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FUTURE CHANGES IN BRITISH AGRICULTURE: PROJECTING DIVERGENT FARM HOUSEHOLD BEHAVIOUR.

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Abstract

The recent decline in farm incomes has focused attention on farmers' uneven propensity to adjust and adapt. Changes in farm policies are slowly redirecting the support paid to farmers in Europe, and further reforms are envisaged. This paper argues that farmers in Britain are likely to pursue highly diverse strategies in this changed context, according to their individual circumstances, values and attitudes. These groups (essentially ideal types) are derived both from in-depth qualitative interviews and from a cluster analysis of variables relating to the farm and to the farm household's socialisation and attitudes. The paper seeks to draw out the implications of divergent farm household behaviour for future structural change, and for agricultural and rural policy. Opportunities are identified for the UK government to implement the EU Rural Development Regulation in ways which would suit the varied circumstances of British farmers in the post-productivist transition.

1. Introduction

The recent decline in farm incomes in Britain, reducing Total Income from Farming to its lowest real level for over 25 years (MAFF 1999) even before the effects of Foot and Mouth Disease, has focused attention on farmers' uneven propensity to adjust and adapt, and indeed to survive. Meanwhile, ongoing reforms of the Common Agricultural Policy (CAP) will have profound effects both on the highly regulated markets for which British farmers produce, and on the direct subsidies and other payments available to farmers. Through the associated Rural Development Regulation, presented as a "second pillar of the CAP", there will also be assistance for many other activities relevant to farmers. This paper argues that farmers are likely to pursue highly diverse strategies, according to individual circumstances, values and attitudes, and considers how these reforms may affect each of several divergent groups in the future. These groups (essentially ideal types) are derived both from in-depth qualitative interviews and from a cluster analysis of variables relating to the farm and to the farm household's socialisation and attitudes. Ultimately, the paper seeks to draw out the implications of divergent farm household behaviour for future structural change, and generally for agricultural and rural policy.

2. CAP Reform and Agenda 2000.

The Common Agricultural Policy of the EU has provided British farmers with a highly regulated and relatively certain institutional context, insulated to a large extent from world markets and the risks associated with global competition for many commodities. This is now changing. Attempts to address various problems, including surplus production and budgetary indiscipline, culminated in 1992 in the

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"MacSharry" reforms. These were broadly successful in reducing overproduction and holding agricultural spending to the "guideline" budget (Tracy 1998), while agreement was reached in the GATT that the CAP's internal market support should be cut by 20% and export subsidies cut by 36% by 2001. The effects in Britain were masked, however, by currency movements. For a few years British farmers were in the fortunate position of being amply compensated for price cuts that did not materialise until later in the 1990s when sterling strengthened and regained its value, contributing to the current downturn in farm incomes². Few farmers recognised that this was a temporary windfall.

However, new challenges since 1992 created the imperative for further reform. According to the EU Commission (1998) internal challenges included: the risks of growing surpluses returning; budgetary constraints; consumer interests; the need to revitalise rural economies; environmental concerns; and the need to simplify and decentralise decision-making. Perhaps most important were the external forces for change: EU enlargement; the new round of World Trade Organisation (WTO) negotiations; and the need to compete in global markets. Accordingly in 1999 the EU's Agenda 2000 reforms were agreed. Their main thrust is to reduce support prices, and to partially compensate farmers through further direct payments. The principal cuts agreed related to cereals (-15%), beef (-20%), and dairy products (-10% from 2005), and further cuts in support are likely to follow the next WTO round.

To accompany the reforms, a new Rural Development Regulation was heralded as the second pillar of the CAP in that it foresees a shift in agricultural policy from market support towards structural spending. The regulation provides for spending for three main purposes:

- the creation of a stronger, more competitive agriculture and forestry;
- creating a living countryside, through increased competitiveness and an improved quality of life;
- maintaining the environment and preserving Europe's unique rural heritage.

