

Less favoured and environmentally sensitive areas in the united kingdom

Peter Wathern, *

Introduction

Membership of the European Economic Community (EC) has had a far reaching impact upon environmental regulation in the UK not least with respect to agricultural policy. For example, it has been necessary to put the Pesticides Safety Precaution Scheme governing the licencing and use of pesticides on a mandatory basis because the existing informal UK procedures were in breach of the free trade provisions of the Treaty of Rome (Wathern & Baldock, 1987). Similarly, the UK was forced to outlaw the use of hormone growth regulators in livestock farming rather than accept the political embarrassment of dual standards for food quality involving food for export having to meet higher standards than that for home consumption (Wathern & Baldock, 1987). Similarly, it took an EC Directive on environmental assessment to force consideration of the environmental impacts of certain categories of agricultural projects and of afforestation, something that the environmental lobby failed to achieve in nearly forty years of campaigning (Wather, 1989).

Thus, it can be seen that environmental regulation and policy style in the UK is influenced significantly by EC membership.

However, this is also a forum in which the UK is able to exert an influence. This interplay is evident in relation to the rural environment. By far the greatest influence of the EC upon the rural environment is through the Common Agricultural Policy (CAP).

Most of the massive CAP budget goes into support for large intensive farms (the guarantee section), with relatively little to aid the small farmer.

Jenkin (1990) estimates that in 1989 a mere 4.9% was allotted to the guidance section which mainly benefits small farmers, even though the

* Department of Biological Sciences, University College of Wales, Aberystwyth, Dyfed, SY23 3DA, UK

comprised about 30% of the total within the EC. In part this maldistribution can be explained in terms of the emphasis on price support in the CAP which constitutes, in effect, a subsidy on production. It is also a reflection of the free trade provisions of the Treaty of Rome which, in essence, demand that all producers must be treated alike. Thus, special support can only be channelled to particular groups of farmers if they are rendered in some way "not comparable" with the remainder. Two mechanisms have been adopted at an EC level in order to achieve this objective with respect to special groups of farmers. These are the Less Favoured Areas (LFA) and Environmentally Sensitive Areas (ESA) programmes, which currently constitute about one per cent of the total agricultural budget in the UK (MAFF, 1989).

Both the LFA and ESA policies seek to sustain the rural economy through payments of cash subsidies. There are, however, important differences between the schemes related not only to the basis for legal support, but also to the targetting of the payments. The LFA is a relatively old policy dating from 1975. It provides for payments which are largely subsidies on production. (Council of the European Communities, 1975). The ESA policy, however, represents somewhat of a revolution in the way that payments are made to farmers *pro rata* on their land holding for a variety of services and activities (Council of the European Communities, 1985).

The Less Favoured Areas Scheme

In April 1975, the Council of Ministers adopted a Directive for the designation of areas considered less favoured where natural features place constraints on agricultural production (Council of the European Communities, 1975). The preamble to the Directive indicates that the provenance of the LFA policy is an agricultural initiative falling under the agricultural provisions of the Treaty of Rome, namely Articles 42 and 43. Notwithstanding, a more strictly accurate interpretation of the Directive is as a policy employing support for farmers as a means of achieving non agricultural objectives, namely sustaining a minimum rural population and conserving the countryside within areas having severe natural constraints on agricultural production.

In the UK, areas eligible for LFA status have been designated under Articles 3 (4) of the Directive. These areas are characterised by: a risk of depopulation; a need for conservation of the countryside; the presence of infertile land, unsuitable for cultivation or intensification, with a limited

potential which cannot be increased except at excessive cost, and mainly suitable for extensive livestock farming; low productivity of the environment, which results in lower than average values for the main economic indices related to agriculture; a low or dwindling population dependent upon agriculture the accelerated decline of which would jeopardise the viability and continued habitation of the area.

