so, in my opinion, their profits must be much higher than the forecast given here to-day. The retail price of milk is to go up by 4d. a gallon from August. Where does this 4d. a gallon go? It is 4d. a gallon for eight months of the year. For four months, 4d. a gallon is to go to the

farmers to give them the £11 million they are awarded; but for the other four months it will go to the milk distributors whose costs have risen sharply. Their biggest increase has been to give their men a five-day week, and I hope that this is not begrudged in your Lordships' House.

As I read the White Paper, it appears to me that this Review is the first step on the road to a long-term policy for British farming, a long-term policy that will enable British farming to take its rightful place in the national economic plan. A constructive policy for farming involves a lot more than year-to-year changes, up or down, in the guaranteed prices. It must tackle the underlying economic farming problems, and it is only in this way that we can get a more productive, efficient and prosperous countryside.

What are the problems? One of the biggest is the scale of enterprise in farming. I believe that there is a steady trend towards bigger units. If our small farms are to prosper, practical steps will have to be taken to increase their efficiency. This Review is to extend the scope of the Small Farmer Scheme and to help small farmers on management all we can. It proposes to improve credit facilities, which often keep back the small farmer and the young farmer, and to provide grants to help co-operative marketing, which will also help the small farmer. The Review also states that ways are to be found of encouraging the amalgamation of farms too small to give a decent living, and this is to be done voluntarily. It is essential but, like every other thing, it will take time.

A start is now made by changes in the Hill Cattle and Hill Sheep Subsidy Schemes, together with the Winter Keep Scheme, to try to maintain prosperity in the hill and upland areas. More will have to be done, but at least an attempt is being made in this Review to try to solve the basic problems in this field. It is pleasing also to note that the Minister is to tackle the marketing problems. He intends to set up a meat and livestock commission, because it is believed that real improvements are needed if farmers are to get the best returns and the consumer the best quality. I hope that this Commission does not get bogged down

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and that before long we shall have their recommendations before us.

There has been a moderate expansion in the home production of beef, and there, again, there is an increase in the guaranteed price of cattle. There is an extension and increase in the rate of the calf subsidy and the rate of the hill cow subsidy. The price increase on milk will also help here, since the dairy herd is the source of two-thirds of our beef. I believe that these measures are bound to give encouragement and hope to the farmers.

My Lords, why have cuts been made in the wheat and barley prices? As noble Lords know, cereal production is very profitable and the subsidy bill is very large. It was over £60 million in 1964-65, and the estimate made before this Review showed an even higher figure. Because production is so profitable, it has expanded far beyond the standard quantities and has reduced imports from our traditional suppliers—who are also our customers. The last Government, with the approval of the Farmers' Unions, entered into agreements with our overseas suppliers on minimum import prices, and under these agreements there is the clear obligation to maintain a fair and reasonable balance between home production and imports and to take effective remedial action if imports fall significantly. Imports are expected to fall below the target figure of 800,000 tons in the year 1964-65. We on this side always thought the principle of these agreements was right. The agreements are the basis for minimum import prices which have put a floor into our cereals market. So we are carrying out the promises which were made in the agreements by the last Government, and the farmers have no complaint at all on this particular score.

It is essential that farming policy also fits in with our national economic plan, and farming policy must not be regarded as simply a way of guaranteeing incomes to the farmers from the taxpayer. The policy of the Government must be to maintain a sound agriculture, producing what the country wants as efficiently as possible, and, on the other hand, farming must produce what the country needs. As the years go by these policies may have to be looked at and changed in

the light of national needs. There are some people, as I have heard to-day, who say the Government have been tough on the farming community because of the nation's economic difficulties. As I have studied this review—and I spent many hours on it—I cannot understand the agitation, unless they are contrasting this Review with last year's, which was in an Election year and which was very generous.

As I have said, there have been other Reviews which bore more harshly on the farmers than this one does this year, and it will be a bad day if it is always argued that we are treating farmers badly if we do not increase their guarantees by the same amount as their costs are increasing. No Government worth its salt could accept a situation of that character, which would make this industry a cost-plus system. Other industries have to try to absorb some of their costs, and farming must be expected to do the same. And it is not as if farm incomes were low. The past year farm incomes increased by £63 million to an all time record. I want to see farming incomes rise with national prosperity, but this cannot be achieved just by increasing subsidies or putting prices up unreasonably.

This Review is the first step on the road of a long-term policy for British farming. It cannot be expected that all the pressing problems of British agriculture can be solved in six months, and that is why this Review makes so many references to future studies. The Review is constructive. It is fair to the farmers. It makes a real commencement on trying to solve the structural problems of British farming and in fitting the British farming community into its rightful place in our country. These measures are intended to strengthen those parts of the industry where support will be most beneficial and effective.

The Tories' record at Annual Reviews was unimpressive in the past, for they failed conspicuously over thirteen years to provide lasting solutions to many of the industry's problems. What they have failed to do in thirteen years they cannot expect us to do in six months. This Review at least lays down the foundation for the sound development of the industry. It will give proper remuneration to the industry as a whole. The

heart of our approach should be to direct support where it is most needed for the maintenance of a stable and efficient industry, and a commencement has now been made by tackling the problems of those of our less well placed farmers who have a potential for progress.

If a lasting solution can be achieved then their productivity and remuneration will improve, and farming as a whole will become more competitive and better able to take advantage of future advances in technology and management techniques. These are the conditions we foresee under which the industry will be able to fulfil the objectives of the 1947 and 1957 Acts by reducing dependence on Government financial support. My Lords, I consider the Minister of Agriculture has been under severe, unjustified criticism. I fully support him in the Review he has presented. He has held a fair balance between the farmer and the consumer, and I wish him luck.

6.57 p.m.

LORD ABINGER: My Lords, I should like to start by referring to a matter in which I think the Government is in a position to give greater help to agriculture than it has seemed willing to do to date. This is a matter that has nothing to do with financial support for the industry and will cost the Treasury nothing. It is about the Government's attitude to the use of good land. Our good farming land and our coalfields are about the only significant natural resources which our country possesses. They are sources of production of wealth, and surely for that reason it is of the utmost importance that they are not dissipated. But that is exactly what is happening the whole time. Every year we are losing about 35,000 acres of good food-producing land to other projects. Every fifteen years we are losing an acreage the size of the county of Worcestershire; and though the Government acknowledge the principle that good land must be preserved for food production, I fear it is only lip service which they pay to this principle.

I should like to illustrate the sort of thing that is happening from an example in the county in which I live myself. I refer to the proposal to build a new airport at Stansted in Essex and also to build a New Town near this airport, and, for good measure, to build a new motor-

way to serve, among other places, the New Town and the airport. I know at the moment these are proposals only and not concrete plans; but that these suggestions can be made at all illustrates, I think, the blithely irresponsible attitude which some Government advisers have to the use of good food-producing land. I will not dispute that both the airport and the New Town may be necessary; but how can it be contemplated that they be sited on some of our best farm land, in what I would claim to be England's premier farming county? Surely it should be axiomatic for such land to be preserved for food production, and surely it should be axiomatic that other projects, whatever they are—aerodromes, defence establishments, reservoirs or anything else—should be sited on the poorer land which exists in every county and in every district.

I would have thought that, in the face of the Stansted proposals, the Minister of Agriculture, Fisheries and Food should get really tough. He should say to his colleagues in other Ministries "No, absolutely no. You are asking for thousands of acres of my two-ton-to-the-acre corn land, you are asking for hundreds of acres of my seven-ewe-to-the-acre grassland. This matter is simply not negotiable. My job is to preserve and not to liquidate the assets of the industry". I quote the Stansted proposals because I know at first hand what is going on there. I certainly have no personal interest in the matter, but I know as a member of the National Farmers' Union, of the Country Landowners' Association and also of the Council for the Preservation of Rural England, that this sort of threat to food production is multiplying every year, every month, every day, in every part of the country, and I know that farmers are very greatly concerned about this situation. I implore Her Majesty's Government to preserve the assets of the farming industry and to plan the siting of all other projects on land which has little or no food-producing value. No industry can be expected to continue to flourish if its most important asset is eroded in the way good agricultural land is being eroded at the present time.

LORD SOMERS: My Lords, would the noble Lord forgive me for interrupting him for a moment? I sympathise

[Lord Somers.]
 very much indeed with what he is saying, but would he not agree that aerodromes must be built on flat land and that in nine cases out of ten flat land is the best farming land?

LORD ABINGER: No, I am afraid I strongly disagree with that. I know large areas of flat land in East Anglia which are very far from being good food-producing land. There are large areas of it, for instance, in Suffolk.

Having mentioned the injury to farming interests which is only too often being inflicted by the wrong use of land, I should like to mention the insult which sometimes accompanies the injury. When a central Government agency requires land it advises the local planning authority, which is the county council concerned, but initially it does not inform the landowners concerned. Furthermore, it requires the planning authority to maintain secrecy about its demands. I think it is ridiculous to suppose that secrecy can be maintained in these circumstances. What happens is, I think, inevitable. The secret partly leaks out and a miasma of rumour, doubt, speculation, distortion, exaggeration and misrepresentation about the project, whatever it may be, spreads round the district. Sometimes quite a number of people in the district know about a Ministry's plans, but not the landowners or the parish councils, or sometimes the rural district councils concerned. In the prevailing doubt farmers naturally sometimes become acutely worried about the future of their business and their livelihood. I should like to ask: why is this discourtesy shown them? Why is this secrecy thought necessary? Should not the owner of the land be the first person to be told if a Ministry has plans for his land, even if they are only tentative ones?

Sometimes, of course, only a very small piece of land is required by the Ministry, but it is the case that the compulsory acquisition of quite a small piece of land may in certain areas of a farm have wholly disastrous consequences for the entire economy of the farm. In such circumstances I would have thought courtesy and equity demanded that a Ministry should advise the farmer of the plans quite categorically and as early as possible, at the same time as it consults the planning authority. Would the

noble Lord who is to reply to this debate care to make any comment on this matter? If he wishes, I can quote concrete examples where this discourteous behaviour is going on at the present moment.

I should like to refer briefly to the White Paper on the Annual Review for 1965 which has been very fully discussed in our debate to-day. I have to say at once that I think it is a misleading document this year. One of the fundamental points which the Government seem to wish to drive home is that they are contributing some £10 million by way of increased agricultural support towards increased costs of some £30 million. That is all very well, but it is only a proportion, possibly a minority, of farmers who are to share in the increased support at all. A great many farmers—I would think the majority—are to be asked to absorb their increased costs entirely. Take, for example, the case of a medium-sized farmer growing corn and running an intensive poultry unit. He gets only a very marginal benefit from the Review, though his costs, like everyone else's, have increased. He not only has to bear increased costs, but has to accept a swingeing decrease in the coming year in the guaranteed prices for his products. His corn prices will be down, his egg prices will be down, his fertiliser subsidy will be reduced. Therefore, I think it is misleading to suggest that a man in this category is getting any benefit at all towards his increased costs from the Review.

