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C.(59) 33COPY NO. 5416th February, 1959

CABINET

AGRICULTURE (SMALL FARMERS) BILL:  
WITHDRAWAL OF MARGINAL PRODUCTION SCHEMEMemorandum by the Minister of Agriculture,  
Fisheries and Food

In his paper (C.(59) 28) the Secretary of State for Scotland puts forward a suggestion that Clause 3 of the Small Farmers Bill should be dropped and that marginal agricultural production assistance should be continued for the time being in Scotland. This suggestion would raise serious difficulties.

2. We are all agreed that we must aim at more competitive home agricultural production and not at maximum production. Any proposal to give special assistance to marginal areas because their costs are high is inconsistent with this.

3. Furthermore I must be excused for expressing doubts on the validity of the views, reported in paragraph 4 of the Secretary of State's paper, that the withdrawal of marginal agricultural production assistance would lead to a restriction of cultivation of marginal land or to a serious drop in the number of beef store cattle. This is the type of production for which much of this land is admirably suited and store cattle prices are now high and likely to remain so. Withdrawal of the grants would reduce the incomes of the farmers concerned, but I doubt whether it would make their farming unprofitable. Consequently, the fears of de-population and unemployment seem to be exaggerated.

4. This applies particularly because the farmers immediately affected - and those apparently responsible for the present complaints - are those with more than 150 acres of crops and grass (i. e. excluding rough grazings, which may be extensive) and whose farming incomes must be expected to be at least £1,000 to £1,500 a year. Other eligible farmers may continue to receive marginal agricultural production assistance for another three years, which seems to me to provide adequately for the gradual withdrawal of assistance suggested in paragraph 7 of the paper by the Secretary of State.

5. I do not consider, therefore, that any case has been made out on merits for a change of policy. And if marginal agricultural production assistance is continued in Scotland it will have embarrassing repercussions for me. In Wales and Northern Ireland in particular our small farmer proposals will be denying assistance to many farmers who formerly

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received marginal production assistance. So far this has not been a serious problem but, if the marginal agricultural production scheme in Scotland were resurrected, we would be in real difficulty. There would be pressure for a similar concession in the rest of the United Kingdom.

6. So far as I can see, any such concession would mean that the small farmer scheme would be jeopardised because I have insufficient technical staff to run the small farmer scheme and a marginal production scheme simultaneously. Shortage of technical staff has been the main bottleneck on the small farmer scheme, and such staff can only be augmented slowly and with great difficulty.

7. I strongly urge my colleagues, therefore, to adhere to the decisions already taken. If it would help, I could agree that the hill cow subsidy should be increased at this year's annual review, though I do not consider that there are strong grounds even for this step.

J.H.

Ministry of Agriculture, Fisheries  
and Food, S.W.1.

16th February, 1959