It will be for member states to propose the breakdown of expenditure between these various headings and measures, and considerable discretion is given to member states in implementation. In Britain, the funds available for Rural Development Plans are further enhanced through top-slicing direct production subsidies to UK farmers (modulation) from 2001, starting at 2.5% and rising to 4.5% by 2006. The Treasury will add matching funding to this, alongside the EU allocation and existing funds. Scotland, England, Wales and Northern Ireland will each have freedom to allocate these resources according to their own Rural Development Plan, subject to approval from Brussels.

This package of reforms, together with the prospect of more far-reaching reforms to follow as the WTO negotiations proceed, forms the context for farmers' actions over the next few years. The discussion now turns to the diversity of farm households' behaviour, and will return later in the paper to the significance of the CAP reform for these diverging strategies.

3. Theoretical background

Often in agricultural economic research the farmer tends to be seen as a businessman who acts purely from economic rationality, to the exclusion of all influences of social relations. Winter and Gaskell (1995) identify, alongside its strengths, several potential weaknesses of this modelling approach. These are: that modelling predicts aggregate responses well but often masks variability which is important in relation to farm incomes or environmental impacts; that the models' behavioural assumptions are often simplistic and unrealistic so that they lack predictive capacity at times of policy discontinuity; and that models "are strong on outcomes but weak on processes". These criticisms are acknowledged in the modelling literature (eg. Moxey et al. 1995), where there is a recognition of the desirability of complementing modelling-based research with micro-level behavioural studies, especially given the policy discontinuities of the post-productivist transition (Shucksmith 1993) and the change of policy emphasis from aggregate output towards farm incomes and environmental goals. In these conditions the micro-level response is highly uneven (van der Ploeg 1993, 2000), agriculture

² Indeed, Total Income From Farming doubled between 1990-95 and then fell by over 60% between 1995-99 (RASE 2000).

is no longer a homogeneous sphere and farmers' motives and priorities differ considerably. To comprehend their motives and diverse behaviour we need to gain an insight into farmers' own ways of seeing the world.

Habitus or Disposition-to-Act.

Farmers' and farm households' actions may be viewed as the outcome of interplay between the individual's own "disposition-to-act" (the product of socialisation and interaction), the farm household's material resources (size of farm, capital, labour skills, cultural capital, position in the life-course, tenure) and external structures (relative prices, policy, labour market opportunities, social and cultural norms, etc). The notion of an individual's "disposition-to-act" derives, as we shall see, from Bourdieu's concept of "*habitus*" (Bourdieu 1977, 1984, 1990; Robbins 1991; Jenkins 1992). It is argued that this concept may be applied not only to an individual farmer but also to a farm household as a decision-making unit, on the basis that individual dispositions are resolved through a process of 'household hegemony' (see Charlton 1984, 184; Phillips 1984, 297).

A large literature has developed offering alternative theoretical perspectives on such issues of structure and agency, both in agriculture and elsewhere. These include the actor-oriented approach developed by Long (1989, 1990), the styles of farming work of van der Ploeg (1993,2000), and the work of American writers such as Bennett (1981) and Mooney (1988). Beyond agriculture, there is also the seminal work of Giddens (1991), explored recently in the context of Finnish agriculture by Silvasti (2001).

The approach explored in this paper, however, is that offered by Bourdieu through his theoretical conceptions of practice, habitus and field. Bourdieu's (1977) concept of 'habitus' invokes a process of socialisation whereby the dominant modes of thought and experience inherent in the life-world are internalised by individuals, especially in their early years but also through their continuing experiences and social interactions. A farmer's habitus thus derives in large part from subconscious and cumulative assimilation of an established ethos of being a farmer, the more distinctive the stronger the family's farming background and the closer the community. In turn, habitus provides a basis for the generation of practice or behaviour. Practices are produced in and by the encounter between individuals' habitus and the constraints, demands and opportunities of the social field or arena within which they operate

Bourdieu argues, however, that most practice is not consciously organised and orchestrated: on the contrary, most behaviour is "necessary improvisation" informed by "a feel for the game" (practical sense). Such practice is not without purpose, for actors have goals and interests (to gain economic capital, social capital, cultural capital and symbolic capital) and pursue strategies, even though these are not wholly conscious.³ Actors thus know instinctively - without knowing - the right thing to do. It is habitus which guides such necessary improvisation through a largely unconscious but subjective evaluation of expected objective probabilities (Bourdieu 1977,53).