There is a further important point here. The prices which farmers are to be guaranteed for their produce in 1965 are estimated against their costs in 1964, and farmers are not agreeing that the 1965 prices are fair to them in comparison with the 1964 costs. But what about the further increases in costs for 1965? Are Her Majesty's Government confident that they will be able to hold costs steady during the coming year? Whatever they feel about it, I can only say that a great many people are not confident that they will be able to do so. We have all the signs now, I am afraid, of an escalating inflation. The most scandalous aspect of this matter is that it is in connection with those costs over which the Government have most control that we in the farming industry expect the greatest inflation. We

are not seriously worried about the possibility of big increases in fertiliser costs ; we are not worried about seriously increased machinery costs ; but we are worried about the probability of increased fuel charges through additional fuel duty, about increased transport charges for the same reason, about increased electricity charges, increased rates, increased National Health Insurance charges, and increased postal charges. In fact, we are worried about every form of cost over which the Government have any control, direct or indirect.

These increases have not been trivial ones. In some instances I think they have been extortionate. Rates are up on average 13 per cent., National Health Insurance is up 25 per cent., and postage is up 33 per cent. The Ministry of Agriculture bull licences have gone up by 2,100 per cent. I should like to ask why there has been this extortionate increase in that particular case. Have the Ministry's own costs risen by 2,100 per cent.? If so, would it not be a good thing if the Ministry tried to absorb some of its increased costs? Are Her Majesty's Government determined to do anything at all to check these increases? I would put the matter like this. I believe that at heart the farming community are not concerned to seek higher prices for their produce. They ask that their costs should be kept steady, and, in the absence of this, they resent being made the first whipping-boy of inflation.

In a short speech it is impossible to make a detailed analysis of Command Paper 2621. My main criticism is that the Appendices and Tables attached to it are selectively chosen material and, as such, are a little misleading. To give just one example, Table K claims that agricultural output has increased by 37 per cent. over the last ten years. Appendix 2 suggests that farm incomes have increased by something less than 30 per cent. over the same period. That might not be too bad a relationship between the two if the value of money had remained constant over the ten years, but the value of money has not remained constant. If one compares farm output with farm income in real terms, one gets a position where output has risen by 37 per cent. over ten years but farm income, in real terms, has increased not at all.

The picture surely is this: from agriculture ever-increasing output and increasing contribution to the national economy and the balance-of-payments situation ; but for the men who run the industry, decreasing income in real terms, therefore decreasing prosperity. They are in fact running hard to stand still, if not actually to go backwards. This is the exact opposite of the situation in some other industries in the country, where one sometimes has decreasing output, a decreasing contribution to the national welfare and economy, but not infrequently increasing rewards for the men who run those industries. I should have thought that in this paradox Her Majesty's Government should be able to find quite a lot of food for thought.

7.12 p.m.

LORD ARWYN: My Lords, my right honourable friend, the Minister of Agriculture, Fisheries and Food, in a speech in the other place, referred to the problems arising from the wide difference between farms in size and management, and the need for long-term development in order to create conditions in which the smaller farmers can raise their standards. Farms are becoming production units. It is necessary that we have the new image stamped in our minds. We are in a state of transition from the green-fingered, overworked rustic image to that of the nimble technician and sophisticated factory manager. The day is going when the farmer could rely on his own native intelligence, energy, guts, and bargaining powers.

I am going to deal entirely with maximum production and costs reduction. The question of marketing has already been dealt with. The company in which I have an interest and of which I was chairman until two years ago are the largest producers of agricultural lime in the country. We sell direct to farmers through a sales and technical staff of over 200, and we are intimately connected with their problems. During the course of the last ten years or so we have developed in other fields outside agricultural lime—I refer to liquid and crystalline fertilisers and a liquid feed supplement for cattle. It was not until I became chairman of that company that I realised the magnitude of the problems farmers have to deal with. My colleagues and I are astonished by the neglect of greater liaison between industry,

[Lord Arwyn.]

the farmer, universities and the research institutes, and the urgent need for real, positive co-operation. Here is an example of what I mean. In 1880 research was undertaken into urea feeding, but only to-day, in 1965, can we boast of the highly successful application of this work. One wonders how many keys to problems are rusting away in university archives and research laboratories because there is no adequate means of communication.

We have reason to be proud of our world lead in farming technique. When the history is written of farming in this country during the 20th century, the name of Tom Williams will be mentioned very frequently as the author of its *Magna Charta*. We now need to carry the work he started to a far higher level or we shall lose that lead, as we did in the computer industry and in many others where we have been world leaders. It is true that farming has been revolutionised in comparison with its condition in the early part of this century, but we were forced to do it in order to live and to reduce our balance of payments deficit. This condition is now going to continue and the pressure will increase. Our success has also resulted in enormous ancillary developments in agricultural machinery, fertilisers and animal feeds. It has also increased our dependence on foreign oilseed, which the farmers claim has increased feed costs in this last year by 10 per cent. Why should we be affected by an American decision to plant less, or by the failure of a soya bean crop?

Our scientists discovered how to extract magnesium from sea water, and to-day virtually the entire consumption of magnesium metal in the United States is extracted from sea water. But it leaves some 60 elements still dissolved in the water, elements needed for plant growth. I think the fruits of research on this matter may be published in the near future, and I shall not anticipate them. From coal, from oil, from the atmosphere we can produce our own protein equivalents. Let there be development grants for the industries that serve British agriculture. There are many of us who have enough faith in the future to set up expensive, well-equipped and staffed research laboratories for the pur-

poses of increasing fertility and crop yields and for the improvement of feeding methods. Let the Government research institutes get away from their fear of commercial bias.

We are now experiencing an excess of emotion from medium and small farmers. If I were a small farmer relying entirely upon my limited natural gifts and capacity for hard work, I should feel exactly the same. There are many small farmers facing hard financial facts to-day, with a future which is dark. In any financial structure there is a stratum above and below which are marginal profits or losses. This is why the small farmer is proclaiming that he is being "squeezed out of business". Agriculture is not a business in this sense, but it is an industry trying to utilise and maintain to the fullest capacity every square yard of land. If more attention was given to scientific methods devised for these purposes, not even the small farmer would need to plead for financial protection. His increased productivity would be his bulwark of protection.

In 1962, the D.S.I.R. published a pamphlet called *New Ways with Lime*. On page 19, we find that, although we have had a subsidy for lime since 1937, over 20 years after, in 1958, there was an estimated deficiency of 30 million tons of calcium carbonate in our farmlands. Who is to blame—the scientists who drew attention to the need to control soil acidity, the Government or the farmers? There have been adequate supplies of lime, and soil surveys have been carried out at public expense. It would be nonsense to say that all small farmers neglect these available advantages, but far too many regard soil surveys as academic exercises, and prefer to rely on their "green fingers". The interpretation by a scientist of the results of a soil survey can be a highly scientific matter, but there are means of translating his vocabulary into language which is understood. The simple illustrations in the gardening columns of newspapers are an example.

Is the fact that the small farmer is forced to think in terms of short-term profits the difficulty? Is he not likely to be confused by subsidies and tax reliefs for quick returns? Would not an entirely revised scheme of cheap,

long-term credit be better to enable him to buy ample stock? He should then be provided, whether he asks for it or not, with full information about his soil, the most suitable fertilisers and all the information he needs on trace minerals. The cheap credit scheme would also operate to enable him to engage in a long-term plan to increase his soil fertility. He must be kept up to date with the progress of agricultural research.

Agricultural research is always a long-term affair. The scientist evolves a theory, he tests it in the laboratory, and then he has to apply it to field trials for season after season, until the technique has been thoroughly established and costed, before it can be applied to an increase in plant and animal productivity. This is one of the reasons—I had evidence of this when I was in Moscow, Canada and America recently—why world famous centres, such as we have at Rothamsted, Aberystwyth, Bangor, Reading University and the Macaulay Institute at Aberdeen fail to make headlines in this country. But they are household names among the agricultural scientists of the world. I should like to ask how many of our medium and smaller farmers have even heard of them or their work.

My Lords, the time has come to integrate these centres and endow them more generously with money for research. But this would be pointless if, at the same time, the agricultural industry did not give them unlimited facilities to develop their ideas and then make use of them. Our scientists are in the forefront of agricultural research, and one could elaborate on their findings indefinitely, but, like the prophets, they find little praise for their work in their own land. If this new Ministry of Science and Technology can prove to the scientists that at last their work has not been in vain, we shall see such a burst of enthusiasm for progress that I predict they might even overshadow the enormous part they played in the birth of this atomic age.

We as a country are faced with a financial crisis due to the adverse balance of payments. One of the key industries which can help us is farming. Is it really impossible for us to live to a much greater extent on our own produce if we look at farms as food production units

and if we use every acre, including grouse moors and all marginal land? Cannot the Scottish Highlands become beef cattle ranches? We have, to my own knowledge and experience, proved that with liquid supplementary feeds containing the necessary balance of trace minerals, cattle can be grazed on fodder which we normally consider to be unsuitable. We have had many years of testing.

Finally, my Lords, to get a greater degree of security we must get as near to becoming self-supporting as modern science can afford. Farms must be considered as production units in a computer age. The farmer who has not received adequate scientific training must have it at his disposal—clearly defined channels leading to information. Lateral communication is vital between research units in industry, Government research units and the universities. Even to-day we still have to depend on the “green finger” capacity and inherited experience of the farmer. Together with scientific farming, the hazards of weather can be diminished immeasurably by long-term forecasts.

I now come to a very important matter, the study of pedigree rearing and genetics. This is only one branch which requires computer efficiency. Soil bacteria and balancing trace minerals is another. The subject is vast, the possibilities are exciting. I have been privileged to see some of the latest work of some of our own scientists, and it is exciting. The Minister is aware of the need for a declared long-term programme. The Price Review should become a true progress report of a partnership in the farming industry. Let us give agriculture no lesser vehicle for this purpose than is given to other industries. There are no frontiers of knowledge in farming that cannot be overcome, if we treat the farmer as a key industrialist.

7.28 p.m.

LORD BALERNO: My Lords, the Price Review system, whereby the Government always have the last word, puts the responsibility on the Government—whichever Government it be—not just for the prosperity of the agricultural industry but for the security of the food supply of this increasing nation. And because the cow has a gestation period of nine months; because it takes another year or eighteen months to rear the calf as a beef animal; because the number

[Lord Balerno.]

of cows is the limiting factor, and because it takes four years to provide an increase in the number of cows, so it will take some four to six years before any mistake a Government may make in relation to cattle breeding can be rectified, and the country get sufficient milk or beef.