There is no limit to the extent of Less Favoured Area that can be designated as long as the above criteria are adhered to. Currently, 53% of agricultural land in the UK is classified as LFA. This is, for example, comparable to the situation in the Federal Republic of Germany, prior to reunification, at 54%, but significantly lower than the 78% of agricultural land that has been designated LFA in Greece (Jenkins, 1990).

Most of the LFA in the UK comprises infertile hill and mountain land where more than 70% of the total utilised agricultural area is grassland with a stocking rate of one livestock unit per forage hectare. A livestock unit is calculated on the basis of animal equivalents, namely bulls, cows and other bovine animals over two years (1 unit); bovine animals from six months to two years (0.69); sheep (0.15), and goats (0.15) (Council of the European Communities, 1975).

Farm rents and unit farm labour income are taken as the indices indicative of rural areas with economic activities appreciably lower than the mean for the country. Thus, the LFAs are characterised by rents and incomes less than 65% and 80% of the national averages, respectively. Low population density also influences designation, with regions defined as LFA having fewer than 55 inhabitants per square kilometre. The percentage of the total working population engaged in agriculture must exceed 30%. Although this figure seems incompatible with the very low numbers of people currently employed in agriculture in most rural areas (less than 10% in some regions) all urban and industrial inliers are excluded from the calculation.

In 1984, the definition of LFA in the UK was extended to encompass some areas complying with Article 3 (5), namely those areas which exhibit specific handicaps and in which farming must be continued in order to conserve the countryside and to preserve the tourist potential of the area or in order to protect the coastline. In order to avoid these special provisions being used unfairly to subsidise large sectors of the farming community the area that can be designated under Article 3 (5) was limited to 2.5% of the total area of the Member State. Areas designated in the UK under this Article include not only areas with adverse natural production conditions, namely steep slopes, very strong winds and poor drainage, but also areas with handicaps resulting from geographical location, specifically islands. The latter category clearly has regard for the coastline a protec-

tion criterion.

Responsibility for defining LFAs within the UK lies with the Ministry of Agriculture, Fisheries and Food (MAFF), in conjunction with its sister organisations the Welsh Office Agriculture Department (WOAD) and the Department of Agriculture for Scotland (DAPS). The Countryside Commission asserts that "... in terms of its effect on the environment, agricultural policy in the UK has continued to be implemented in a blinkered fashion, too often simplistically pursuing narrow economic objectives" (Countryside Commission, 1984). This criticism is equally valid of implementation of the LFA provisions as it is of other facets of agricultural policy in the UK. Indeed, implementation of the LFA Directive can be regarded as a continuation of the *status quo* in policy related to agriculture in the hills and uplands. Adoption of the Directive did not occur in a vacuum, but rather against a thirty-year history of livestock subsidies to hill farmers. In 1975, the LFA provisions were simply absorbed into existing national programmes, a device often encountered in UK implementation of EC policy (Wathern et al., 1986). The area initially designated coincided with the previous boundary defining eligibility for hill land subsidies, under the Hill Livestock Rearing Act 1951. The exact limit of the LFA in the UK, however, is difficult to establish as this information is considered confidential by MAFF.

The Directive enables Member States to grant "and annual compensatory allowance for the permanent natural handicaps" experienced by farmers in order to assist specified activities, essentially livestock farming. In the UK, such Hill Livestock Compensatory Allowances (HLCAs) are intended to encourage farming and to raise farm incomes. The HLCA is a system of annual headage payments for sheep and for cattle kept for breeding purposes. In view of the overproduction of milk within the EC, payments to farmers for dairy cattle under this scheme are stringently regulated. Twenty five per cent of HLCA payments can be recovered by Member States from the EC agricultural budget, the European Agriculture Guarantee and Guidance Fund (EAGGF). The remainder must be found from national sources.

