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8th November, 1945.

**CABINET.****AGRICULTURAL POLICY.**

MEMORANDUM BY THE MINISTER OF AGRICULTURE AND FISHERIES, THE SECRETARY OF STATE FOR SCOTLAND, AND THE SECRETARY OF STATE FOR THE HOME DEPARTMENT.

WE submit for Cabinet approval the attached draft announcement on agricultural policy.

2. The Lord President's Committee, at their meeting on the 1st November, 1945,\* considered a memorandum (L.P. (45) 216) in which we set out the considerations leading to the proposals contained in the draft announcement. The Committee—

- (1) Invited the Agricultural Ministers to arrange for inter-departmental consideration of the points raised in discussion.
- (2) Subject to this, authorised the Agricultural Ministers to submit the draft public statement to the Cabinet for approval.

3. Following inter-departmental consideration, we have consulted with our colleagues on the points raised during the discussion and have made suitable amendments in the draft announcement, which is now agreed with all concerned.

4. The proposed announcement is intended to be an outline of the principles on which the Government's agricultural policy will be based. It does not purport to be a comprehensive statement of all the measures which the Government deem to be necessary in order fully to attain the objective stated in the second paragraph.

5. The principles are firmly based on Labour Party policy, and the proposed announcement interlocks closely with the statement on Government Controls and Food Policy approved by the Cabinet on the 30th October, 1945,† and made by the Minister of Food in the House of Commons on the 7th November, 1945.

6. The proposals are designed to provide reasonable economic stability to the industry; they require efficiency from the industry. The proposed system of assured markets and guaranteed prices is sufficiently stable to give confidence to the industry; the proposed mechanism for providing those assured markets and guaranteed prices is sufficiently flexible to allow of the modifications and adjustments which will be required in the national interest as conditions change, both at home and abroad.

7. We shall be glad to have the approval of the Cabinet to the announcement being made and to our entering into discussion with the representative organisations of farmers, workers and landowners to work out the details, in preparation for the necessary legislation, which we should hope to introduce early in the 1946-47 session.

T. W.  
J. W.  
J. C. E.

8th November, 1945.

\* L.P. (45) 40th Conclusions, Minute 4.

† C.M. (45) 47th Conclusions, Minute 5.

## AGRICULTURAL POLICY.

## DRAFT ANNOUNCEMENT.

1. I am now able to indicate in broad outline the general principles on which the Government's agricultural policy will be based.

2. As stated in the Gracious Speech the Government will develop to the fullest possible extent the home production of good food with due regard to the recommendations of the Conference on Food and Agriculture at Hot Springs. The objective will be to promote a healthy and efficient agriculture capable of producing that part of the nation's food which is required from home sources at the lowest price consistent with the provision of adequate remuneration and decent living conditions for farmers and workers, with a reasonable return on capital invested.

3. To this end the Government propose to establish as an essential and permanent feature of their policy for food and agriculture a system of assured markets and guaranteed prices for the principal agricultural products, namely, milk, fat livestock, eggs, cereals, potatoes and sugar beet.

4. The annual price reviews instituted in February 1945 will be continued, together with the provision for special reviews in exceptional circumstances.

5. After these reviews prices for cereals, potatoes and sugar beet will be fixed by the Government eighteen months ahead of the harvest.

6. The existing system of fixing prices for fat livestock, milk and eggs will be developed so as to cover the period after June 1948, when the existing guarantees would otherwise cease to operate. These branches of food production entail advance breeding and other commitments for the farmer and, in order to give the necessary continuous assurance of reasonable stability of prices, the Government propose to institute a new system of overlapping four-year periods with biennial reviews. For example, in February 1946 minimum price-levels will be considered and fixed for the two-year period ending June 1950, and in 1948 for the period July 1950 to June 1952. These minimum price-levels will apply to milk, fat cattle and fat sheep, for which guaranteed minimum prices have already been announced until June 1948, and to fat pigs and eggs. Actual prices for all these products will continue to be fixed in advance for twelve monthly periods after each successive February review.

7. All prices—minimum and actual—will be fixed with due regard to the need for the greatest possible efficiency and economy in methods of production. Account will be taken of any modifications in the character of the agricultural output which may be necessary to meet changing national requirements. If it should become necessary to apply a quantitative limitation to any section of the assured home market this would be announced eighteen months before the harvest in the case of crops (*i.e.*, after a February review), and at least two years in advance in the case of fat livestock, milk and eggs (*i.e.*, after a biennial review).