I submit that, in the award in the Price Review of 1d. per gallon for milk, the present Government have put the future of British agriculture in jeopardy. We are a livestock agriculture. Seventy-five per cent. of what we market from the farms of the United Kingdom is livestock produce. And half, at the very least, of that livestock produce derives from the cow; and the Government have insulted the cow by offering her only 1d. a gallon more for her milk. Although the consumer will from October pay 4d. a gallon more, the cow will get only 1d.

What does this miserable 1d. amount to? One penny per gallon is roughly equal to £4 per good milking cow per annum, and in a 30-cow herd—the kind of herd that is the backbone of British agriculture, milk and beef—that amounts to £120 per annum. From this must be deducted the increase in the wages last autumn, and the further increase this spring. That alone takes up some £50 of the £120. The increase in National Insurance contributions comes to another £20, leaving the smaller farmer with £50, with which to cover the steadily rising costs in feed for the cow, machinery, fertilisers and, most devastating of all, the extra 6d. on a gallon of petrol. There is nothing left for himself to meet the increased cost of living. If the noble Lord, Lord Blyton, ran a dairy farm, he would take a much less optimistic view of this penny.

On a grassland dairy farm, geared solely to milk production—and that is what dairy farmers are being advised to do now—the increase in wages of the farm staff, and in their insurance, may nearly equal the whole of the 1d. per gallon, or £4 per cow per annum, leaving nothing for the other increased charges, including petrol. I wonder whether the powers-that-be realise how much capital is at risk on such a dairy farm. Quite apart from the value of the land, a group of the more efficient dairy farms in the East of Scotland, paying a rent of about

£3 an acre and with an average of 55 cows, has at risk a capital of around £14,000 to £15,000 in respect of livestock, crops, implements and fixtures. Any farmer trying to set up on these lines would require much more to get him moving as a going concern.

He would require, apart from the land, a capital of something of the order of £20,000. Now this amount, invested in a sensible way, would yield the farmer, after deduction of tax for unearned income, at least £600 a year. So he and his wife—the working unit for such a farm—are entitled to the minimum wage, plus £600. Without any remuneration for management, and deducting also the farm worker's fixed rent for his cottage, the farmer of an efficiently run dairy farm is, by right, entitled to a net cash return of at least £2,000 if he is to break even with industry. There are farms where a net return of this magnitude has been reached, and a few farms where it has been considerably exceeded. But the majority of the dairy farms are nowhere near this level of profitability—and that in spite of all the improvements which the farmers themselves have made in the past ten years, with the average yields of cows up by nearly 200 gallons or 25 per cent. How many industries can show that level of increased productivity?

As your Lordships well know, there are in every sphere of life some persons who, by skill or by good fortune, can be shown to do extremely well; and there are others who can be shown to do extremely badly. Neither extreme can be held up as the model when the efficiency of that industry comes under examination. We have to consider the average, and decide the incentives by which the average can be induced to be one more efficient. In time of peace, the basic incentive is financial reward, and I submit that this 1d. a gallon is absolutely no inducement to a dairy farmer to become more efficient. Remember that, before a dairy farmer can become more efficient, he must put down quite a lot more capital. In the present circumstances I submit that no bank manager is justified in encouraging him to do this.

It is not realised how much dairy farmers themselves have done to make their industry more efficient—and that not merely on their own farms. The English dairy farmer, through the English Milk

Marketing Board, has spent, and is spending, a large sum in increasing the efficiency of the whole cattle industry. Over the years, the Milk Marketing Board has invested in its artificial insemination services over £3 million; and every year it is spending on milk recording, research, progeny testing of bulls, and so on, nearly half a million pounds sterling. This is a substantial service, paid for by the 130,000 dairy farmers themselves, in order that they may become more efficient producers. Unless the industry gets a fair return, it is not reasonable to expect that it will be able to continue along these lines. The dairy industry of England is in these respects the best-organised dairy industry in the world, and in this matter we are the envy of the dairy farmer of the United States.

There is, however, a much more serious matter to consider as a consequence of any decline in the profitability of milk production. The beef industry will be in jeopardy—and I most strongly support my noble friend Lord St. Oswald in making this point, as he did so clearly in his opening speech. With land values as high as they have become in all beef-eating countries—a factor which is often not properly appreciated—the production of calves where they are the total yearly output of a herd of cows (a calf a cow a year) is unlikely, for economic reasons, to expand sufficiently to meet demand, even in those countries where they have large ranching areas—in which, incidentally, supplies may be reduced seriously for long periods by drought: something that is happening in Australia and the Argentine at the present moment.

As the noble Lord, Lord Hurd, reminded us, the demand for beef is much more likely to be met from dairy herds with a combined saleable output of milk and calves and a relatively controlled environment that makes for a regular and predictable calf production each year. Since, by the nature of their operation, the artificial insemination services have closer connection with dairy herds than with beef, the speed with which genetic improvements may be introduced and spread is likely to be greater. This also applies to adjustments to meet the inevitable changes in consumer taste and in economic conditions of production. In the United Kingdom to-day our farmers produce roughly 60 per cent. of the beef we eat; the rest is imported. Of the

beef that we in Britain produce, some 80 per cent. of it comes from the dairy cow. In other words, around half the total beef eaten in the United Kingdom to-day has its origin in the country's dairy herds.

To-day in Britain we are eating 50 lb. of beef per annum per head of the population. Compared with ten years ago, this is an increase of 17 lb. per head per person—not a bad index of the affluence created under the last Government. The British, having once more got their teeth into good beef, will almost certainly increase their annual consumption per head. We are, in fact, still 5 lb. per head per annum less than we were in 1938-39. To fill this gap of 5 lb. will require a further half-million calves per year. In fact, all the calves that one noble Lord mentioned Professor McGregor Cooper had said should be saved from our dairy herds would produce only that increase of 5 lb. per head per annum, making no allowance for the increase in the population. We can increase considerably if we have the incentive, but perhaps the Government prefer that, in the long run, we should import more beef, as it looks as if we are going to do in the case of aircraft. The noble Lord, Lord Hughes, said that the hills can carry 9 per cent. of all the beef cows. We must look this fact in the face. I reckon that the yield from this source would produce only about 3 per cent. of all the beef that we can produce in the United Kingdom.

My Lords, last century it was said that the "roast beef of old England" came from Scotland—and that was largely true. Then, in more recent years, it was truly said that it came from the Argentine. My Lords, the wheel has gone the full circle, and to-day the "roast beef of old England" comes chiefly from her own dairy herds. They are by far the largest single source of supply. No wonder we have a very large proportion of dairy cows to beef cows! I question whether any beef-eating country in the world has anything like so big a proportion. Due to resource and initiative, this has been accomplished without any lowering in the quality of the beef. In fact, our quality is as high as anywhere in the world.

Not only is the *per capita* consumption of beef increasing, but so is the human population. Thus, the figures I have given for future requirements are very

[Lord Balerno.] conservative. Short of some form of induced twinning, the demand for home beef will be met only by a substantial increase in the number of our dairy cows. And this must be accepted even if in the immediate future it might mean some reduction in the average yield of the cow. Last December the chairman of the British Oil and Cake Mills, Mr. de Boinville, gave a closely reasoned statement which forecast the need for a substantial increase in our dairy herd if we are to maintain our proportionate supply of beef in the home market. His forecast, which has not been challenged so far as I know, is an increase from $3\frac{1}{2}$ million dairy cows now to 5 million dairy cows in seven years.

My Lords, this miserable increase of 1d. a gallon for milk is a positive disincentive to the dairy farmer. To break even with rising costs he needs 2d. a gallon. On this, his indignation is fully justified. The noble Lord, Lord Hurd, truly said that the short prices this year will undermine confidence, and the noble Lord, Lord Hughes, has said that there was no advantage in increasing milk production beyond the rate of consumption of liquid milk. This is a singularly myopic view for such a broad-minded person as the noble Lord, Lord Hughes, to take. The noble Lord, Lord Swaythling, pointed out that we are importing in dairy products a greater volume of milk already than is produced in this country. So there is plenty of slack to be taken up. In this connection the noble Lord, Lord Sainsbury, pointed out how much greater is the cost of producing butter in this country. But need this continue? If we put our minds to it, I am certain that the Milk Marketing Board can reduce this cost. And I am equally certain that the world price of butter will go up. I agree with the noble Lord, Lord Sainsbury, about the difficulties of agricultural forecasting; but the facts in front of us of shortages in the future do not excuse our doing nothing now.

I entirely agree with the noble Lord, Lord Arwyn, about the need to develop home agriculture and the scope for further production. But there is, I think, a better solution to the whole problem of milk production. It is to remove milk completely from this Price Review. There is, in fact, no longer any direct

Government subsidy to the milk producer; nor has there been for three years; nor, with the increase in 4d. a gallon to be paid by the consumer, will there be any subsidy. Surely the time has come to return to the Milk Marketing Board the complete powers they had before 1939 and let them resume direct negotiations on liquid milk prices with the distributors. I was expecting the noble Lord, Lord Henley, to put this view forward when he spoke, and I was astonished that he did not do so. Cases of dispute that occurred in the negotiations between the Milk Marketing Board and the distributors would arise in joint committee and would be referred to the Consultant. The retail price of milk—and hence its distribution margin—would be determined in the same way.

The advantages of doing this would be considerable to the dairy farmer and, more so, to the Government. First, the responsibility for the proper level of the first-hand selling price for milk would rest firmly in one place, with the Board. These are the people who have the most direct interest in the welfare of the industry and the good will of the consumer. Secondly, economies in the marketing processes would be reflected in the realisation of milk sold and would therefore accrue in part to the Board, who would have the maximum incentive to pursue those economies. Thirdly, the authority of the Board as the body responsible for milk marketing would be free from interference resulting from the present Government's participation in marketing processes. Ample safeguards exist whereby the Government can protect the public interest against any abuse of authority.

Finally, my Lords, I would say this. If the Government do not free the dairy industry and return to the Marketing Boards their powers, then we have the clearest possible evidence that the dairy farmer is not intended to receive any subsidy whatsoever and that what is happening is that the dairy farmer is being sacrificed, to use the words of the noble Viscount, Lord Masserene and Ferrard, at the altar of keeping down the cost of living. This sacrifice the dairy farmer might, indeed, be prepared to make if the costs of his raw materials and labour were also stable. But this is not so; and there is no likelihood

that it will be so. Accordingly, I call for a complete reappraisal of the whole situation and the return to the Milk Marketing Board of their powers. Unless this is done we shall certainly be faced in five years' time with an acute shortage of milk and its products, and an acuter shortage of home-produced beef. The demand then will be met only by importing, and the price to which we shall then be held in ransom will be much higher than that at which we could have produced in this country. I would conclude as I began by saying that it takes six years' planning and hard work to put a fat steer on the market for the consumer.