Bourdieu insists that the individual retains a freedom to act, even though this freedom is constrained by habitus. Out of the potentially wide range of possible practices, for any individual at any given time the vast majority of options "are excluded, as unthinkable, by a kind of immediate submission to order that inclines agents to make a virtue of necessity, to refuse what is anyway denied and to will the inevitable" (Bourdieu 1990,59). As Robbins (1991,173) explains :

"Our capacity to make ourselves into different selves is a function of the ways in which social conditions have enabled us to be constituted cumulatively in the past ... There is not an infinity of selves which we are free to become."

³ The word strategy may therefore be regarded as something of a misnomer (see the debate initiated by Crow and continued by several others in *Sociology* vol.23/1 (1989) and vol.24/3 (1990) on the meaning of this term).

Bourdieu's concept of 'habitus' is important to attempts to understand farmers' actions for a number of reasons. Firstly, it provides an explanation of the construction of the world-views, 'webs-of-belief' or 'dispositions to act', which are postulated to lie behind the attitudes and actions of farmers. Secondly, this explanation is seen in terms of processes of socialisation and interaction within social groups, in a way which is consistent with our empirical observations. Thirdly, this explanation suggests that a farmer's disposition-to-act may change only gradually. Consequently, it is possible to seek to identify and isolate certain enduring aspects of the habitus which may then be used as a basis for predicting behaviour. Bourdieu (1977) himself outlines the idea of a 'pente', or predictable class trajectory, reflecting his proposition that each class⁴ ethos has a set of objective future possibilities associated with it. It follows that ideal types of farm households may be constructed for analytical purposes according to such enduring aspects of their habitus. Crucially, Bourdieu's concept of a cumulatively constituted habitus allows us both to offer a social explanation of resistance to adjustment during changed circumstances and to predict how different groups of farmers may adjust their practices.

Private and Institutional Life-Worlds of Farmers.

Following Luckmann (1979), Shucksmith (1993) argued that farmers face increasing separation between what might be regarded as their "private life-worlds" and their "institutional life-world" which is subject to rapid change as described above. In post-war British agriculture, farmers have become accustomed to gaining the respect and approval of others within their private life-world by conforming to certain practices, and their habitus disposes them to act habitually in these ways (Newby et al. 1981).

It is clear that the highly bounded social world of family farmers is likely to encourage the development and reinforcement of a distinctive family farming ethos, with a strong moral order. Moreover, since these bounds are not only socially but geographically limited one would expect significant local distinctions to arise reflecting local cultural factors. Carter (1977), studying North East Scotland, demonstrated how the culture of production in an area arises out of the social relations of production. Following Bourdieu, the dominant ethos of this local referent class will be reflected in the habitus of farmers and farm households through processes of socialisation and social interaction. The acquisition of symbolic capital (social honour and prestige) within this highly bounded private life-world will be a powerful motivating factor for the farmer, conferring considerable importance on goals and interests defined in this social field. Burton (1998), for example, found evidence of "hedgerow farming" in lowland England, by which farmers seek to impress their peers by paying particular attention to practices and areas which can be viewed over the hedgerow from roads and footpaths.

Another significant point is that the family farmer's values reflect a unification of divergent elements of modern and traditionalist culture. The rationalist pursuit of increased production for the market and the ideology of independence may be seen as elements of modern culture, reflecting an orientation towards exchange values and a form of possessive individualism, respectively. At the same time farmers have tried to maintain a belief in their work which has its roots in a traditional rural/agricultural culture, represented by the tie to the land, the work ethic, expressive rationality itself and other localised aspects.