The introduction of uniform HLCAs throughout the LFA in the UK in 1975 was clearly in breach of the Directive which required payment to be commensurate with the level of handicap. This situation persisted until the 1984 revisions of the LFA. At that time a major extension took place to include areas having lesser constraints on production. The newly designated areas were defined as "disadvantaged land", with the original LFA being described as "severely disadvantaged land". At the same time differential rates of payment were introduced. At present (1 February

1991), HLCA payments in the severely disadvantaged areas stand at £ 54.50, £7.50 and £4.50 for cattle, ewes within specially qualified flocks and other ewes, respectively. The rates for disadvantaged areas are £ 27.25 for cattle and £ 2.25 for ewes. Maximum rates of payment are £ 62.48 and £ 46.86 per hectare for the two types of area. Maximum stocking rates for which HLCA is paid varies from 6.6 ewes per hectare in severely disadvantaged areas to nine ewes per hectare in disadvantaged areas.

The other major feature of the HLCA scheme is the differentiation of sheep according to breed and husbandry practice. Specially qualified flocks, generally referred to as "high rate sheep", are flocks of specified hill breeds kept in at least three regular and successive age groups, the youngest of which are shearlings. Sheep not complying with this definition are often described as "low rate sheep".

The only restrictions placed upon HLCA claims relate to the size of holding and a commitment to continue hill farming. The minimum land qualification is three hectares of eligible land and farmers must sign an undertaking to continue to farm this land for the following five years. Repayment of HLCAs may be required if the latter condition is broken.

The importance of the HLCA sheep payments to farming in the sparsely populated areas cannot be overstated, particularly at a time of declining sheep prices. It has been estimated that HLCAs may form up to 40% of the sheep section's gross output. Further, a 20% drop in sheep numbers in the LFA in Wales, for example, would lead to a £ 17 M cut in sheep sector income with an additional decrease of £ 7M in the income of the rest of the economy (Hughes, 1990). There is clear evidence that the limits on HLCA payments at 6.6 ewes per hectare are taken as targets by farmers in order to optimise their income, rather than maxima determined by sound agronomic practice. The HLCA paid for sheep in Clwyd, North Wales, for example, indicates a stocking rate close to six ewes across the whole LFA within the county (Wathern et al., 1988).

These bold figures, however, give no picture of the environmental consequences of the LFA policy in general, nor specifically how it has been operating in the UK. The influence of sheep grazing upon the upland environment is well known and the continuation of the uplands in their present form is dependent upon extensive sheep grazing. The livestock carrying capacity of different vegetation types still eludes plant scientists so that acceptable stocking levels are almost impossible to determine. Lack of such guidelines is important for semi-natural vegetation is an important determinant of landscape quality. Heathland and heather moorland vegetation is especially prized in the upland areas. The data in Yalden (1981) suggest that moorland dwarf shrub communities are eliminated by stoc-

king densities in excess of 1-2 sheep per hectare.

HLCAs, however, are paid for up to 6.6 ewes per hectare. In real terms, this figure substantially underestimates the grazing intensity on upland systems given the multiple lamb births commonly achieved with good husbandry today. Poached land is not an uncommon sight on hill farms at present, indicating the heavy pressure on the uplands. Subtle changes in vegetation composition brought about by high levels of grazing go unnoted in the absence of detailed botanical monitoring. Thus, environmental impact from this source is unquantified at present.

The demise of dwarf shrub communities in the uplands reported in Wathern et al. (1988), however, is one consequence of the need to improve the production of upland vegetation to sustain the high numbers of sheep currently encountered. The use of lowland fodder crops, especially silage, and concentrates is becoming more widespread in the uplands. Hill farmers have always attempted small-scale improvements in order to increase the productivity of their holdings. The scale of improvement, however, accelerated rapidly through the early 1980s as new technology offered farmers an opportunity to upgrade land previously considered unimproveable. These technological advances were associated with substantial grant aid for agricultural improvement.