8. Thus farmers will always know the prices for cereals, potatoes and sugar beet well before the time comes for sowing those crops. For fat livestock, milk and eggs they will know minimum prices three or four years in advance, and actual prices some three to fifteen months in advance. In all cases they will be given ample notice of any quantitative limitation which may be imposed on the assured market.

9. The actual method of affording to the farmer an assured market and a guaranteed price will be worked out for each commodity, with due regard for the system to be adopted by the Government for the procurement, distribution and sale of all those foods—home-produced and imported—which play an important part in the nation's diet. My Right Hon. Friend the Minister of Food has already announced that detailed plans will be worked out by the Government, in consultation with the interests concerned, to give effect to this policy. Methods other than that of direct Government purchase (for example, the deficiency payment system of the Wheat Act) will not be excluded.

10. Legislation will be required to amend the statutory provisions with regard to wages regulation in the light of the war-time experience of central wage-fixing machinery.

11. As a corollary to the provision of this substantial measure of security of markets and stability of prices the Government propose to take appropriate steps to ensure that agricultural land is not only properly farmed but properly managed and equipped and to promote improved efficiency in the production, marketing and distribution of home food products. Free technical advice will be made available to agriculturists to improve their farming efficiency. In order to deal effectively with the minority of farmers and landowners who fail in the responsibilities attaching to the occupation and ownership of land, the Government propose to seek powers in permanent legislation to exercise certain necessary measures of control. Such farmers and landowners will be subject to a period of supervision during which compulsory directions may be served, and in the last resort will be dispossessed if, after a reasonable period, it becomes evident that they are unable or unwilling to improve. There will, however, be a right to make representations to an independent tribunal before a tenancy is terminated by the Minister or an owner-occupier or landowner dispossessed.

12. Systems of marketing and distribution will come under review as part of the detailed investigation announced by my Right Hon. Friend the Minister of Food, to which reference has already been made.

13. Powers will be sought to enable the Agricultural Ministers to acquire land by voluntary negotiation; or compulsorily in cases of dispossession or where public ownership is the only means of securing the full productive use of the land.

14. The Government propose to set up a Commission for the purpose of managing and developing for agricultural use land acquired under these powers in England and Wales.

15. Local bodies will be required to assist in the execution of this policy and to provide the industry with local leadership and guidance. In England and Wales County Committees similar to the existing County War Agricultural Executive Committees will be constituted on a permanent basis. Their primary duty will be to promote efficiency, working for this purpose in close association with the National Advisory Service which it is intended to establish in England and Wales on the 1st October, 1946. They will act as the local agents of the Minister in the exercise of the proposed powers of control, and undertake certain executive services; they will also be responsible for the schemes already in existence for the training of ex-service men as skilled agricultural workers. It is proposed that these Committees should continue to be appointed by the Minister but that they should be reconstituted to consist in part of persons selected by the Minister from lists of names submitted by the different sections of the agricultural industry, and in part of a smaller number of persons selected by the Minister from other sources. It is hoped that the experience of many of those who have rendered such valuable service during the war will continue to be available under the new constitution. Members of the staff of the English and Welsh Committees who possess the appropriate qualifications will have an opportunity to enter the National Advisory Service. The services of others, including many of the non-technical staff, will be required in the continuing local organisation that will be preserved by these Committees. Somewhat different forms of local organisation will probably be found desirable in Scotland and Northern Ireland.

16. The world food shortage is extremely serious. For the time being, therefore, compulsory directions to grow sugar beet and potatoes must be served and supervision exercised where necessary over the laying down of grass so that this process keeps in step with the anticipated increase in livestock, with the requirements of home-grown feeding-stuffs, and with the continued need for a large tillage acreage. As the world shortage of food passes, the Government intend to leave farmers normally to grow the crops which their experience, supplemented by guidance from the Advisory Services, indicates are most suited to their own land. They intend, however, to seek permanent powers to serve compulsory directions on any farmer whenever necessary in the national interest, but these powers will normally be used only in exercising control over farms under

supervision or to supplement the methods of steering production already described, should an overriding need in national food supplies or national diet render this necessary.

17. The controls exercised over the distribution of fertilisers, feeding-stuffs, machinery and other farm material will be lifted or modified when supplies are sufficient to ensure free and equitable distribution.

18. This outline of the Government's plans for a gradual transition from the organisation and methods necessary to promote maximum food production in war-time to a permanent policy appropriate to more stable conditions, will need to be worked out in detail with a view to the submission of legislation proposals to Parliament. This will be done in full consultation with the organisations representative of landowners, farmers and workers. The Government hope that with this assurance of their intentions all sections of the industry will attack their immediate tasks with enthusiasm and confidence.



W. T.  
W. I.  
R. D. I.

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