This mixture of modern and traditional elements has, however, resulted in a social and technical transformation of agriculture which in turn now threatens the farmer's private life-world. Production has grown so rapidly and successfully that change in the institutional life-world became inevitable, and it is to this level (and to this social field, indeed, for here the rewards are more to do with economic capital than symbolic capital) that the discussion now turns. For the institutional life-world within which farmers and their households are embedded is changing radically as a response to the very success of farmers at producing food. Consequently, behaviour which still brings respect and social honour in the private life-world (the social field of symbolic capital) will no longer bring

⁴ Bourdieu uses the term class in a very specific sense, quite distinct from Marx, Weber or current lay discourse.

economic rewards from the social field of product markets⁵. Farmers' status, expressive enjoyment and even mental health are threatened by changes to agricultural policies (in the institutional life-world) which will impinge increasingly on the private life-world, leading farmers increasingly to question their own self-worth.

In the meantime, there is a "troublesome separation of personal identity from institutional roles" as their institutional life-world and private life-worlds clash (Berger and Berger 1973). Inevitably this gives rise to considerable difficulties for the individuals and households concerned who must attempt to make a reconciliation between these conflicting life-worlds which they inhabit. Policy-makers thus experience difficulty in persuading farm households to restructure (diversify) their economic activities to conform with the new imperatives: the behaviour necessary to obtain economic rewards in farmers' institutional life-world is not only incompatible with that necessary to earn social honour and prestige in private life-worlds; it also goes against the grain of their habitus, appearing to them instinctively to be "wrong".

As we have seen, Bourdieu argues that each class has a set of objective future possibilities. In our case, it follows that ideal types of farm households may be constructed for analytical purposes. This premise will be helpful in seeking to interpret and anticipate the actions of farmers into an uncertain future.

4. Methods

This paper uses data from a Europe-wide programme on "Rural Change in Europe: Farm Households and Pluriactivity", coordinated by the Arkleton Trust (see Bryden et al. 1993) The programme generated empirical evidence, both qualitative and quantitative, from a five-year longitudinal study of farm households in 24 study areas in 12 countries. In each area, the empirical evidence derives from a *baseline* survey in 1987 of a random sample of 300 farm households and a repeat survey of these in 1991, together with qualitative interviews of a sub-sample of 60 of these households in 1988, 1989 and 1990 (the *panel* surveys). Although these surveys cover a period ten years ago, this may paradoxically be an advantage, in that farmers faced similar worries and uncertainties then, immediately prior to the MacSharry reforms. The results therefore offer a more useful guide to future behaviour now than would data from the mid-1990s, when currency movements obscured the underlying structural forces affecting British agriculture⁶. This paper presents results from the Grampians, a mountainous less-favoured area centred on the Cairngorms (see Shucksmith and Smith 1991).

During the qualitative phase of the research (the Panel studies), the use of in-depth interviews revealed considerable differences in attitudes, values and dispositions-to-act between the 60 farm households, and suggested that these differing "dispositions" were important influences on their behaviour. The findings of this part of the work are reported in Shucksmith (1993) and led to a formulation of idealised farm household types who might be expected to exhibit differing behaviour in the future. However, the relative size of the groups associated with these types cannot be estimated from the qualitative data alone, and requires the articulation of the qualitative findings with the data from the baseline and final surveys. Some additional questions were included in the final survey questionnaire to facilitate this⁷.

A **cluster analysis** was then used to group farmers according to similarities in attitudes, socialisation and initial circumstances. Cluster analysis is a general term that covers a wide range of multi-variate

⁵ Indeed, behaviour which brings social honour from other members of the farming community, such as intensive, productivist farming, may increasingly bring criticism from the wider public.

⁶ This paper assumes that the divergent behaviour of farm households in 1991 is a useful guide to the future. How far the experiences of the 1990s have transformed farmers' behavioural propensities remains to be tested through new surveys.