Under the terms initially of the Farm and Horticulture Development Scheme (FHSD) and later the Agriculture and Horticulture Development Scheme (AHDS), farmers received grants to carry out agricultural improvements. The AHDS was the programme formulated by the UK to give effect to the EC Directive on farm modernisation (Council of the European Community, 1972). Twenty five per cent of such grant payments can be recovered from the EC agricultural fund. Although the scheme was formally withdrawn at the end of 1985, some of its provisions will continue until December 1991. The types of works which could be aided under this scheme included field drainage; road and path construction; hedging, walling and fencing; reseedling and clearance or reclamation of land. Grant aid ranged from 50-70% for these works, with higher rates within LFAs. The scheme favoured large farmers. MacEwen & Sinclair (1983) indicate that in 1981-82 over 22% of the total grant was paid to 3.7% (the largest) farms, while 51% (the smallest) received only 14.5%.

The environmental impact of this scheme has been immense. One of the most contentious issues has been 50% grant aid for the construction of farm roads. These provide access to the remoter parts of farms, often opening up previously inaccessible land for improvement. The subsequent improvements were also grant aided. Undoubtedly, the grant aid available in the early 1980s did much to degrade the scenic and wildlife

interest of upland areas. Whether this should be regarded as intensification, which the Directive sought to prevent, seems a moot point.

One of the primary objectives of the Directive is to protect the countryside. Yet, the 1980s were characterised as a period of progressive degradation in the quality of the upland environment. However, the influence of the overall LFA policy upon environmental quality is difficult to isolate from all of the other factors operating in upland areas, because no new major initiatives were adopted to implement it. However, it is possible to make some general assessment of the impact of production subsidies. First, the recent history of store cattle in the uplands is one of decline and the LFA policy has done little to stem that decline with numbers continuing to dwindle.

Secondly, Wathern et al. (1988) have shown that the extent of semi-natural vegetation in the uplands has been inversely related to sheep numbers since at least the early 1950s and that the LFA policy had no influence upon the trend. The inference is clear, farmers convert the semi-natural vegetation of their holdings to improved pasture in order to provide forage.

Another influence of the LFA policy concerns the composition of flocks. With virtually maximum numbers of sheep being kept on holdings, the only way that a farmer can increase income from subsidy is by changing from "low rate" to "high rate" sheep. In 1981 a significant widening of the price differential between the two types of sheep was reflected in a marked decline in "low rate" sheep numbers and a corresponding increase in "high rate" sheep (Wathern et al., 1988).

The second policy objective of the LFA Directive, namely sustaining a minimum population level in the uplands, is also difficult to assess. However, one consequence of increased efficiency is to reduce the need for hired farm workers. This category has undergone a substantial decline across the whole of the agricultural sector with about 250,000 male full-time jobs disappearing between 1960 and the mid 1980s (Wathern & Baldock, 1987). Most upland farms are now wholly family farms with pluriactivity increasingly important. The LFA at best has had no influence on the decline. The worst scenario is that the LFA and related policies may have contributed to the decline.

HLCA payments may have been an inducement to lowland livestock farmers to take over upland holdings (MacEwen & MacEwen, 1982). Indeed, Sinclair (1983) showed that hill farming support has had little impact in arresting the decline in the number of upland farms. Numbers have fallen in central Wales by 40% with farm size increasing from 66 to 81 hectares. Similar declines have been reported from Clwyd (Wathern et al.,

1988). It is argued that the benefits accruing from LFA headage payments and from grants fall disproportionately upon large holdings generating revenue which can be used to purchase neighbouring farms. The outcome of this process of farm amalgamation is an inevitable decline in rural populations and, with a lack of opportunities for young people to enter farming, an ageing population.

Farmers with approved improvement plans will still be able to claim grant aid for environmentally damaging operations until the end of 1991. £ 25.9M was allocated to this scheme in 1998/9 (MAFF, 1989). The proportion of this figure that can be attributed to the LFA is not known, as the scheme operates throughout the UK. The adverse impact of the AHDS upon the environment was tacitly acknowledged in the programme that was drawn up to replace it in 1985 after adoption of the "new agricultural structures" Regulation (Council of the European Community, 1985). The Regulation has had no impact on the way HLCA, the key element of the LFA policy, is paid to farmers and no modifications to UK procedures have had to be adopted to give effect to the LFA provisions incorporated into the Regulation.