VISCOUNT MASSEREENE AND FERRARD: My Lords, before the noble Lord sits down may I intervene? I understood him to say that in his opinion the beef produced by the dairy herds was just as good as the pure beef bred on the hill farm. I cannot agree with him there.

LORD BALERNO: My Lords, the "super product", of course, comes from the absolutely pure breed; but there is a big change taking place in the consumer demand for the lean meat and there are many persons who prefer the meat obtained from the Friesian steer, which is almost completely devoid of fat, and would buy that rather than what I and the noble Viscount consider to be the proper luscious beef. But it is a fact that, with its acceptance by the consumer as desirable, the pure Friesian steer has become a new factor in the beef production of the world. But do not think I disagree with my noble friend.

7.49 p.m.

LORD DUNLEATH: My Lords, I have listened with great interest and respect to those noble Lords who have so far participated in this debate. A number of the topics which I was going to mention have already been covered with much more authority and clarity than I am able to command. I should therefore, with the permission of the House, like to confine myself to commenting on one or two aspects of the recent agricultural Price Review.

In reading the White Paper, I was struck by some interesting lines of thought on which Her Majesty's Government have

embarked with regard to the longer-term prospects of the industry. An example of this is the development and expansion of the Small Farmer Schemes. The extension of existing benefits to farmers with a maximum rating of 700 man-days, as against 500 man-days, both figures being on the present basis of calculation, is surely a step in the right direction. In the past, I have been far from happy that money spent on Small Farmer Schemes has always been in the best interests of either the industry as a whole or the small farmer himself.

I am thinking now of a man with possibly a 25-acre farm, who has previously milked five or six cows. That may seem improbable to some of your Lordships, but I assure the House that there are many cases of this sort in Northern Ireland, where I live. A farmer of this sort may have been advised by the Ministry of Agriculture to expand his milk production under the Small Farmer Schemes and build a byre capable of holding, say, 12 or 14 cows. If he had sufficient land and resources to be able to carry 35 or 40 cows, then it would be worth while, but to tempt him by means of a Government grant to tie up what to him is a substantial amount of capital in a project which still will not make his business stand on its feet and give him a reasonable livelihood is surely doing more harm than good. Hard though it may seem, it might be better to advise him to plan to get out of milk altogether or, in some cases, in the long run, to get out of farming altogether.

The problem of the very small farmer is very difficult, with many social implications, and I do not intend to take up your Lordships' time by pursuing it now. But I would say that I think that Her Majesty's Government are quite right in extending the Small Farmer Scheme to include a broad band of farm businesses which have a much greater viability potential (if I may use the phrase) than those covered by the previous schemes. I am glad to see the provision in the White Paper about voluntary amalgamation, and I should be interested to know how this is going to work. I cannot see how it is going to be thought out, but I am sure it is thinking along the right lines.

It is also pleasing to see from the White Paper that an essential part of the new programme will be the keeping and

[Lord Dunleath.]

the using of farm records as a basis for farm management decisions. This is good, constructive thinking and should be of far-reaching benefit to the smaller units of agriculture. It is also good to see that encouragement for record keeping is going to be extended to larger farm businesses as well. The importance of accurate costing and recording cannot be overstressed. Though a matter of normal routine in industry, I am afraid that in the past this aspect of management has received insufficient attention from farmers, not only small farmers but also those in the medium to large bracket.

Furtherance of the facilities for agricultural credit is also to be welcomed, though I feel that the advantages would be still greater if a certain amount of education in the use of short and medium term credit could be included. There may be little need of such advice in the more sophisticated rural areas of England, but I think that in some of the remoter parts of Northern Ireland, for instance, it could certainly serve a useful purpose.

Another example of constructive thinking is to be seen in the proposals of Her Majesty's Government regarding agricultural co-operation. Here is a field in which there is much room for advancement, as is shown by the success of some of the existing co-operative marketing groups, which have been established for a number of years. To be successful, such enterprises have to be undertaken in a realistic and business-like manner, and some have failed for lack of these qualities. Financial assistance, particularly if backed by sound business advice, should result in a very positive step in the right direction. There is possibly more slack to be taken up in the marketing of agricultural produce than of any other commodity, and if this slack could be taken up I think it would go a long way towards reducing the dependence of the industry on Government support, a dependence which cannot be a source of satisfaction to anyone.

One of the most significant portents, perhaps, in the White Paper is the proposal outlined in paragraph 64. Here it is stated that discussions will soon be held between the Northern Ireland Ministry of Agriculture and the Ulster Far-

mers' Union to examine the possibility of setting up an agricultural trust. This trust would be financed by the special assistance grant, and its purpose would be to promote greater efficiency in marketing and to expand home and export markets. Whereas this project is the immediate concern of Northern Ireland only, I feel that the underlying principle is of such importance that consideration should be given to its application in a wider field. This really is progressive policy: that public money should not just be spent each year in subsidising farmers' incomes or the consumer for what he has to pay for his food, but that it should be invested in longer-term prosperity to reduce the need for income support in future. I think that not only Her Majesty's Government but also the Government of Northern Ireland are to be congratulated on this very forward-looking proposal.

I have so far tried to comment briefly on what I consider to be the good points in the Price Review. I think they are good and it would be churlish not to give credit where credit is due. It is that much the more regrettable that the Review as a whole cannot be regarded as satisfactory. This, I would respectfully suggest, is due to the failure of Her Majesty's Government to appreciate one or two very important factors. One of these, which has been mentioned a great deal in your Lordships' House this afternoon, is the disparity between incomes in agriculture and those in the rest of industry. If I took up the noble Lord, Lord Blyton, correctly, he suggested that farmers drive Jaguars. I can assure the noble Lord, if he were still in his place, that the Northern Ireland farmer does not drive a Jaguar. I sincerely wish he did—because I sell Jaguars in Northern Ireland.

The point is often made by people outside the agricultural industry that things cannot really be too bad. The prices being paid for agricultural land are always on the increase and the level of capital investment in agriculture remains high. Against this, I think it is appreciated that, taking the country as a whole, the return on capital invested in farming is considerably less than that which could be obtained from most other forms of investment. The reason for the continuing high level of investment in

both land and farm installations is, I would suggest, not so much from desire as by necessity. Modest though incomes have been in the past, if they are to be maintained, let alone increased, there is no alternative but to mechanise, and, as any noble Lord who farms will agree, to mechanise means to capitalise in a big way.

Similarly, any farmer who has been dispossessed by a motorway or housing development and has to buy more land, is forced to pay much more than he considers it worth, for the simple reason that every year that goes by there is less and less land available for him to purchase. Possibly another reason for the pressure on land is that so many small farmers realise that they must increase the size of their holdings, if steadily mounting overheads are to be covered and if their farm businesses are to remain viable. If farming were not a way of life that had been bred into them, many farmers would long ago have taken their capital elsewhere.

The inadequate reward for those in milk production has been the subject of much reference, both in your Lordships' House and elsewhere. As a dairy farmer, I would add just this comment. I pay my two byremen (perhaps I should call them cowmen, as they are called in this country) as much as I can afford, but I know quite well that it is not enough. Apart from the long hours they have to work, the degree of skill, responsibility and conscientiousness required by a good cowman would earn him £20 or £25 a week in industry, with probably much pleasanter working conditions. Were it not for the dedicated stockmanship of such men, and the pride they take in their work, I think they would without hesitation choose an easier way of life. Unless the profit margin on milk is increased, so that those who do the hard work can be properly rewarded, I fear that the decline in the number of milk producers will accelerate alarmingly.

A second factor which does not seem to have been fully appreciated by Her Majesty's Government—though it has been mentioned several times this afternoon—is the tremendous potential of the agricultural industry to contribute to the national economy. If, as the White Paper says, such contribution will be considered as part of the National Economic

Development Plan, surely this is not the time to apply the brake. Though I speak as a complete layman in these matters (I am not an economist), I should have thought that if agriculture were allowed to expand in the way in which it could expand, it would have the effect of making so great a saving in imports that even the fears that have been expressed about retaliatory measures from exporting countries would lose their significance.

Thirdly, it is surprising to me, in view of the Government's most laudable sentiments concerning improved productivity, that they should have chosen this moment to reduce the lime and fertiliser subsidies. Productivity is closely linked with output per acre, and a decline in the use of lime and fertilisers cannot fail to have a detrimental effect. And I think there is little reason to believe that the manufacturers will always be able to adjust their prices to offset the reduction of Government support. My Lords, in my humble opinion, this Price Review can be compared to the proverbial curate's egg. It is just unfortunate that its excellent parts do not compensate for the unappetising smell which has been left in the nostrils of British farmers.

8.2 p.m.

LORD NUNBURNHOLME : My Lords, I have sat on the Opposition Benches for 40 years and I have farmed for 33 years, so I crave your Lordships' indulgence for the few comments I wish to make in this debate. I should like to support my noble friend Lord Henley. He suggested that we should allow cereals to rise to Common Market levels. I was not quite certain how he meant that this should be done, but I have down that it was to restrict imports until prices have risen to Common Market levels, and that is what I think he meant.

If this happened, the result would be, first, that no cereal subsidies would be needed; secondly, that farm wages could be raised to the industrial level; and, thirdly, that young men who are leaving the agricultural industry would be attracted back. At the moment, where I come from, on Romney Marsh, it is practically impossible to get a man to go into agriculture, and all we have left are the middle-aged and aged men. I know that in other parts of the country the situation is not quite so bad—they have not atomic power stations, and so

[Lord Nunburnholme.]
on, competing for labour—but I can well see that in fifteen or twenty years' time there will be no labour available for agriculture in the South of England. Therefore, something must be done to raise the return to the farmer, so that he can pay his men more money.

I should also like to support the noble Baroness, Lady Elliot of Harwood, in what she said about livestock producers. They must have more money for their produce. The shepherd on the hill cannot be mechanised, and in order to pay him higher wages the farmer must obtain higher prices for the store sheep and store cattle that he sells. As I have said, I farm on Romney Marsh. I can mechanise the shepherding of my dry flock (as we call it), but I cannot mechanise my lambing. Therefore, I should need more money for wool, which we have not had in the Price Review.