⁷ However, it must be recognised that the overriding aim of the final survey was to produce internationally comparable datasets, and thus the research instruments (and particularly the common questionnaire) were not informed primarily by the theoretical approach of this paper. Nevertheless, the data available are consistent and reliable.

techniques directed at sorting objects into groups based on their resemblance to one another (Bijnin 1973). While the clustering process is most commonly applied inductively to provide an exploratory classification of observations, it may also be applied deductively where “the number and suitability of clustering variables, as well as the expected number and nature of groups are strongly tied to theory” (Ketchen and Shook 1996, 443). For this study, the strongly theoretical objectives of the clustering process required the use of a deductive rather than an inductive approach. It was of fundamental importance that the clusters derived should be consistent with the prior information obtained from the Panel Survey. Thus variables were selected to represent (in more or less equal parts to account for the problem of multi-collinearity) the three main components of the habitus/social world interaction, namely: the initial circumstances of the farm and household, the farmer's socialisation, and the farmer's attitudes. The analysis⁸ is discussed in more detail elsewhere (Shucksmith and Herrmann 1999).

5. Findings of the Cluster Analysis

The cluster analysis identified six main groups including 197 (93%) of the total valid cases. The characteristics of each group and their behaviour are now elaborated, with findings from the cluster analysis augmented by insights from the qualitative interviews and analysis. All statistics derive from the analysis of the random sample.

(A) The hobby farmers 15 cases (8%)

The hobby farmers tended to have small farms with an average of less than 4 esus⁹. Most acquired their farms through purchase, and therefore may be considered "incomers". About 40% still had debts. Their agricultural income was very low amounting to only 4% of total income. About 60% had an off-farm job, while some others were already retired and receiving social transfers. Hardly any had a farming background or an agricultural training but almost all had a non-agricultural training of a high level.

Most defined themselves by their off-farm profession with few regarding themselves as farmers. Even for those without an off-farm job, farming was often unimportant in their identity because they only took up farming late in their careers. They enjoyed farming as an escape from their off-farm activities or for its own sake, being close to nature and adopting a rural life style. Almost a third had already considered giving up farming, mainly older farmers who had already retired from their off-farm job.

These farmers had invested little in the farm and had no plans to expand output. For them, policy was irrelevant both because farming was only a hobby and because they were ineligible for support. If returns from farming fell, more than 80% said they would carry on regardless. They farmed for intrinsic reasons and for pleasure. Surprisingly, half the hobby farmers considered family succession important, usually in the hope of their children gaining similar fulfillment from farming.

(B) The pluriactive successors 29 cases (15%)

This group of farmers also had small farms with an average of 5.3 esus. Their rate of indebtedness was almost the same, although most had inherited their farms. Their percentage of agricultural income was higher (18%) although their farms were only slightly bigger. Many more of them, 97%, had an off-farm job. The principal feature which distinguished this group from the first was that the great majority, 96%, had a farming background. Furthermore, both their agricultural and their non-agricultural training was very low. The panel interviews suggested an antipathy towards education among this group.

⁸ The clustering algorithm chosen was Ward's method. The strength of this algorithm lies in its ability to produce meaningful clusters where the degree of dissimilarity between the clusters is expected to be low. In this case, with agriculture providing a strong central theme, Ward's method appeared to offer the best prospects for distinguishing meaningful ideal types. Variables were standardised prior to clustering to avoid problems of outlying values.

⁹ Esu: European Size Unit (of farms). This is equivalent to 1,200 euros of 1987 standard gross margin.

In terms of their behaviour, their agricultural investment was much higher than among the previous groups whereas non-agricultural investments were among the lowest of all. This is also indicative of the high value they placed upon their farm business. They made notable use of productivist policies such as aids for modernisation, especially in the years immediately following farm acquisition. Their decisions and investments were very conformist, as their uptake of predominantly productivist measures showed. As they were generally averse to experimentation (only 6% favoured this), it is likely that they will resist new policies which seek to steer them into courses unfamiliar or at odds with their basic values. However, their management techniques were modern, and their farm size had been increased in line with their strong belief that they must "expand or get out". Panel findings suggest that it was uncommon for farmers of this type to be pluriactive, except for other farm-related work. Thus, 15% (the highest of any group) said they would farm harder if farming returns were to fall. They adhered to the approach into which they were socialised, namely to make "two blades of grass grow where one grew before".