However, it has not been without impact. Article 8 (2) provides for the payment of grant aid for energy saving projects and for the protection and improvement of the environment. The latter aspect is of note given the attack on the capital grant provisions of the AHDS. Henceforth, increasing farm efficiency would have to be set within the context of its likely environmental consequences. The new Regulation in effect paved the way for a new grant programme, the Agricultural Improvement Scheme (AIS). This scheme encompassed a variety of measures related not only to changes in agricultural practice, increasing energy efficiency and environmental protection and improvement, but also revenue generation through tourism and craft industries on the farm. The measures adopted in the UK mean that "part-time" farmers are effectively excluded from grant aid. The AIS programme became operative on 1 January 1986. Grant aid is available for conservation and environmental protection measures with or without an approved development plan.

There are several important differences between the AHDS and the scheme that replaced it. First, the intensification measures causing severe impact upon the quality of the upland environment were excluded from all grant aid. Thus, for example, assistance for farm road construction ceased. Secondly, the full impact of livestock farming as a source of environmental, especially water, pollution, was acknowledged. Under the AIS programme, grant aid for pollution prevention measures were reinforced and farmers have been eligible to claim grant aid for a variety of pollution

control facilities.

The enhancement of pollution control measures, however, left a fundamental weakness in the scheme. Recurrent costs such as annual charges for discharge of farm waste and general maintenance and repairs to plant are explicitly excluded. At a time of low profitability in the agricultural sector, it is precisely those components of the farm business which are considered marginal to the main production activities which are the first victims of economies. Thus, even farms which have received substantial capital grants constitute a potential threat to environmental quality in the long term if maintenance grants continue to be excluded from aid schemes.

Agricultural grant schemes, however, are rarely stable for long and the AIS itself has fallen victim to further reform. In 1989, a new programme, the Farm and Conservation Grant Scheme (FCGS) was introduced, again under the provisions of Article 8 (2) of the new agricultural structures Regulation. It embodies most features of the AIS programme with respect to conservation and environmental protection, but has been broadened to reflect the growing concern for environmental compatibility across almost the whole spectrum of agriculture. It encompasses a few new measures, such as grant aid for fencing to promote the regeneration of broadleaved woodland and heather moorland. In general, it has also redressed somewhat the heavy bias towards the LFA present in the AIS.

The Environmentally Sensitive Areas Scheme

Contemporary agriculture and its environmental impact became a major political issue in the UK in the early 1980s stimulated by four considerations. First, consumers became acutely aware that they were paying way above world prices for agricultural commodities. Furthermore, there were large "mountains" and "lakes" of commodities in intervention store which periodically had to be "sold off" to other countries at bargain prices. Secondly, certain sections of the public perceived current agricultural practices as incompatible not only with countryside conservation but also with animal welfare objectives. Thirdly, the Treasury recognised environmental arguments as an effective way of reining in the high and increasing level of public expenditure on agriculture. Finally, politicians suddenly realised that few parliamentary seats now depend upon the agricultural vote and that even fewer can be regarded as marginal. In an increasingly market economy, politicians began to question whether the

public support denied to the "lame ducks" of industry, such as coal and steel, should continue to go to farmers who had no market for their overpriced and over-produced commodities.

The notion of the farmer as the custodian of the rural landscape has been seen increasingly to be at variance with reality. Rather, it is often a case of protecting the environment from the farmer. While measures to protect individual sites of wildlife and archaeological value have been in place for many years, the protection of whole landscapes remains an intractable problem. It has become clear, however, that many wildlife and scenic conservation issues can only be resolved through such landscape management.

The first attempt to confront the issue of landscape conservation in the UK was on Exmoor when the National Park Authority inaugurated a voluntary scheme, to stem the conversion of heather moorland to grassland. The model eventually adopted, involving payments for "loss of profit foregone", has become the general model for conservation management agreements in the UK (Baldock, 1986).

