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OCCUPATIONAL  
IMMOBILITY  
OF SMALL FARMERS

by

RUTH GASSON

A study of the reasons why small farmers  
do not give up farming

*Issued by the*

FARM ECONOMICS BRANCH  
DEPARTMENT OF LAND ECONOMY  
CAMBRIDGE UNIVERSITY

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## Foreword

This is the third report on family farms issued by the Farm Economics Branch. The first<sup>1</sup> dealt with the income of small farmers and the possibilities of increasing it by intensification. This formed part of the background material used in formulating the Small Farmer Scheme. Although that scheme had a large measure of success in setting under-capitalised holdings on a sound basis, it became increasingly obvious that many of them were too small ever to provide a reasonable living for a family. The second report<sup>2</sup> thus dealt with the effect of increasing the size of small farms operated by one family. The possibilities of higher income were obviously substantial. This again was part of the material used in formulating the Payments to Outgoers Scheme, which provides pensions or lump-sum payments to farmers with uneconomic holdings to quit farming if they wish.

This report in some ways completes the picture. It is an attempt to discover the point of view of the family farmer himself. How does he view his future? Does he encourage his son to follow in his footsteps? What could he do if he left farming? The picture that emerges from this survey is on the whole reassuring. There are still many small farmers who like the life and have very little intention of leaving it. Their standard of living may be below that of a farm worker, who has invested no capital and faces none of their risks. But he has his compensations. Above all, he is his own boss. He may have to work longer hours than the wage-earner but no one tells him what he must do. This attitude is a warning to the economist, who may be tempted to measure human welfare entirely in terms of income per head. Money is an incentive, not for itself, (except for the miser) but for what it can buy in the satisfaction of wants and ambitions. The family farmer who owns his land is a capitalist, a manager and an employer in a small way and (so long as he stays solvent) he takes orders from no one. There are few people in industry, even among our highest-paid executives, who can claim as much.

There is, however, a price to be paid. The older man who has never known any other life is inured to hard work and is loath to change. His son, however, may resent the drudgery and lack of amenities and may be glad to quit as soon as the father dies. It should also be remembered that two significant groups are by definition omitted from this survey. There are the few gifted or lucky farmers who have climbed the farming ladder from a small to a large holding. Then there are the failures and the dissatisfied who have left the industry to find a more congenial life elsewhere. The latter are being followed by several thousand more every year. Although some of the farmers questioned were sceptical of the benefits of the new amalgamation scheme, it is still too soon to judge how much use will be made of it. There are probably many small farmers who are prudently waiting to see how the first applicants fare before they commit themselves to following suit. The requirement that the newly-formed unit shall not be broken up for forty years is also a handicap.<sup>3</sup> This is far too long a period and in spite of official assurances that reasonable developments will not be hampered, it has frightened off landlords who do not wish to have their hands tied. The consequence is that elderly tenant smallholders who wish to retire may be deprived of a pension open to the owner-occupier, who also benefits from the proceeds of selling his land.

<sup>1</sup> *The Family Farm* F. G. Sturrock and D. B. Wallace. Occasional Paper No. 4, 1956.

<sup>2</sup> *The Optimum Size of Family Farm* F. G. Sturrock. Occasional Paper No. 9, 1965.

<sup>3</sup> A limit of twenty years and if need be a regulation stating that no second grant will be given for the same land would surely be sufficient protection for the taxpayer.

The position is thus that small farmers have been given a capital injection to help them to make the best of their opportunities. They have also been provided with an exit if they wish to retire or try their fortune elsewhere. If they now choose to remain on their farms it is because they prefer the life and, it should be added, many of them are prosperous, happy and successful. Such men are an asset to any industry. They can be contrasted with the millions of small uneconomic holdings in Europe that can exist only with artificially high prices that are a burden on the taxpayer and the housewife.

The present writer is indebted to all the farmers who patiently answered the questions posed to them, to the co-operation of members of the National Agricultural Advisory Service and to Miss Gasson who, under the direction of Mr Wallace, has opened up a new field of investigation to the department. He is also glad of the encouragement given to such studies by Professor Sir Joseph Hutchinson, who has always believed that the economist's standpoint should be a balanced one.

