



SEARCH



Every person is affected by how we use our natural resources.

There are competing claims but none is more significant than the need to provide an adequate, reliable food supply.

This edition includes a substantial article from the viewpoint of the National Farmers Union of the UK. This paper will generate interest across the whole community of those who share a concern with the issues. We look forward to hearing their response.

The authors' perception of the challenges and opportunities facing farmers includes a great deal of common ground among all those with an interest in the use of farm land.

There are, of course, other priorities that may influence policy and will play a part in the development of agriculture. In this editorial several of the issues that might be further explored are briefly mentioned.

Food security issues are less about the production of food than about the factors that determine how it is distributed. The total amount of food currently produced would, if evenly spread; provide sufficient nutrition for everyone.

People starve because they cannot access food, because they cannot afford it or because they lack other entitlements within the family or through public social security. In some cases the poverty of public infrastructure, economic, physical and political, makes it impossible to move food from areas of surplus to places where people are hungry.

Producing more food in wealthy countries does not resolve these problems.

Farmers are in a relatively weak bargaining position compared with their major customers: food processors, multiple retailers and mass caterers. From the viewpoint of efficient resource use, and thus sustainable production, the efficiency of these businesses is critical, as it employs many more people than farming and contributes much more to GDP.

Central to keeping their costs down has been their competition with each other. Part of that is inescapably pressure on their suppliers including farmers. The critical test is not just about efficiency on the farm but efficiency in the food system as a whole.

There is an agreed need for government to monitor competitiveness. Inhibiting monopolistic behaviour is fundamental to the health of the whole economy, but this is not a case for discrimination in favour of farmers or small businesses. Worryingly competition policy cannot be effectively pursued by a single nation.

Given the increasingly multinational nature of major industrial and financial enterprises there is a need that a common understanding of what is required should form part of negotiations about international trade as its importance in the economic life of the world grows.

The authors make a strong case for the support of research that can increase the productivity of farms. The same case applies to the whole food chain.

This is more than a focus on transmission to UK businesses, it applies across the world food system, embracing large and small units and is fundamental to the development of better policy.

From the viewpoint of specific businesses such as farms, the application of research may be a two edged sword.

It can enhance the ability of competitors in other parts of the world to penetrate UK markets as well as enhance the capacity of some, but not all, farm businesses, to lower cost.

The development of research is fundamentally a public good; the management of the changes it enforces, make appropriate social and developmental policies a public responsibility.

As new technologies are applied, one of the common tendencies is for the size of unit to increase as that at which they may be most efficiently used. From a national viewpoint what is needed is sufficient flexibility in the structure of farm resources to

allow prompt adaptation.

In practice the dominance of owner occupancy and the tax privileges accorded to farmers tend to impede such a process. Many farmers are finding ingenious ways of sharing resources and enterprises in ways that overcome such rigidity but the process still lags behind the economic imperative.

Current proposals for CAP reform are a matter of concern for all Europeans. The authors identify some of the areas in which what is envisaged will make us all poorer.

The discrimination against large enterprises, the proposal to impose common detailed regulation on land use is rightly seen as inefficient.

On the other hand, and understandably, they want to continue to be paid for not doing damage to the environment - a case where regulation may be a more efficient use of public funds than subsidy.

This discussion is confused because of the conflicting impacts of specific proposals on EU member countries and profound differences in the valuation of the natural and social environment that co-exist within the Community.

The authors rightly stress the impact of volatility upon farm and other agricultural businesses. Wisely they look to the development of more accessible financial instruments through which farmers can share the risks that are inescapable in markets where supply is variable and demand relatively inelastic.

This is an encouraging line of thought, it might be strengthened by a discussion of how past government policies, such as the CAP, intended to insulate domestic farmers from world markets have magnified price volatility there and frustrated the development of such instruments.

There is no cry likely to win more support among farmers than a call for fair treatment within the EU.

They see how some member countries apply common rules in ways that are more beneficial to their own farmers.

However, the UK government looks at fairness not just in terms of parity with continental farmers but in terms of the distribution of costs and benefits across the whole UK economy.

At that level it manipulates the application of CAP rules in ways that minimise additional cost to the UK Budget and is concerned with economic development at the level of the whole UK economy and regional and rural development.

Its perspective on development is much broader than the CAP or the NFU's at the level of the whole UK Economy and at regional and rural development as areas of political concern that affects the whole rural economy, not just agriculture.

This article is greatly to be welcomed. It gives us a clear insight into the current concerns and understanding of the UK's leading farming organisation.

At the same time it opens the debate for others to contribute in ways that can enrich the dialogue and enhance the development of policy here and in the EU.

### **Response to Editorial by John Marsh**

Professor Sir John Marsh may be correct in asserting that food security is currently an issue of inequitable distribution, reflecting a range of socio-economic and geographic pressures.

However, these are not easy to solve and it appears highly likely to us that a significant global production response will be required to meet the inevitable growth in demand for food.

Prof Marsh's views on competition policy reflect an Anglo-centric view that has been sorely tested by the economic turmoil that has beset global financial markets. Whilst one can subscribe to market economics, equally in order to ensure that both the private and public goods from agri- culture can be delivered in the future, we believe firmly a reconfiguration of global supply chains will be necessary.


The economic contribution of food supply chains is utterly dependent on the production of primary raw materials from agriculture. It is impossible to disassociate the economic benefits of food manufacturing from production especially in view of the high transport cost and perishability of many primary agricultural materials.

**Philip Bicknell, Chief Economist, NFU.**

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 [Professor Sir John Marsh](#)

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## Comments