



Farmer Responses to Brexit: An examination of different outlooks to Brexit – Briefing Note

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Summary

The UK's withdrawal from the European Union presents multiple uncertainties for farm management planning. Responses to the external environment are affected by a farmer's own perceptions of the events. This briefing note outlines the results of a survey of 2,494 farmers, crofters and smallholders, run during the summer of 2018, on their approaches towards farming and how this may affect Brexit planning.

We find 3 main types of farmer based on their outlook towards Brexit. Around 25% of the sample were positive to the post-withdrawal landscape, though the remaining 75% were less positive, with 37% of respondents stating negative views towards the outcome for a post-withdrawal Scottish agriculture and the remaining 37% stating neutral views.

- Brexit optimists mostly agreed with statements around more opportunities and more willingness to invest for future returns.
- Brexit pessimists were identified in terms of their agreement with more negative statements towards financial implications of Brexit.
- Brexit neutrals had less agreement with these negative statements but were mostly concerned around the complexities of Brexit to engage with any future planning.

This agrees with previous analysis, focusing on aspects such as risk management where it was found only a small number of Scottish farmers were actively preparing for Brexit. Farmers with higher levels of education were more likely to be actively preparing for Brexit compared to others. Larger farms and non-crofts are likely to be more sceptical or pessimistic towards Brexit compared to other size groups. Farmers in Highlands and Islands are more likely to be pessimistic towards Brexit, compared to other regions. Whereas those in Southern and Eastern Scotland have higher proportions of farmers who hold more optimistic views towards Brexit.

Accordingly, the negative outlooks identified here relate to a continued stasis or decline in investment, and consequent impacts on productivity due to the uncertainty towards the future.

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1.0 Introduction

During times of policy uncertainty, policy makers and stakeholder groups require a more nuanced understanding of how farmers respond to proposed policy changes. A body of literature has explored particular groups of farmers across the UK and have found differences in response to policy which is usually associated with their underlying objectives and perceptions towards investment and management strategies (Rickard, 2004; Tranter *et al.*, 2007; Sorrentino *et al.*, 2011; Breen *et al.*, 2005; Bougherara and Latruffe, 2010; Barnes *et al.*, 2017).

The consequences of the EU's withdrawal on Scottish agriculture have been explored in terms of various scenarios towards future trading relationships. This briefing provides a complement to understand the type of farmer responses towards a set of Brexit related questions about opportunities and limitations from withdrawal from the EU.

2.0 Method

A telephone-based survey of Scottish farmers, crofters and smallholders was conducted over the summer of 2018. A spatially representative sample of 11,000 businesses was selected using information from the Scottish Government's June Agricultural Census (JAC) stratified by region, business size and farm type. For a large scale survey such as this, the JAC sampling framework is the most appropriate as it gives national level coverage and detailed information on agricultural activity, and it means that background information requirements are minimised. As the JAC reports at an agricultural holding level the data was aggregated (where appropriate) to business level¹ in order to ensure the sampling framework was as representative of Scottish agriculture as possible. A total of 2,494 farmers, crofters and smallholders engaged with the survey, 24 per cent of whom were female.

An approach which allows interested parties to understand the current business landscape is typology analysis. This classifies farmers according to the motivations or attitudes to particularly pertinent issues (Barnes and Toma, 2012, Daxini *et al.*, 2018). An approach known as Latent Class Analysis was used to classify these farmers based on 6 attitudinal questions on their intentions post-withdrawal. This is a statistical approach which helps to identify the correct number of classes from the data. The level of agreement or disagreement from the 6 attitudinal statements determines the number of classes.

3.0 Results

The chart below shows both the questions asked around opportunities and constraints to Brexit, and the relative levels of agreement with these statements across the 3 categories of farmers that have been identified by the analysis.