(E) Potential Diversifiers (seeking alternatives) 33 cases (17%)

In some respects this group resembled the previous one. Their farms were only slightly bigger, debts were at about the same level, but acquisition by purchase was much more common. While off-farm pluriactivity was unusual, their agricultural income was less important to their total. Fewer (77%) had a farming background. The proportion of those with an agricultural training was lower but on the other hand many more (36%) had non-agricultural qualifications, thus being better prepared to develop alternative options and with a greater potential occupational mobility. Their degree of farming identity, with 80% wishing to become a farmer again, was much the same, and so was the proportion who considered family succession important. Nevertheless 68% had already thought of giving up farming.

These farmers invested more in both agricultural and non-agricultural items, and made more use of both productivist and post-productivist policies. Crucially, 37% said they would take-up or increase other gainful activities if returns from farming were to fall. Such a strategy might be interpreted by others as disengagement: but for these farmers it would be a positive move to capture new opportunities. The importance of economic rationality to such households, and their readiness to adapt and to experiment (and a high proportion of 58% were keen to experiment), implies that they will be the most willing to respond to post-productivist agricultural policies and to diversify into new enterprises where incentives are offered or where price signals direct.

This cluster appeared to conform in many respects to the group of "accumulative" farmers, identified in the panel surveys, who had been very responsive to new developments. In order to adapt to changing political and economic contexts, they were looking for alternatives that might include new agricultural commodities, para-agricultural goods or other gainful activities, or even giving up farming, if necessary. These farmers tended to see their farms essentially as a collection of resources which could be deployed and redeployed in search of maximum profit. It was this willingness to take risks and their confidence to do so which crucially marked them out from other groups.

(F) The Agribusinessmen 9 cases (5%)

Finally there was a small group of 9 farmers with very large farms, whose indebtedness was high although few had purchased their holdings. While they had no off-farm jobs, only 2/3 of their household income came from agriculture. All but one had a farming background and no non-agricultural training, but their level of agricultural education (71%) was by far the highest. Correspondingly, 83% favoured experimentation. Essentially these farm operators thought as businessmen rather than as farmers.

Consequently they had very modern management systems, and invested heavily, both agricultural and non-agricultural. They made full use of all kinds of policies, although thus far they had used mainly productivist measures. Resources were to be mobilised and redeployed in pursuit of further

accumulation, whenever an opportunity arose, either in a conventional or a novel sphere. If farm incomes fell, the majority (60%) said they would increase other gainful activities. Their comparatively low proportion of agricultural income reflected their entrepreneurial approach.

6. Discussion : implications for the future.

In the previous section six main groups of farmers in Grampians were distinguished, each of which shared similar backgrounds, attitudes and farms. Each behaved differently in the past and, moreover, may be expected to diverge increasingly in their future behaviour. For example, the struggling monoactives (31% of the sample) did not wish their children to succeed them and most would give up the 'struggle' of farming themselves if their returns fall far enough. In contrast, contented monoactives (26%) indicated that they would seek to expand their farm businesses in order to survive, while potential diversifiers (17%) will explore new options instead. If these expectations are realistic, then it is possible to discuss how structural change might proceed if agricultural support is reduced and returns from farming fall. This section attempts such a projection¹⁰ and discusses the implications as a means of stimulating debate about future trends and future policies.

The struggling monoactives, on typically medium-sized holdings, recognise their vulnerability and indeed perceive of their lives as a struggle. Their current circumstances together with their attitudes suggest that many will not survive. They will disappear sooner, if returns from farming fall further and they put into effect their stated intention of retiring from farming, or later, as their potential heirs confirm their decisions not to succeed them. Either way, many of this group of farmers will leave the industry and their land will become available to others.