I was not going to touch on the Price Review, but I was told by the members of the Wool Board that wool was likely to go up by 2d. per lb. I think that that "leak" was rather like the "leak" on milk. A "leak" of 2d. a gallon was indicated on milk, I believe, and the Treasury put their foot on it. These "leaks" which turn out to be untrue do more harm than good, and I wish that somebody would keep his mouth shut.

LORD CHAMPION: So do I.

LORD NUNBURNHOLME: We wool farmers must stick together. Therefore, I would make this suggestion to the Prime Minister. Subsidise meat and the milk consumer; support the farmer by food import restrictions. They, in turn, will help the agricultural machinery industry, which, because there is a steady demand at home, will be able to keep its prices down and so enable its exports to be improved. If necessary, let us have an internal pound for this country, but keep the pound abroad stable. Agriculture is the goose that lays the golden egg. Do not kill the goose.

8.9 p.m.

VISCOUNT FALMOUTH: My Lords, at this late hour, may I echo what the noble Lord opposite said, referring to hill farming? He used the words, "where at the end of the day it will have the better results", and I hope that these few observations will be received in that spirit. We are discussing an industry

on which we all depend, and anything said in your Lordships' House always has great attention paid to it. I do not wish to deal with the details of the Price Review which we are discussing to-day, but only, and, quite briefly, with the farmers' reactions to it. The farmers—and I am one of them—are disappointed for three reasons, which have been mentioned more than once this afternoon.

First, the farmer sees, rightly or wrongly, other industries protected by duties putting up their prices to cover their rising costs of labour, while he is asked to carry most of his increased costs by one means or another. Secondly, while his output has gone up, he feels that his net income has fallen, and that it is not rising as it has risen for his fellows in industry, whom he is largely feeding. Thirdly—and this is an important point—he is frustrated because he has come to realise that the industry is reaching a point where increased production appears not to be wanted, and that if he wishes to increase his production he should rather turn to increasing his acreage, which is available only at high prices.

These feelings have, of course, crystallised, so far as the public are concerned, in the disappointment felt by the producers at the 1-2d. increase in the price of milk. I think it has already been said this afternoon that if many more people drop out of the industry the very delicate balance between the dairy, fatstock and corn-growing sides of agriculture will be upset. Fewer calves for beef will be born, and this is very important, as any farmer like myself in the West Country would tell your Lordships. He knows how difficult and expensive it is for him to obtain calves. If the land which the dairy farmer had is not grazed, it will most probably be used for corn; and thus again the industry is further put out of balance, and more corn is grown, with fewer mouths to feed. It has been said that the greater rise in acres would cause too great an increase of production. This is arguable, but I must make the point that, once having left milk, it will be very costly for the farmer to return to it, because of the specialised buildings required and the fact that the herd will have to be rebuilt slowly.

I mentioned rising costs. Last year we had one of the finest corn harvest

weathers on record—an enormous help to us in getting in our crop and reducing our cost overheads. Our main cost rise last year was, of course, the wage award, and I must again make the point that if farmers are to be able to attract those fine, hard-working men whom we employ on our farms, particularly in those districts in close range to the towns (and what farm is not to-day in close range of a town?) their return must be big enough to make it possible. The noble Lord, Lord Collison, talked about the levels of the wages of farmworkers, and I agree with him that, if we had the figures in front of us, they would give us much food for thought. One of our main items of cost nowadays, of course, is for machinery. We are obviously more and more bound to the machine and the crop sprayer, without which we could not control our weeds, mildews, and the like. There are not many more economies to be made in this respect.

I belong—in fact I joined at the first stage, some years ago—to a group of farmers who formed a joint workshop to repair and service our equipment, and to provide ourselves with farm supplies. I do not think there are many more reductions in costs to be made in this respect. Indeed, in order to attract fitters to our workshops, and to keep them, we have had to increase our labour charges by some 40 per cent. in the last five years, which shows to some extent the disparity between town and country. Many of these groups of farmers have been formed, and though we must remember the administrative costs entailed, we should also note that the administrative costs of farmers, with the inherent dislike of paper which all practical men have, are very low. On my own farms, I can think of only three falls in prices this year—binder twine, seeds and some feeding-stuffs, which in themselves are agricultural products.

I do not intend to deal with my second point, about the failure of farm incomes to keep pace with this increase in production. It has been more than publicised recently in the Press, and we have heard a great deal about it this afternoon in your Lordships' House. My third point is the feeling that the farmers' increases in output are not going to be wanted. This brings to the fore that very intractable problem—that most in-

tractable of all agricultural problems—the disposal of surpluses. Greater returns lead to ever-increasing production, when the law of diminishing returns sets in. We have encouraged our farmers into high farming for high productivity and, like any other industrialist, a successful farmer takes pride in pushing forward the output and the achievements of his farm.

I am glad in a small measure to see that there has been an increase in the standard quantities for cereals, although this is only a very small figure. Farmers as a class are very much aware of the trading position of our country, and how we are regulated by trading agreements. I am sure the Minister will do his level best to see that the import-saving virtues of our industry are exploited to the full. I believe that our wool trade is quite considerable; we are sending some millions of pounds of home-grown wool abroad.

I have nearly finished. There are many influences at work in the mind of the farmer to-day which make him afraid of the future. One was mentioned by the noble Lord, Lord Abinger—the destruction of our farm land. I do not intend to deal with that. The other influence is that farmers see the village children being taken away by buses to the secondary schools, and they fear—it may be only a fear—that the minds of those children are being turned away from the country towards the towns.

It is a very heavy price we have to pay in this country for being a centralised State, and one of the prices we have to pay is that wage awards, Price Reviews, call it what you will, invite invidious comparisons and are subject to the widest publicity. Nevertheless, I think that the constantly swinging balance between town and country, interdependent as they are, is tilting at the moment too far in favour of the town at the expense of the country. I thank your Lordships for listening so patiently to me.

8.20 p.m.

EARL FERRERS: My Lords, as usual in your Lordships' House, an agricultural debate has produced a fund of knowledge and a fund of information, and I feel that this afternoon's debate has been extraordinarily interesting. I should like, if I may, to pay a particular tribute to the two noble Lords who made maiden speeches this afternoon, the noble Lord, Lord

[Earl Ferrers.]

Hurd, and the noble Lord, Lord Collison. Both of these noble Lords are distinguished in agriculture and have given great services to agriculture, and their words will, I am sure, be weighed most carefully by the Government, and I, for one, certainly look forward to their taking part in all our agricultural debates in future.

The range of this debate has been considerable. We have moved from the balance of payments to the Agricultural Price Review, to the forecasting of supplies and even to free Health Service drugs and Stansted Airport. I am bound to say that it is the first time, certainly in my recollection, that the Pope has been called in aid to bolster an argument in an agricultural debate. It merely shows, I suppose, the fertility of imagination that abounds in your Lordships' House, certainly in regard to my noble friend Lord Massereene and Ferrard, to ensure that the compass of the debate is as extensive as possible and that no stone shall be left unturned.

My Lords, I was very surprised at the extremely Party speech of the noble Lord, Lord Blyton. Unfortunately he is not in his place at the moment. Indeed, no doubt on this occasion he thought it fit to blow off and blow out as quickly as possible, because he was in his place, I think, for no more than two minutes after he resumed his seat. And I would, if I might, with the greatest respect, register a modest word of protest that it is possibly a trifle discourteous to the House to make a highly Party speech and then to remove oneself so that one's points are completely unable to be answered in one's presence.

What worried me about what the noble Lord said was that it showed a completely ill-informed view of the agricultural situation. His main onus of complaint, as I understood it, was that on his way to the House yesterday and to-day he kept on tripping over Bentleys and Jaguars that belonged to farmers who had come here to lobby their Members of Parliament. I would say that a National Farmers' Union costing that was undertaken recently on 5,000 farms showed that 43 per cent. of farmers earned less than £600 per annum. If that is supposed to be representative of people who run Bentleys and Jaguars I think the suggestion is slightly distorted. Out of that £600 the farmer is supposed

to receive not only return on his capital but also return on his own labour and his own management, which of course is not restricted to a 40-hour week. I think that the noble Lord, Lord Blyton, when he reflects, will consider that what he said was really unwarranted and unfortunate. It is more unfortunate because, of course, he hails from the part of the country from which his right honourable friend the Minister of Agriculture also comes. I can only hope that the noble Lord, Lord Champion, when he comes to make his speech, will assure your Lordships that the views expressed by the noble Lord, Lord Blyton, really were very personal views and do not represent the attitude of Her Majesty's Government.

My Lords, with regard to the Price Review itself, I only wish to make one specific reference, to say that I can understand the degree of aggravation engendered by the farmers with regard to the "Penny Black" on milk, but I disapprove wholeheartedly, as I am sure most noble Lords do, of the very extreme views that have been expressed and the actions that have been threatened by some of the more lunatic fringe of the farming community. I can imagine no better way of alienating totally public opinion than jamming up all the roads on a Bank Holiday or letting forth a herd of pigs in Piccadilly Circus, as has been suggested.

The ideas are, of course, ludicrous and are typical of farmers' public relations in general, which are appallingly bad. I believe that one of the best things that the National Farmers' Union could do would be to hire the services of a first-class public relations firm—as indeed the speech of the noble Lord, Lord Blyton, indicated—so that the farmers' views could be put across in a balanced and reasonable fashion. Indeed, I think the new idea of publicising their views in the papers is a good one and it would enable the farming viewpoint to be put across clearly and reasonably yet in a forthright manner.

But the fact is—and we must admit this—that whereas the large farmer is doing tolerably well, the small farmer is doing intolerably badly. Admittedly the large farmer has his problems over the utilisation and obtaining of capital for the development of his business, and over making the fullest use of techniques and machinery, growing in size,

complexity and cost year by year. But these problems, though of larger proportion the bigger the farm becomes, equally become the more easy of solution. To take an example, it is clearly much easier for a farmer who employs ten men to make a reduction in his labour force of 10 per cent., and a consequent reduction of his labour costs, than for a farmer who employs only one man. Not only is the larger farmer in a better position *vis-à-vis* the small farmer, but the large producer is in a better position *vis-à-vis* the small producer. I hasten to make the point that the two are not necessarily the same, because the small farmer can be a large producer of a particular commodity, such as pigs or eggs.

This trend of more economical operation coming from the large producer is, of course, not peculiar to agriculture. It occurs in every sphere of our life, as your Lordships know only too well. At all stages the trend is for the bigger enterprise. It may be sad, and one may regret it; but it is a fact. The difference is that in agriculture the trend is more personal and more human, and, consequently, the more stubbornly resisted. The position of the small farmer in the future of agriculture is, to my mind, the greatest political decision that the Government of this country, whichever Party forms the Government, will have to take in the near future. I greatly admired Lord Collison's remarks, when he faced this question quite straightly. After all, the problem is here and it cannot be avoided, although political expediency could require it to be shelved.