¹ A farm or croft business may be made up of multiple agricultural holdings

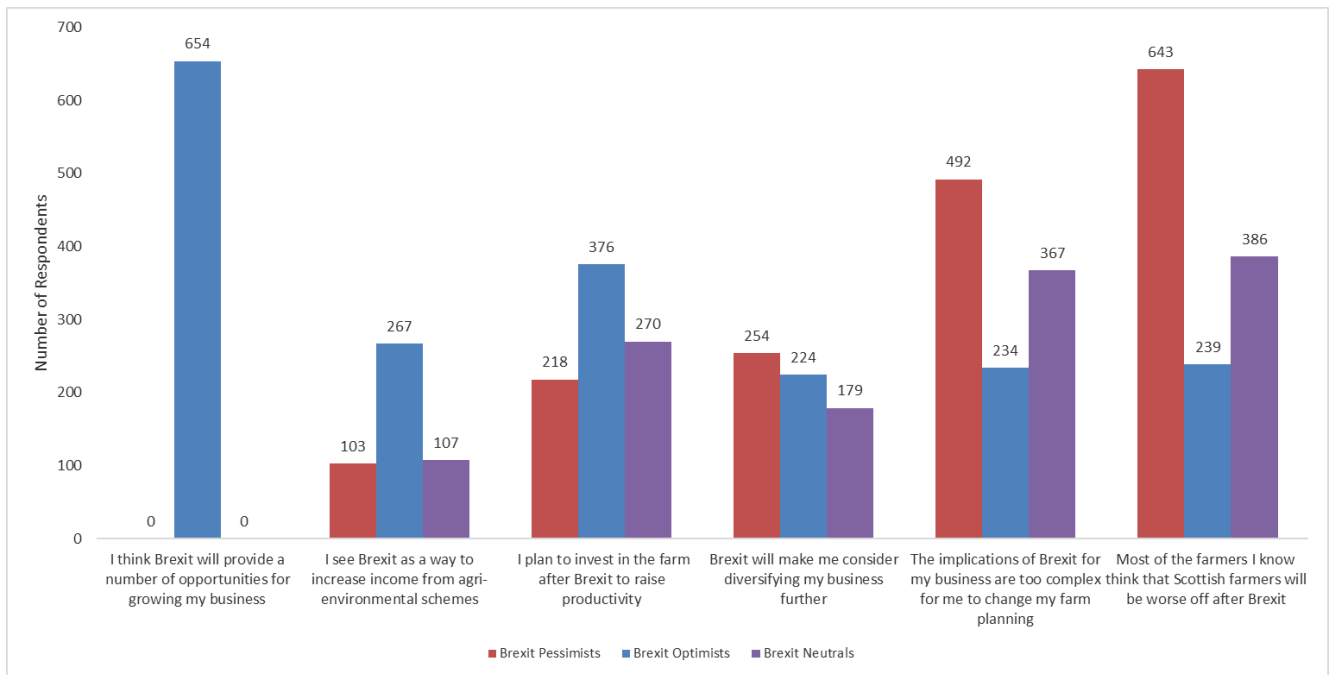


Figure 1. Level of agreement with 6 Brexit related statements across the 3 identified classes, percentage response per statement .

The 3 classes were named in terms of their responses to these statements:

- Brexit optimists mostly agreed with statements around more opportunities and more willingness to invest for future returns.
- Brexit pessimists were identified in terms of their agreement with more negative statements towards financial implications of Brexit.
- Brexit neutrals had less agreement with these negative statements but were mostly concerned around the complexities of Brexit to engage with any future planning.

Overall, it shows the strength of opinion toward particular intended actions. Specifically, the Brexit Optimist class represents 26% (654 farmers) from the overall sample, whereas for those with more negative views, both the Pessimists (37% of respondents, 920 farmers), and Neutrals (37% of respondents, 920 farmers) have a more conservative or slightly negative view towards Brexit. Ultimately, when combined this means 1,840 respondents, or around two thirds of the survey, reveal a sceptical or pessimistic view of farming futures, compared to around a quarter being more positive towards the outcomes.

3.1 Characteristics of Planning Responses

The table below shows the spread between characteristics across the classifications. These are presented as percentages per row so highlight the differences between the categories. Total number of respondents per row are also shown. A chi square test showed the following responses had a combination of large enough percentage differences and a large enough sample size for us to consider these results statistically significant:

- Farmers with higher levels of education were more likely to be actively preparing for Brexit compared to others.

- Larger farms and non-crofts are likely to be more sceptical or pessimistic towards Brexit compared to other size groups
- Farms in LFA regions are more likely to hold more negative views towards Brexit than those outside these areas
- Farmers in Highlands and Islands are more likely to be pessimistic towards Brexit, compared to other regions. Whereas those in Southern and Eastern Scotland have higher proportions of farmers who hold more optimistic views towards Brexit.
- Factors which have no effect on opinion include whether they are new entrants, the type of system they operate and type of tenure.

Table 2. General characteristics of the response across the 3 types, row percentages and significance

		n	Brexit Pessimist	Brexit Optimist	Brexit Neutral	Sig. Different
System	Livestock	1,699	37%	25%	38%	
	Arable	336	35%	30%	35%	
	Mixed	459	38%	27%	35%	
Education	None	1,513	39%	23%	38%	
	School Only	15	33%	20%	47%	
	College	661	34%	31%	35%	
	Professional Qualificatic	86	36%	26%	38%	
	University	218	33%	37%	30%	***
Size	Very Small	735	41%	22%	38%	
	Small	388	36%	29%	35%	
	Medium	245	38%	25%	38%	
	Large	466	38%	28%	33%	
	Very Large	660	32%	29%	39%	**
LFA status	LFA	1,776	40%	24%	36%	
	Non-LFA	718	30%	32%	38%	***
Gender	Male	1,860	36%	28%	36%	
	Female	634	38%	21%	41%	**
Age	<45	336	28%	32%	40%	
	45-64	1,342	36%	27%	37%	
	>65	816	41%	23%	36%	**
Tenure	Owned	1,595	36%	28%	36%	
	Tenant	433	36%	24%	40%	
	Mixed	466	40%	23%	37%	
Croft	Not Croft	2,171	36%	28%	37%	
	Croft	323	45%	16%	39%	***
Subsidy	Receive subsidy	2,042	36%	27%	37%	
	No Subsidy	424	42%	24%	35%	
Entrant	Established	2,294	38%	26%	37%	
	New Entrant	200	30%	31%	40%	
Region	Eastern Scotland	796	33%	29%	38%	
	Highlands & Islands	889	43%	20%	38%	
	Southern Scotland	809	34%	31%	35%	***

* significantly different at 0.05; ** significantly different at 0.01; *** significantly different at 0.001

4.0 Summary

A diversity of outlooks have been identified from Scottish farming towards post-withdrawal from the EU. A smaller proportion of the population seem to be positive towards the farming landscape, whereas the majority hold either conservative or strongly negative views. This agrees with previous analysis, focusing on aspects such as risk management where it was found only a small number of Scottish farmers to be actively preparing for Brexit. Hence, in terms of motivations, whilst discussions are ongoing, general mood is negative and this potential has consequences for investment, succession and a whole range of structural factors based around development of the industry.

5.0. References

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