*F. G. Sturrock*

*Director, Farm Economics Branch*

## Acknowledgements

I wish to acknowledge the part played by the National Agricultural Advisory Service in this research project, in providing the sample, undertaking much of the early clerical work and for help and advice in the planning stages. I am most obliged to Mr. Burr, Director of the N.A.A.S. Eastern Region, Mr. Clarke, County Agricultural Adviser for Cambridgeshire and the Isle of Ely, the District Agricultural Advisers of Hertfordshire, the Holland division of Lincolnshire and the Isle of Ely and in particular to Mr. Woolley, who shared the field work. My thanks are due also to Mr. Sturrock, Director of the Farm Economics Branch, Mr. Wallace who initiated the project and helped at many stages, Dr. Turner, a sociologist at the University of East Anglia and to Mr. Hardaker, Mr. Popplestone and Mr. McLeod, all formerly at the Farm Economics Branch. My greatest debt is to the farmers, both in the sample and others, without whose help this survey could not have taken place.

*Ruth Gasson*

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## CHAPTER 1

# The Small Farmer Problem

The incomes of farmers in this country have been falling in comparison with the rest of the community. This has been shown by Bellerby,<sup>1</sup> who calculated the income per head of farmers and compared it with the income per head of the rest of the working population.\* His index, the 'farmers' incentive income ratio', has been calculated for the post-war period (Table 1).<sup>2</sup> It showed that twenty years ago, farmers were earning rather more than the rest of the working population (e.g. 112 in 1948). This declined to 90 in 1959 and after a brief increase has again fallen to 90 in 1966. In other words, the farmer was earning for his manual work and his skill as a manager only nine-tenths as much as the rest of the population.

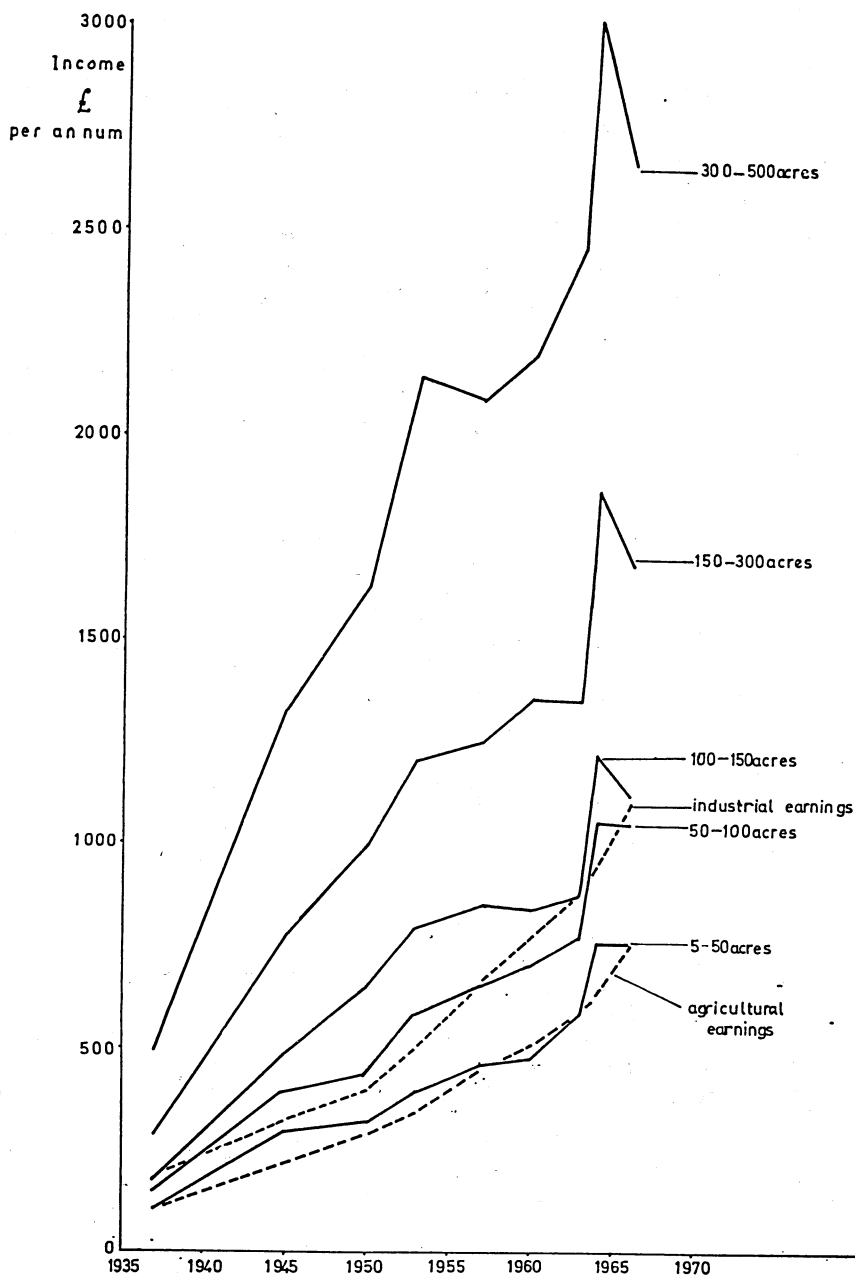
Table 1. Farmers' incentive income ratio in the U.K.