The small farmer of 40 acres cannot begin to compete in growing barley with the 600-acre farmer. A farmer with 100 milking cows may be making a reasonable profit on his herd, and yet one with 17 cows may not only be making a loss but may well be driven to distraction and wracked with worry into the bargain. The 15,000-bird unit may prove a highly profitable egg-producing enterprise, whereas the farmer with 500 birds cannot make ends meet. What happens then is that, because he cannot make ends meet, the 500-bird farmer does not increase his size; the 15,000-bird farmer may possibly double his size, and in doing so, of course, doubles his output, which will then represent the

output of thirty 500-bird farmers. If the price of eggs is thereafter lowered, he, the larger producer, is more in a position to be able to absorb the reduction than the smaller producer, who is put in a yet worse position.

The question that arises from this is, are we right to encourage the small farmer? Are we right, as a nation, so to fix the level of our support in agriculture that small farmers can make a reasonable living? Because if that is so, large farmers, by virtue of their economies of size and operation, will make more than a correspondingly reasonable living, and the small farmer will, in effect, be subsidising the large farmer, which is a ludicrous situation.

Here let me hasten to add that I am speaking entirely for myself in this regard. I do not represent any views of my Party. Indeed, I think if your Lordships look at the list of speakers you will see a typographical error, in so far as there were two spaces left above my name whereas, in fact, they should have been left after my name. The views I express are entirely my own. I should equally like to point out that farming is my livelihood, but I am not a large farmer; I am not one who farms large acres and therefore might be considered numb to the views of the small farmer. I farm 250 acres, which anyone who knows the Eastern Counties will know is not large, by any standards. It does, however, enable one to see some of the complexities the small farmer has, and make one endlessly thankful that one's farm is not a quarter of the size, and equally endlessly regretful that it is not double the size.

The point I am making is, are we right to encourage the small farm? If the bigger unit can produce the goods more cheaply, are we not right to encourage the larger unit? Some say there should be some form of variation in agricultural support and the prices paid, so that the small farmer, for no reason other than the fact that he is a small farmer, may receive a higher price for, say, his milk than the same article produces on a larger farm. I should be totally opposed to such action, for it would deliberately foster and encourage production of a commodity from an uneconomic and inefficient source. I believe Her Majesty's Government are aware of this point with

[Earl Ferrers.] regard to the small farmer, for the Minister of Agriculture said in his statement on the Price Review:

"We are therefore planning measures to encourage an increase in the size of holdings on a voluntary basis".

When I pressed the noble Lord, Lord Champion, a week ago, in a Starred Question, as to what he meant, the noble Lord stalled sharply and said "Wait and see". Frankly I was not surprised. I hope he will be able to say a little more this evening, not necessarily as to what the Government's proposals are but as to the way in which the Government's mind is turning.

If we are not right to encourage the smaller farmer, are we right to discourage him? This poses a whole set of different questions. The small farmer provides variety in agriculture. The farming community provides the basic stock from which our nation grows and has grown, and let nobody discount the importance of that; it would be a thousand pities if that were to go. The small farm provides the ladder by which a keen and enthusiastic young man, with little more than determination and hard work and yet intent on making a living in agriculture, can climb.

On the other hand, the small farm can provide its occupier with a vast amount of hard work, endless worry and very small reward. I remember a man who had been a cowman once telling me he was going to hire a 40-acre farm, and what did I think about it. I told him slavery had been abolished a hundred years ago and I could not see why he wanted to reinstate it. It did not make the slightest difference to his intention, and he went ahead and I believe made a success of it. That is the point: you will get people who will make a success of running against the grain. It is right that we should acknowledge it, but it is another thing deliberately to foster it. Small farms will, of course, always be in demand, because people love to be on their own, to be their own master and to be independent. But independence is becoming a very expensive commodity.

The future of the small farm is always a highly controversial subject, and it is too easy to shrug one's shoulders and refuse to face it, and I make no apology

for endeavouring to face it a little this evening. But why is it controversial? The answer is that 70 per cent. of the farms of this country are farms of under 100 acres. Therefore, the biggest proportion of farmers in fact farm small farms. For many reasons this may be desirable, and I do not discount that, but let us be quite clear that it is not economic. I think that this should be faced quite openly and clearly. To my mind, there is a place for the small farmer, albeit a diminished one and a diminishing one. I do not think he should be considered as sacred or un-touchable, as indeed are not the small shopkeeper, the small businesses or the small factory. Public opinion and farming opinion must realise this. For those farmers who are not on their own naturally successful, whether that is due to themselves or to the type of farming which they do or to the location of their farms, some form of amalgamation or surrendering of independence must surely come about.

I asked the noble Lord, Lord Champion, the other day whether Her Majesty's Government were considering a form of payment to encourage small farmers to give up their holdings, which I euphemistically described as a "golden pitch-fork." The noble Lord was not forthcoming; I did not think he would be. But I would ask him seriously to consider whether some such scheme might not be advisable, to offer to some farmers below a certain acreage a payment per acre if they were to elect to give up their holdings. Such payment as this might induce, but it would not compel, small farmers to give up their holdings. Those who felt that things had got on top of them could leave their holdings and could do so with advantage. Those who did not wish to avail themselves of this offer would be under no obligation whatever to do so. It would be there for those who did. This may not be the solution. It may not even be a realistic answer. I merely put it forward as a suggestion which might be considered.

One thing is certain to my mind, and that is that the real nub of agriculture in the future, the real problem, is going to be the position of the small farmer. This is a problem that must be faced and cannot be evaded. It will not decrease in intensity; the problem will merely increase in intensity over the next five

or ten years. Her Majesty's Government have shown that they are not averse to tackling unpopular and controversial subjects, albeit not usually in a wholesome and successful manner, but I hope that, nevertheless, they will not defer from turning their minds to this problem.

8.40 p.m.

THE MINISTER WITHOUT PORTFOLIO (LORD CHAMPION): My Lords, first of all, of course, I must thank the noble Lord, Lord St. Oswald, for having put down this Motion which enables us to consider this important matter of the Price Review and the general condition of agriculture. But I am particularly grateful to him because the debate has given us to-day two quite remarkable maiden speeches.

We had first that of the noble Lord, Lord Hurd. I thank him very much for his kindly references to our association in another place. We differed and we agreed; but if we disagreed, I always tremendously respected his knowledge on this subject of agriculture. He told us in the course of his speech that he was hoping to educate Her Majesty's present Ministers. My Lords, he has been doing that for a long time. Certainly the noble Lord has been educating me for very many years in the other place, and I believe in the columns of *The Times* as well, where he wrote for some time. He told us that he was going to be non-contentious, and I suppose that to some extent he was; but if he was non-contentious to-day, I hate the thought of our next debate on Agriculture.

The noble Lord made some points which I am sure the Minister will want to consider very carefully, and in particular the one with reference to his visits to Australia and, I think, to South America—

LORD HURD: To the Argentine.

LORD CHAMPION:—where conditions are affecting at this time the production of beef. My right honourable friend has, of course, been negotiating on this whole business of the importation of chilled beef, particularly, but if the conditions which he felt existed have, in fact, been destroyed by conditions of drought then clearly he must think again about the whole problem we are facing here, which we were hoping had been overcome. I refer to the future supply

of beef from these parts of the world, added to by our own stepping-up of our beef production in this country. But, to revert to Lord Hurd's speech, despite what I have said about fearing his contentious speeches in the future, I know that we shall look forward to his future contributions.

We have had, too, a quite remarkable maiden speech from my noble friend Lord Collison. Unfortunately he has an important function to-night. It is one of those engagements that he entered into some time ago, and he had to attend. He apologises to me, and to the House, for his absence at this time. I must say that he is an old personal friend of mine, one whom I met in the course of his duties as the General Secretary of the National Union of Agricultural Workers and in other spheres within the trade union world. I envied his fluency when he was speaking to-day. It certainly was a quite remarkable speech, and I noticed that the House listened to him with the attention that it gives to one who speaks with the sort of knowledge he has and with the fluency which he displayed.

Lord Collison's experience of the industry comes from a side that has not previously been represented in this House, the agricultural workers' side, and we are glad that he comes to us with this particular background and with the knowledge of agriculture that he has. It so happens that he also has a very wide and deep knowledge of international conferences. He has been to some extent schooled in the T.U.C., which is a pretty tough school, but I am sure that we are grateful to him, and shall look forward to his speeches in the future.

The noble Lord referred—and I think it was justifiable that he should do so—to the willingness of the agricultural worker to adopt new techniques. I accept this, and I believe that the example set by the agricultural worker is one which might well be, and indeed ought to be, followed by the workers in some other industries. I hope that his remarks will have some effect outside this particular field and generally in the wider context of trade union and other activities.

My Lords, the noble Lord, Lord St. Oswald, gets up; he puts his notes and his head down, and addresses that Box;

[Lord Champion.]

and then he proceeds to poke gentle fun at me. Who am I to complain if I feel, bouncing up at me off that Box over there, a faint whiff of midnight oil? And I do not complain, for a good speech ought to have about it a smell of midnight oil, though no speech should reek of it. The noble Lord's speeches do not reek, and they are very good indeed. We have now had several exchanges, and the more we have had the more I have come to recognise this. If I have a complaint to make about the noble Lord, it is that he picks on a man like me, a man who has spent a very cloistered existence and has been sheltered from the hurly-burly of the debate. I wish the noble Lord, the Leader of the Opposition, were here, because if he were I would urge him to move the noble Lord to some other Department where he would find a foe more worthy of his wooden sword. The noble Lord is very knowledgeable about agriculture, both as a former Parliamentary Secretary and as a landlord, and he knows perfectly well that this Review, when looked at in the light of our economic circumstances, is a very good one indeed.

I am grateful to him for something he said about the invitation which he extended to me some little time ago. He told us that as a result of this Review this invitation that he issued to the whole of the Front Bench had now to be limited to two of us, my noble Leader and myself. My Lords, I am sorry that this Review should have had this effect upon his finances—

LORD ST. OSWALD: So am I!

LORD CHAMPION: —but I can tell him that I shall be glad to come along and accept his hospitality, provided that the game is well hung; that the *pâté de foie gras* is the best that Strasbourg can provide; that he remembers that I like my caviar black. And I rather hope that he will give me the full run of that capacious and well-stocked cellar of his, so that I may choose the best vintage of his port. If he promises this, I shall be happy to accept his kind invitation.

The noble Lord, Lord St. Oswald, has on past occasions congratulated me on not being an Agriculture Minister and having no Departmental responsibility for the announcement which I had to make in this House upon this Annual Review.