The implications of this for farm structures will depend upon the timing of their exits, and on who acquires the land which is released. There may be an opportunity for policies, such as the EU rural development regulation's re-parcelling provisions, to influence this outcome. The struggling monoactives tend to be approaching retirement age and so there is the possibility that a considerable volume of farmland could be released onto the market over a relatively short period, so depressing land prices somewhat, especially if the early retirement provisions of Agenda 2000 were implemented in the UK.

This modal cluster's demise is likely to be the main source of structural change into the foreseeable future, and yet it should be noted in passing that hitherto these farmers have been virtually untouched by structural policy measures. In Britain there has been no scheme to encourage farmers' retirement nor to intervene through land consolidation or land settlement, despite provision for these in EC directive 797/85 and in the Rural Development Regulation: instead a laissez-faire approach has been pursued on the grounds that any intervention would only accelerate events that are anyway inevitable.

Of the other groups, the contented monoactives are the farmers who will most need to acquire this land, yet there may be doubts about their ability to implement such a strategy successfully. In the first place, many have significant debts which will impinge on their capacity to borrow to finance land purchase and other investments, especially if the value of their equity is declining as a result of falling subsidies and a glut of land on the market, though of course it is likely that the value of the HLCAs will become capitalised into land values. Secondly, it is apparent that farmers in this group have had little training either in agriculture itself or in management, and this may limit their capacity for successful expansion. Thirdly, their strategy of expansion may become increasingly incompatible with the direction of agricultural policy, which still emphasises the avoidance of surpluses. Again, these considerations raise issues of policy which are discussed below. While many will survive, some will therefore find their profitability declines to the point where they become the struggling monoactives of the future.

¹⁰ Although these results derive only from Grampians, similarly diverse behaviour and responses were reported across rural Europe (Bryden et al. 1993).

Many potential diversifiers will also survive but by very different routes. These farmers will not be so dependent for their survival upon either the expansion of their holdings or the continuation of price support for farm products. Instead they are already investigating new options and they are likely to experiment and to take risks in order to diversify their activities and their sources of income. It is in the nature of risk-taking that some will prosper while others fail in this strategy. Reassuringly, a third of this group had non-agricultural qualifications and they may be more open to advice and assistance than the monoactive farmers. Nevertheless, there is the question of which policies and measures may be most helpful to such farmers, beyond the rather discredited farm diversification grant schemes (Gasson 1988). The EU rural development regulation proposes measures to support "diversification of agricultural activities and activities close to agriculture, to provide multiple activities or alternative incomes" as well as various agri-environmental measures, but it will be a challenge for national governments to implement these measures more imaginatively than in the past.

While attention has focussed so far on structural change amongst the three principal clusters, it is clear that there will also be structural change amongst the smaller farms. In other European countries, non-viable small farms tend to be absorbed into larger holdings as one of the main elements of ongoing structural change, unless there are good opportunities for earning off-farm incomes, and indeed this is a primary cause of depopulation in remoter areas of France, for example (Buller 1997). In Grampians, and in other areas of Britain, the situation is different in that there is a demand for the purchase of small-holdings from hobby farmers from non-farming backgrounds (Shucksmith 1993). These results suggest this may be matched by a plentiful supply of small holdings as pluriactive smallholders disengage and retire from farming. The small farm may thus survive, albeit in different hands.