<i>Year</i>	<i>Ratio</i>	<i>Year</i>	<i>Ratio</i>	<i>Year</i>	<i>Ratio</i>
1948	112	1954	99	1960	94
1949	113	1955	92	1961	95
1950	110	1956	95	1962	95
1951	105	1957	94	1963	94
1952	108	1958	92	1964	90
1953	104	1959	90	1965	92
				1966	90

The prospects for raising the incomes of farmers by increasing the share that agriculture draws from the national income are not favourable. The inelastic demand for food and the claims of foreign producers on the home market limit the scope for expanding output. While returns remain fairly steady, costs are rising and the farmer is expected to absorb much of the increase in costs through greater efficiency. Only the technological revolution of the past 25 years has allowed the profitability of farming to rise as much as it has. Inevitably, however, net income, or the difference between the value of output and costs, cannot grow as rapidly in agriculture as in some other industries where there are greater opportunities for expansion and for passing on to the consumer increases in costs.

\* It should be noted that it is *farmers* (i.e. employers and self-employed—not farm workers) who are being compared with employers and workers in all other industries.

Figure 1. Farmers' Incentive Income in England and Wales by Farm Size, with Industrial and Agricultural Earnings



Source: G. H. Peters *Farming as a Successful Business*  
British Association 1966



Although the incomes of farmers as a whole are low, the range is very wide. Large farmers can be making considerable profits while some small farmers are earning less than the lowest-paid employees. In Figure 1 and Table 2, drawn from the Farm Management Survey, the 'farmer's incentive income' for farms of different sizes is compared with the earnings of adult male workers in manufacturing industry, with agricultural workers' earnings included for comparison.<sup>3</sup> Since about 1960, incomes on farms of 100 to 150 acres have been more or less on a level with industrial earnings. Farmers with 150 to 300 acres have been making half as much again whilst the incentive income on holdings of 300 to 500 acres now exceeds £2,500. The problem farmers are those with less than 100 acres and incomes of under £1,000. Farms of 50 to 100 acres now yield less than the industrial wage and since 1964 the 5 to 50 acre farmer has averaged only £750, no higher than the earnings of many agricultural workers. In other words, after the small farmer has been repaid for his manual work, there is nothing left to recompense him for his activities as a farm manager.

Table 2. Incentive income in farming compared with industrial earnings, by size of farm

(Industrial earnings = 100)

Year	5-50	Size of farm in acres			Agricultural labour	
		50-100	100-150	150-300		
1937	56	80	75	156	268	54
1945	91	121	150	240	406	n.a.
1950	81	110	162	251	407	72
1953	79	116	158	239	423	68
1957	70	99	132	189	317	68
1960	62	90	108	174	281	65
1963	67	88	100	153	278	67
1964	80	110	128	194	319	66
1966	69	80	102	153	242	64

Source, except 1966: G. H. Peters, *Farming as a Successful Business*, British Association for the Advancement of Science, 1966.

