# The future’s not what it used to be – Steven Thomson

I was at a shearing back home recently and during a tea/beer break I was chatting with the farmer I used to work for when he piped up “I think we had the best of it Steven”. Quizzing him he offered that during his life farmers were ultimately supported to produce food first and foremost - whereas in the future he saw food becoming a secondary policy outcome with the primary emphasis on the environment.

**Early farm support**

Thinking more about his “best of it” in policy terms, it is worth remembering that agricultural support is not a modern phenomenon. A succession of British corn laws were enacted to ensure adequate supply of food at fair prices for domestic consumers. Calls for free trade by 19th century industrialists (similar to this Brexit of ours) eventually led to the “great betrayal” of farming as support was removed in 1846 and a free trade policy on agricultural goods established. This gradually led to substitution of British food supplies with those from around the globe providing ‘cheap food’ for the workforce. Skipping to the 1930s purchasing control of farm produce had concentrated into the hands of a few big food processers that were accused of pushing down farmer prices (similar to contemporary concerns over supermarket’s control on prices). These concerns ultimately led to an increase in intervention, control and assistance to British farmers through the establishment of statutory marketing boards for milk (1933), pigs and bacon (1933), potatoes (1933) and milk produce (1939), wool (1950). These boards, that by-in-large existed for over 50 years, sought to control the supply of produce to the market and established a guaranteed market for farmers as well as price guarantees.

Post War productivity

In the midst of food shortages and concerns over food security immediately after the war, the 1947 Agriculture Act provided the foundations of support for the agriculture sector that still exist today. The farming sector was supported by ‘deficiency payments’ - designed to provide price support to farmers whilst ensuring cheap food supplies to British consumers. Up until the 1970’s farmers were also offered a suite of grants designed to encourage technology uptake to improve productivity (investment grants may be coming again – but with the emphasis on reducing farming’s carbon footprint). Farmers were supported to undertake, for example, investments in pasture improvement through field drainage, improvement of marginal land, hill ploughing grants and installation of hill drains, fencing to improve stock control, grants to encourage small farmers to leave the industry, subsidised input purchase (e.g. lime, fertiliser), subsidised machinery purchases, etc. These innovations led to rapid productivity improvements which, coupled with a secure support structure, enabled many progressive farmers to expand their business.

The early CAP

The CAP was established to ensure farmers could earn a fair living, ensure security of food supplies and make sure consumers could enjoy food at affordable prices. It has been, and always will be, a protectionist policy. In the early years a system of guaranteed prices supported by a complex system of import levies and export refunds protected European farmers from world prices and competition – that protection is now in the form of import tariffs and food safety standards. In the livestock sectors guaranteed prices and “headage” payments led many farmers to play a “numbers game” to maximise support payments (the national sheep flock increased by over a third between 1979 and 1993). This production surge across Europe led to unintended consequences and by the mid-1980s the EU was burdened by butter “mountains”, beef “mountains”, wine “lakes”, etc. and a burgeoning CAP budget. This came to focus in 1984 when quotas were introduced in the dairy sector in attempt to curb the ever-expanding supply of milk - quotas that remained in place for over 30 years.

The McSharry Reforms

The McSharry reforms of the CAP in 1992 were the first step towards decoupling of support from output. These reforms led to cuts in intervention prices (about a 30% drop for cereal support prices) bringing farmers closer to world markets. As price support was cut farmers received compensatory payments based on farmed area rather than on tonnes produced, such as the Arable Aid Payment. Furthermore, real attempts were made to curb crop output through set-aside – something that lasted until 2007. Limits on support for beef and sheep support were introduced in the form of entitlement quotas, and to curb over-grazing there was new support for less intensive farming methods through the introduction of “extensification payments”.

Decoupling of Support and Cross Compliance

The Single Farm Payment (SFP) introduced in 2005 was heralded as a “freedom to farm” - no longer restricted to a sector for fear of losing coupled support. In Scotland the SFP was based on the amount of support received by each farmer during 2000-2002 meaning it was a reform that had no change in the distribution of support (unlike in England). However, in an attempt to green the CAP new rules relating to cross-compliance were introduced to ensure farmers were not causing environmental damage and were meeting legal obligations, and of course tradeable ‘entitlements’ led to the controversial rise of ‘slipper farming’. 2019 saw Scotland’s final step in the transition to fully regional payments through the Basic Payments Scheme – finally breaking the link to 2000-2002 production levels. Controversial greening measures were introduced in 2015 with 30% of the direct support budget now conditional on compliance with (a) crop diversification (b) ecological focus area and (c) permanent pasture rules. These rules have been challenged regarding their environmental effectiveness in a Scottish context – in particular crop diversification.

**Post Brexit**

There remains a great deal of uncertainty over future agricultural support. Whilst Scotland aims for ‘stability’ until 2024 the UK Government’s Agriculture Bill is now with the House of Lords and the direction of travel in England is to have a much greater emphasis on environmental support. It appears that Defra and the Department of International Trade remain at loggerheads over food safety and standards – largely driven by US Free Trade Agreement demands. The recent announcement of the Agriculture and Trade Commission provides some solace for UK farmers as its remit is to advise on trade opportunities whilst “*ensuring* *the sector remains competitive and that animal welfare and environmental standards in food production are not undermined*”. Undoubtedly, Scottish farmers will be tasked with becoming greener in the future with an emphasis on lowering greenhouse gas emissions, increasing carbon sequestration, reducing air and water pollution, improving biodiversity, etc. Farming has a vital role in helping deliver ‘*The Environment Strategy for Scotland’* and the Farming for 1.5o panel, the Climate Change Action Plan, the Just Transition Commission inquiry, Jim Walker’s Suckler Beef Climate Group, etc. all give an indication of the direction of travel. These changes should be seen as an opportunity to do things better or differently rather than an affront to your current practices.

Whether the best-times are indeed behind us I cannot say – but I certainly believe that *the future is not what it used to be.* The success of Scottish agriculture will not be determined by future agricultural support alone, but will largely be determined by future trade deals the UK make - and what, if any, protection our sector is afforded. Whatever the outcome, looking back reminds us how resilient the industry is and that Scottish farmers will adapt to change and emerging challenges and exploit any opportunities they bring.