7. Conclusions and Policy Implications.

This paper has identified six 'types' of farm household each of whom shared similar backgrounds, attitudes and farms. Leaving aside the agribusinessmen, it appears that there will be three main groups who survive, each pursuing a different strategy. Hobby farmers from non-farming backgrounds will increase in number, occupying and sustaining many small holdings of below 20ha, and they will be motivated by a sentimental vision of rural life and by a desire to escape urban living. This will lead to a continuing dilution of local rural cultures. The bulk of the land will be occupied, though, by monoactive farmers, expanding under pressure of increasing costs and falling prices, and to a lesser extent by diversifiers. The first and third of these groups will be less susceptible to changes in the profitability of farming in the longer term, with structural change greatest among the monoactive farmers. Policies which might guide these structural changes might include a farmer retirement scheme targeted at the struggling monoactives (especially tenant farmers), and intervention in the land market either to assist land transfer to those who had prepared farm business plans which accorded with the public interest, or at least to promote land consolidation¹¹. Indeed, the incentive of a farmer retirement scheme might be combined with mechanisms which directed the vacant land to chosen recipient groups, or which required recipients to become better trained and to prepare plans which accorded with the public interest. The new EU Rural Development regulation offers funding for all of these forms of intervention.

In terms of land use and consequences for the environment, the destination of land transferred from struggling monoactives is crucial. If this is acquired by contented monoactives, pursuing a strategy of expansion and intensification, there may well be adverse effects upon landscape, flora and fauna, unless the necessary regulatory frameworks are in place well beyond designated areas. If, on the other hand, land is transferred to potential diversifiers then there may be pressure for development regulated

¹¹ It is worth remembering that a previous attempt to pursue such an approach through a Rural Development Board in the North Pennines was only halted by the election of a Conservative government, and that the enabling legislation remains on the statute book. One imaginative approach might be to create a smallholding around the farmhouse itself, for purchase by new entrant hobby farmers or pluriactive households, while splitting the bulk of the land amongst neighbouring farms, whether contented monoactives or potential diversifiers.

by the planning system, as well as more uptake of agri-environmental measures. The dilemma between preserving and enhancing the countryside's appearance and permitting changes which will diversify and support the rural economy is likely to become even more acute, and new policy development will be needed to strike an appropriate balance. More thought must also be given to the structures and mechanisms of this regulatory system (including more inclusive public participation) and to the skills required by those who operate it, given the increased pressures placed on both. It will be particularly important for environmental policies to address both sets of farmers.

Perhaps the most challenging finding for policymakers is the lack of training among the contented monoactives who, apart from agribusiness, have been the principal policy constituency of the NFU and MAFF/SERAD. This group has been well served by existing agricultural policies, and yet if two out of three have benefited from no agricultural or management training whatever, they appear poorly prepared to pursue a strategy of continual expansion in order to maintain profitability. Policymakers could assist through encouraging the provision of training opportunities for such farmers, funded through the new EU Rural Development regulation, through promoting their awareness of the need for such training, and through facilitating the availability of credit. But if their expansion will only exacerbate the problems of surplus production, the most beneficial policy measure might be to give extension services the mission of seeking to alter the productivist culture of the contented monoactives. There is a good case for making such a service free, as it used to be.

In addition, thought needs to be given to facilitating off-farm employment as part of a pluriactive strategy more suited to smaller, capital-poor farms. While many rural areas are experiencing growth in economic activities, jobs and population, in less fortunate areas rural employment creation is necessary. The need is therefore for flexible regional and rural development policies which can be applied as appropriate to local circumstances (Shortall and Shucksmith 1998). It is crucial that a substantial, and increasing, portion of expenditure under the new EU Rural Development regulation is devoted to such policies which address wider rural economies, in addition to continued spending under the Community Initiatives (LEADER and INTER-REG) and under the Structural Funds in Objective 1 and 2 areas.

While this study has focused on one particular case-study area, it is clear from other studies that farm households' behaviour will become increasingly divergent elsewhere too. If agricultural policy is truly to help ease farmers through the post-productivist transition, it should be guided by an understanding of farmers' differing motivations, and of the different (limited) options that each perceives as open to them. Measures that facilitate difficult choices among these options will be more useful than those which seem irrelevant or push farmers towards unthinkable behaviour. Opportunities are available for the UK government to implement the EU Rural Development Regulation in ways which would suit the varied circumstances of British farmers in the post-productivist transition.

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