This study is particularly concerned with the *small full-time* farmer. Due to the scale of his business, he is often worse off than those above and below him in size. Smaller farmers cannot benefit as well as larger ones from economies of scale and they have less flexibility in the choice of farming systems. With lower incomes, they have less opportunity to accumulate capital with which to expand the business, so the vicious circle is perpetuated. On the other hand, unlike the smaller part-time farmer, they cannot often spare the time to manage another full-time job.

The problem of small farms is a familiar one to agricultural economists, and much has been written on the subject.<sup>4</sup> From the economist's standpoint, the way to maximise welfare is to encourage farmers to leave the industry, so that the total income from agriculture will be divided between fewer claimants, each of whom will receive a larger share. This has been happening to a certain extent, as Table 3 shows. Between 1957 and 1967, the number of agricultural holdings in England and Wales fell by 15 per cent and most of the decrease was among farms of less than 50 acres.<sup>5</sup> By contrast, holdings over 300 acres in size have grown rapidly. With farms disappearing at the rate of 6,000 a year, Britton estimates that by 1976 there will be only about 106,000 full-time holdings in England and Wales.<sup>6</sup> Much of the decrease will be due to small holdings, mainly under 30 acres, being taken into larger units and holdings of 30 to 50 acres becoming part-time farms.

Table 3. Changes in the number of holdings in England and Wales 1957 to 1967

<i>Size group (acres crops and grass)</i>	<i>Change 1957 to 1967</i>	<i>Percentage change</i>
0-5	-18,934	-25
5-20	-16,524	-20
20-50	-13,388	-21
50-100	-8,421	-14
100-150	-3,529	-12
150-300	-2,184	-7
300-500	1,096	+12
500-1,000	1,293	+39
Over 1,000	426	+74
All holdings	-60,165	-15

Under the 1967 Agriculture Act,<sup>7</sup> the Government is encouraging the trend towards amalgamation of small farms. In contrast to earlier palliative measures offering grants to increase the size of the farm business, the new Act tackles the problem radically by offering grants towards the cost of amalgamating holdings and pensions or lump-sum payments to those who quit farming. Regional Development Boards, to be set up in problem farming areas, will have the power to buy and hold land in order to improve farm structure. Thus the course appears to be straightforward. Some farmers, especially those on smaller holdings, should be encouraged to leave farming, in order to raise the incomes of those who remain, rationalise production, make British agriculture more competitive and safeguard the future of the industry. But while economic law dictates that they should leave their farms, many small farmers remain. It is essential, therefore, to discover the real objections to outward mobility, for without such an understanding no programme of action can be effective.

### REASONS FOR REMAINING IN FARMING

Immobility can arise from two causes. Either the farmer has certain reasons for accepting a low income or there are factors which make it impossible for him to leave agriculture, even if he would. The main reasons for accepting the situation, in Bellerby's view,<sup>8</sup> are the intangible or 'psychic' attractions of the land, lower costs of living and relative skills in agriculture and industry. Attractions of the land are probably one of the strongest reasons for remaining in farming. Besides the open-air life and contact with nature, independence and freedom are valued highly, and this attitude may not be conducive to 'rational' economic behaviour. The guarantee of employment in times of depression and of being self-supporting in a major war may be strong inducements to farm. There are opportunities, too, for engaging in subsidiary occupations such as forestry, catering or trading which would make for greater financial security. If the costs of living are less on a farm than in other occupations, whether this is due to lower real costs or a more modest standard of consumption, farmers might be better off than at first appears. Moreover, if they *believe* themselves to be better off, this could be a reason for accepting a lower income. Thirdly, farmers' ideas about their own skills and hence their bargaining position in other jobs, will colour their opinions of the proper relationship between farm and other incomes.

In the other category, namely causes of income disparity, Bellerby lists occupational mobility into farming coupled with immobility outwards, personal immobility, inertia and social immobility. When agriculture and industry are expanding, the opportunities for leaving agriculture are greater but the incentives are less. In times of depression agricultural incomes are among the hardest hit but it is difficult to find alternative work. Coupled with this are the ease with which newcomers can enter the agricultural industry and the fact that it is traditional for at least one son