It is the case that but for the wholly unaccountable caprice of a certain electorate in Derbyshire in 1959 I might well have been to-day in Mr. Peart's shoes, getting the chicken if not the bird. But of this I am pretty sure: that if I had happened to stand in his shoes I should not have produced a Review very different from the one that we are discussing to-day. I think it is just about the right Review, when viewed against the economic background and the general state of the agricultural industry.

We have to ask ourselves: what do we want for this great agricultural industry of ours? I can begin to answer my rhetorical question by saying that what I certainly do not want is a depressed farm industry. The very last thing I want to see is an industry such as we had in those Tory inter-war years, from which the Act of 1947 provided the permanent escape and for which farmers ought to be eternally grateful to Tom Williams, as he then was, in his having introduced it and put it on the Statute Book so as to secure the whole matter for the farming community. The agricultural industry of those inter-war years, in which I struggled to a minor extent, could not afford to give away an egg, never mind a thousand chickens, as a protest.

I want to see maintained in this country a reasonably prosperous agricultural industry in which efficient farmers farm viable units. Here I am at one with the noble Earl, Lord Ferrers, that the unit ought to be a viable economic unit. I want to ensure that on such a unit the farmer gets a reasonable return on his capital and a decent salary for his management and work. This is what I hope for agriculture, and I am sure my right honourable friend does too. But what we also have to try to ensure and maintain, through all this business, is the balance in relation to the three groups of interest which are involved: the agricultural industry, the consumer and the taxpayer. These are the three groups we always have to consider at the time of a Price Review. My right honourable friend must never forget that he is the Minister of Food as well as the Minister of Agriculture and Fisheries.

How easy it would be for the Government to have bought a little cheap popularity in the short term by an over-generous Review, only to have to face

the anger of the taxpayer and the consumer when the bills had to be paid and the taxes collected! Although I am a Party political animal, and even if this were an Election year, I should be strongly opposed to using taxpayers' and consumers' money to buy votes, which is something I strongly suspect happened last year. I hope I am wrong in my suspicion. But the history of the Annual Reviews over the past years does nothing to dispel any suspicion that I may harbour in this connection. The facts are here. If I have to recite them I will, but I thought, in view of the possible length of my speech, I would not, unless the noble Lord forces me.

LORD BALERNO: My Lords, may I put one point on that? The 2½d. award for the milk last year cost the taxpayer nothing.

LORD CHAMPION: No, my Lords, but it cost the consumer something, of course. And, as I said just now, there are three sets of interests to be considered: the taxpayer, the consumer, and, of course, the industry itself. I am not going to go over the figures. I have them here, and some of them have already been given by my noble friends Lord Hughes and Lord Blyton.

The noble Lord, Lord St. Oswald, twitted me because when I gave the Annual Review Statement in this House I failed to say whether or not this year's Annual Review was an agreed one. Inadvertently, I did not say. I will do so now. It was not agreed. Nor were the Tory Price Reviews always agreed. In fact, over the past thirteen years, excluding Election years, five have been agreed, five have been disagreed. Incidentally, I welcome the tremendous upsurge of interest shown by this House in this Price Review, particularly by Tory Members. I have looked up some of the debates in the past, and even in the years when there were minus-millions Reviews there were never as many Tory Back-Benchers speaking about those Reviews as we have heard to-day. I just wonder whether this is because there happens to be a Labour Government in power. I would hesitate to suggest that the noble Lords have joined the Poujadists. But if they have, I sincerely hope they will not release pigs here, or block the roads leading to the Palace of Westminster with their tractors, or perhaps their Bentleys.

There is a tremendous stirring up of feeling going on. Some of it I recognise as being a genuine expression of farming opinion, but much of it, I think, is the result of deliberate agitation by those who are opposed to this Labour Government. In politics one must expect this, but as an old trade union negotiator perhaps I may be permitted to offer a little advice to the responsible Farmers' Union leaders. It is this. Do not overstate your case, for if you do, an inevitable reaction against you will set in. Some noble Lords opposite made precisely this point, and I thank them for it as it is a sensible piece of advice to give to the Farmers' Union leaders. It is extremely difficult, despite what has been said in this House, for the public to accept that this is a very hard-done-by industry, especially when they see farm land soaring in price, so that land which fetched £30 an acre in inter-war years is now fetching £300, with the larger units standing at an average of £214 an acre and the smaller ones at £224 an acre. This does not speak to me of a depressed industry, and I stress that the figures I have given about this relate to land used solely for farming purposes, land which is not likely to be used for development, where, of course, quite different considerations apply.

But, on the other hand, I am not going to be led away—and I am sure my right honourable friend is not going to be led away—by the stories of the Jaguars and the Bentleys and the Mercedes which we see in the market car parks when we happen to visit them, especially perhaps in some of the Eastern counties. I am not going to be led into thinking that all the farmers are in that sort of income group. Here I agree with Lord Ferrers, who I thought made a quite outstanding speech in this debate. I must say, in connection with the "Jags" and Mercedes, that I thoroughly enjoyed Osbert Lancaster's cartoon two days after the Price Review was announced, in which two farmers were sitting discussing this whole matter, with one farmer saying to the other, "I can't make up my mind whether to take the 'Jag' or the Mercedes on the protest march". I thought that was a delightful one, but I do not accept that this represents the whole of the farming industry.

SEVERAL NOBLE LORDS: Hear, hear!

LORD CHAMPION: I happen to know enough about it to know perfectly well that, while there are such things as "barley Barons", they are not representative of the whole of this industry. I hope that the noble Lord, Lord St. Oswald, is a "barley Baron" and that the hospitality which he is going to extend to me will be on that scale, because, for me, it would be once in a lifetime.

LORD ST. OSWALD: No, my Lords. I know only one, and he sits on the same Bench as the noble Lord.

LORD CHAMPION: If that happens to be the case, I must look to him for hospitality. On a more serious note, much has been said in criticism of this year's Review, and that we are not leaving a sufficient amount of the result of the increased productivity in the hands of the farmers. If we take only the years 1955-56 up to and including 1964-65, we find that the taxpayers have contributed in these years, in direct agricultural support, some £2,700 million. This is a lot of money. Of course, the years that I have taken have left out all the years from 1947 to the year that I mentioned first—namely, 1955-56.

In the years 1947 to about 1951, there was a deliberate capital injection of £200 million designed to make this an industry in which greater productivity would be possible. I do not begrudge to this industry a single farthing of that, and I do not pretend that it was all used as net income, because I recognise that, in fact, part of the money which was injected kept the prices down for the consumer. But a large part of it did remain, and it is surely the case, in circumstances such as this, that part of the increased productivity that arises from the injection of taxpayers' money must accrue to the taxpayer and the consumer. It is right that this should happen.

My Lords, a full page advertisement put in by the Farmers' Union appeared in the national newspapers over the last week-end. It was a very good piece of propaganda, and they have been congratulated upon it by certain noble Lords opposite to-day. This told us that the farmers' real income has risen by less than 1 per cent. over the last twelve years. That figure must be slightly suspect, because if we take another starting point as the base year, 17 per cent. hap-

pens to be the appropriate figure. In any case, I cannot quite see why we should be blamed for the fact that the farmers' real incomes have not gone up over the past twelve years. Why should we be blamed for that? The noble Lord opposite was in the Government for part of this period, and so were his friends, and I cannot see why we should be blamed for this. But I admit that facts of this sort have to be taken into consideration in Price Reviews by this Government, despite any failure of the Government that happened to precede us.

I say that, in the circumstances of the time, this award compares very well with those of previous years. It means an increase of £10.43 million in the total value of the guarantees to farmers. Output has risen by 10 per cent. on the last year. Farm income has risen by over 15 per cent. to £472 million—which is £63 million up on the previous year—and, adjusted to take account of the weather variations, the increase has been over 7 per cent. to £460½ million. That is just a little of the background to the matter.

I am not in this debate to-night going to attempt to answer each speaker individually. If I tried to do so, this House would still be sitting at 3 p.m. to-morrow, which might mean washing out the Sitting, and there are no Bills to be blocked here, I gather. The debate, I can promise noble Lords, will be studied in the Departments and by Ministers. I do not quite agree with my noble friend Lord Wise about the value of a debate after a Review. He said that we ought to debate before, and not after, a Review. It seems to me that my noble friend took a little too cynical a view of debates. My experience of debates has taught me that they change climates of opinion, and climates of opinion in this connection can very well affect the next Price Review. So I think it is right that we should debate these matters, and I am glad that this one has been debated here.

Certainly, my noble friend's suggestion for a five-year examination, and a Review every five years, might be well worthy of consideration. The noble Earl, Lord Lytton, wants a declaration of intent which seemed to be the same point on this aspect of the problem: Is the Annual Review the right one? I tend to think,

in present circumstances, that we shall have to stick to the Annual Review, because the Annual Review is, of course, a regulator, and the regulator has in present circumstances to be used annually. If we can devise a way of getting away from this Annual Review, then perhaps we ought to do it. But I should be rather reluctant to recommend it to my right honourable friend in our present knowledge and in present circumstances.

The noble Baroness, Lady Elliot of Harwood, and the noble Viscount, Lord Massereene and Ferrard, had certain strictures to pass on my Party as a Party of the urban areas, with no interest in the agricultural and rural areas. That, I think, is what they said. I was amazed at this, because I remember the inter-war years, as I have mentioned before; and I remember that the real change in agricultural policy—the change by Government towards agriculture—came as a result of the Act of 1947, which was introduced by the Party to which I belong, which the noble Lady refers to as the Party of only the urban interests. I know what went on at that time: I was close enough to much of it. I eventually ended up in a position in the Ministry, working with Tom Williams; and I know very well that one has to face the pressures of the urban areas, as this Government have to do. But I think that in the end, as a result of passing the 1947 Act we produced the right way of governing agriculture for the future.

BARONESS ELLIOT OF HARWOOD: My Lords, I do not want to interrupt the noble Lord, but I did not say that his Party only suffered from urban members. I said that 93 per cent. of the population of this country is an urban population, so that there is only 7 per cent. of the others. Of that 7 per cent., I think that, on the whole, we have a slightly larger proportion. Therefore, it is harder work for the Minister of Agriculture in a Labour Government than it is for my Party, although I entirely agree that the weight of urban population is something which affects us all.

VISCOUNT MASSEREENE AND FERRARD: My Lords, may I also point out to the noble Lord that the change in agricultural policy, culminating in the 1947 Act, was brought about by the war?

LORD CHAMPION: I was just going to say to the noble Viscount that we did not see the 1914-18 war produce the same sort of effect.

VISCOUNT MASSEREENE AND FERRARD: It was not the same war.

LORD CHAMPION: It was not the same war, but the prices went up in precisely the same way; and, strangely enough, during the 1914-18 war the agricultural industry had precisely the same sort of attention paid to it for that short period. But immediately afterwards the Coalition (which, it is true, was led by Mr. Lloyd George at the time), having passed what I fancy I remember as being the Wheat Act, very promptly, under the slightest pressure for cheaper foods from abroad, repealed that Act. That was done by a Coalition Government the vast majority of whose members were Tories. But I seem to be becoming quite Party political about this, and that is the last thing I should wish to do, in a friendly sort of debate on an agricultural matter. The noble Lady was quite right, of course: the Tory Party have the greater portion of support from the rural areas, which makes it all the more commendable that my own Party passed the 1947 Act and have not forgotten agriculture in this Price Review.

My Lords, the noble Lord, Lord Henley, in what I thought was a very thoughtful speech, talked about this whole business of balancing imports with home production. So did the noble Viscount, Lord Massereene and Ferrard, the noble Lord, Lord Nunburnholme and the noble Lord, Lord Dunleath—also in, if I may say so, an excellent speech. They stressed the need, because of the balance-of-payments crisis, of stepping up home production. Now this is all a matter for the Government's consideration, and will be part of the consideration that is going on in connection with the National Economic Development Plan and the place within it of the agricultural industry. Indeed, the opening paragraph of this White Paper deals with this very aspect of it.

But, my Lords, I think that a very close study must be made of the point at which the home production price would outweigh the advantage to the economy of the savings on imports. Quite frankly,

[Lord Champion.]
I must admit that I have been unable to find anywhere the results of a very close study of this problem by economists. And economists must study it, in order to try to find out the point at which greater advantage comes to us by importing something more cheaply than by stepping up our own production in this country and using for this particular purpose resources that are short. I admit the problem. I say that this study must be made; and if it is not made by my right honourable friend the First Secretary he will be failing in his duty and will not be able to fit the agricultural industry into his general plan as he hopes to do. But I do not pretend that this is easy. I admit that I welcomed the statement that, in the present circumstances, this is not a bad Review. Of course, in this day when so many people are saying that it is a bad Review, one looks anywhere for support, and I was glad to have it from the noble Lord.

The noble Earl, Lord Ferrers, put a question to me. It was a straight question and was, as I understand it, "Has the small farmer a future and is it right that he should be encouraged?" This is a very good question—one always says that when one does not quite know the answer. But this is a question that has exercised my mind repeatedly during all the years of my political association with farming. This Review raises the question again. On the one hand, we have appeared to be deliberately setting out to help the small farmer and, on the other hand, we say, or appear to say, that we must ease him out in the interests of producing holdings of a size that can take full advantage of technological progress. This is the point that the noble Earl put to me quite fairly.

It has worried me for quite a long time. Clearly, what we must not do is to use taxpayers' money to enable us to ensure a good standard of living for the small farmer who has clearly an uneconomic unit, if by doing so we give much more than we ought to be giving to those whose standards of living are such that they do not need any increase. This is a problem. It is an old problem of farming subsidies, that of giving to those who do not need it in order to keep in production those who do. This is not an easy question to answer. I discussed

it with my right honourable friend because he, too, recognises this problem. I believe that in the Review and in his longer-term thinking he is working towards assisting the small farmer who is not too small to have his farm made into a reasonably viable economic unit, as is set out in this Review. In this connection, I regard the farm records scheme, as noted by the noble Lord, Lord Dunleath, as a very useful step in this direction, as is the extension of the production grants and the revised Small Farmer schemes.

There is still a place for the small farmer within our economy; there are also sound economic reasons for merging the uneconomic units into larger ones. This relates to the study that is going on at this very time, the study to which I referred when I answered the noble Earl, Lord Ferrers, last week. I believe I now understand what he meant when he was talking about the "golden pitchfork", clearly related to something called the "golden bowler hat". I know what he meant, but this must be one of the considerations: can we devise incentives that will cause the man with a small, uneconomic unit to give up without hardship? This is a big problem. It has been said to me: if you help the small farmer out of his unit, what are you going to do about the small shopkeeper whom you help out of his unit by cutting out resale price maintenance? But that case is different. In one case we are using a scarce raw material, which land happens to be. We must aim at a further redistribution of Exchequer assistance in such a way as not to concentrate too much on the large and well-equipped holdings, and not on those which are too small to be farmed on a full-time basis, but on the medium units which generally succeed, with help, in making themselves efficient enough to survive.

The noble Lord, Lord Abinger, made some points, and I will write to him about them. I have already taken up much longer than I had originally intended. I recognise that some of the points the noble Lord made on the question of the use of land and the taking away of good agricultural land for other purposes are valuable ones.

The noble Lord, Lord Balerno, gave us a speech based on a special consideration of the supply of beef. He has an

exceptional knowledge of genetics, and his views are worthy of consideration by my right honourable friend. I will certainly ask the Departments concerned to pay special attention to his speech. He said that milk should be taken out of the Annual Review and left to the Milk Marketing Board. The difficulty here is that the Milk Marketing Board think only in terms of milk, and in the Annual Review the Government must think in terms of the whole of agricultural production. In this connection, I must say that the National Farmers' Union, who are greatly interested in this matter, have never suggested that we should accept the view put forward by the noble Lord.

LORD BALERNO: My Lords, I think that the noble Lord does the Milk Marketing Board an injustice. They have done a great deal for beef production. They have made artificial insemination go. They have used it for beef bulls almost to a greater extent than for dairy bulls. They have set up progeny performance testing bull stations and are spending hundreds of thousands of pounds on that aspect of modernising the beef structure of the cattle industry. I think we must give them credit for the magnificent work they have done, which is the envy of the whole world.

LORD CHAMPION: My Lords, I know of this aspect of the work of the Milk Marketing Board and praise them for it, but it is a by-product of their handling of milk and does not affect my argument here. We ought not to leave milk purely to the Milk Marketing Board but must bring it into the general Review. I believe that the National Farmers' Union is right in this.

It is understandable that the critics of the Annual Review have concentrated upon guaranteed prices and on arguing that insufficient attention has been paid to the level of farm incomes. The fact is that in past years the trends of production, including the trends of milk production, the rise in net income and the continued improvement in efficiency, point to a very healthy state of affairs in our farming. The danger of bringing about a surplus of production by incautious increases in guaranteed prices is too well known to need emphasising here. Over-production is harmful, not only to the Exchequer but also to the

farmer himself. Hence we cannot take seriously the suggestion that the increase in the price of milk is mean or that the combination of measures taken to encourage beef production is over-cautious.

There is much more that I could say and much I have been prepared to say, but, at the end of a much too long speech, I will drop it, out of consideration for the House. I will end by saying that we believe that the Review and our policy as a whole will stimulate and accelerate the further development of a progressive industry, an industry which will become—and this is what we mean and talk about in the Review—less dependent on Exchequer support, while making its essential contribution to our national economy and providing a fair reward for those who earn their living on the land.

9.25 p.m.

LORD ST. OSWALD: My Lords, I am grateful to all noble Lords who have taken part in this balanced, informative and widely-searching debate. Before withdrawing my Motion, I should like to refer, quite briefly, to one or two of the speeches most indicated for particular reasons. The noble Lord, Lord Henley, spoke for the Liberals. I am still unable to grasp many of the essentials of Liberal agricultural policy, except that it would be a bad thing if the country were flooded with milk—a picturesque theme for a book of science fiction—and that people should not have the food for nothing. As a dairy and corn farmer, I can easily agree with both those propositions.

There was a remarkable degree of agreement, I think, between the noble Lord, Lord Hughes, and myself in diagnosing the cause of the farmers' indignation last week. He said that it was because they expected too much; but I think he seemed to skip like a lately born lamb over the fact that they had been told to expect at least that much from the men who now govern us at this moment. If the views of the noble Lord, Lord Blyton, as expressed this afternoon, had been more widely advertised before the Election, the farmers might not have expected quite so much: but, then, we might also have had a different Government.

[Lord St. Oswald.]

The noble Lord also said that if the notional £25 million per annum for increased efficiency was wrong now, then it had always been wrong. This is by no means a Party political point, but it does not stand to reason. The fact is, as noble Lords will appreciate, that there is less and less room for increasing efficiency. I am not by any means saying that the watershed came between the Price Reviews of 1964 and 1965, but I think it is something that the Government will have to look at before long.

My noble friend Lord Hurd, a youthful and robust elder statesman, gave us a most illuminating maiden speech, and a graphic picture of the farming scene, with a number of highlights and a certain amount of salutary advice to the Government of the day—the sort of advice he was always ready to give to the previous Government, and which he will no doubt give to the Government which shortly follows. I hope that all will be wise enough to benefit from that advice.

The noble Lord, Lord Collison, is another agricultural statesman, from a different Party but equally dedicated to the good of agriculture. He spoke from deep and thoughtful experience, and in a fine ringing voice that we all hope to hear again on many occasions. As the noble Lord, Lord Champion, has just said, he contributes knowledge of a particular aspect of agriculture which heretofore has been without a spokesman in your Lordships' House; but his knowledge clearly extends far beyond that particular but vital interest.

I am grateful to the noble Lord, Lord Champion, for his winding up. I said that he would be impressive. He needed to be. He was. He wrung my heart by his description of the victimisation of

Labour Ministers directly they take office, purely and unjustly on account of the colour of their Party's flag. It struck me that, if everything noble Lords opposite have said about the golden years of my neighbour Tom Williams is true, it is strange that this prejudice should exist. It seemed somewhat inconsistent. The noble Lord alarmed me, I must frankly say, by his description of the Lucullian standards that the Ministers now set their country hosts, which confirms my already stated anxiety. I am bound to wonder, in the light of it, whether all the Bentleys that the noble Lord, Lord Blyton, saw blocking the passage to Westminster, really belonged to farmers. The noble Lord also set himself the task of answering a substantial number of questions. If I set myself the task of answering his answers, he and I, on lonely Benches I fear, might indeed be here beyond the dawn.

I end with a phrase addressed to the noble Lord which I glimpsed in the evening paper about seven hours ago, referring, I believe, to two pugilists—a form of combat in which the noble Lord and I were never engaged, at least with each other—"Here's to the next time!" I beg leave to withdraw my Motion.

Motion for Papers, by leave, withdrawn.

SAINT ANNE, SOHO BILL

Brought from the Commons; read 1st, and referred to the Examiners.

PEMBROKESHIRE COUNTY COUNCIL BILL [H.L.]

The Queen's Consent signified, and Bill reported, with Amendments.

House adjourned at half-past nine o'clock.