It soon became clear that Exmoor was not an isolated example of conflict between farming and landscape and wildlife conservation. Within a couple of years, a similar problem arose in the Broads. Here, small-scale wet meadows and pastures of great scenic and wildlife value were going under the plough at an accelerating rate as farmers sought to achieve the high returns from conversion to cereals using the grant aid available from MAFF.

During 1984, the Government moved quickly to establish a voluntary compensation scheme similar to that devised for Exmoor. The Broads Grazing Marsh Conservation Scheme, established under Section 40 of the Wildlife and Countryside Act 1981, was introduced. Under this scheme, farmers were required to enter into a three-year agreement to retain low intensity grazing, limit fertilizer applications and restrict the use of herbicides to scheduled weeds in exchange for an annual payment of £ 120/ha.

In 1985, 80% of the eligible land was registered for the scheme, even though the payment was far below the projected profit achievable on conversion. Clearly, local farmers were predisposed to the scheme on other than strictly financial considerations. In its special payments to farmers within the Section 40 area, the Broads scheme was almost certainly in breach of the competition provisions of the Treaty of Rome. However, it was a political expedient, designed as a stop-gap measure to maintain the *status quo* while a long-term solution was sought. Subsequently, the UK proposed a new mechanism for dealing with landscape conservation through an amendment incorporated into the "new agricultural structu-

res" Regulation adopted in 1985 (Baldock, 1985).

For areas where environmental protection is in conflict with agricultural intensification, Article 19 of the Regulation provides the key measures. Under these provisions, Member States are authorised to establish national schemes for the "introduction or continued use of agricultural production practices compatible with the requirements of conserving the natural habitat ensuring an adequate income for farmers" within specially designated environmentally sensitive areas. These areas are generally referred to as ESAs and are defined as being "of recognised importance from an ecological or landscape point of view". The scheme is intended to ensure that within ESAs no further intensification of agricultural production will occur and the stock density and the level of intensity of agricultural production will be compatible with the specific needs of the area concerned. Thus, for the first time an attempt was made to target payments according to the environmental needs of individual areas and to move away from blanket provisions which, in general, have stimulated intensification.

Provisions for designating ESAs in the UK were incorporated into the Agriculture Act 1986. However, the designation criteria specified in the Regulation, wildlife and scenic value, were extended to the archaeological, architectural and historic interest of these areas in the 1986 Act. The unilateral extension of designation criteria for ESAs by the UK has never been challenged.

Slightly different ESA implementation procedures have been adopted in the various semi-autonomous parts of the UK. While the Agriculture Bill was still before Parliament, three separate working parties were set up in Scotland, Northern Ireland and England and Wales to identify potential ESAs (Wathern, 1987). From the outset the Government attempted to exert an influence on the ESA programme. Even before the working parties had completed their deliberations the Secretary of State for Agriculture announced a cash limit of £7M on the scheme, adequate to designate only five or six ESAs. The working party operating in England and Wales refused to be intimidated by this announcement. It appraised 46 areas which it considered might have potential to become ESAs and recommended to the Minister that 14 areas "would benefit from early designation". Furthermore, the working party refused to rank them thereby implying that the proposed budget was inadequate. In Scotland, twenty areas were investigated and shortlisted to two priority areas and three of lower priority. Only one area in Northern Ireland was considered suitable for designation.

The ESA programme has continued to suffer political interference as

the initial designation scheme was tailored to fit the £ 7M budget. It had been feared that the EC Council of Ministers would impose a limit on the total area that could be designated ESA in the Regulation, as happened with the LFA provisions under Article 3 (5), but none has been specified. Thus, the cash limit was purely a nationally imposed one. During autumn 1986, the proposed designation of nine ESAs was announced. Six were to be designated in England and Wales; five coincided with the boundaries recommended by the working party, but only half of the South Downs area was designated. This area was arbitrarily divided in half (along a main road neatly bisecting the area) because of the high numbers of farmers likely to join the ESA scheme and hence the high cost. In Scotland, one priority area was designated along with one of lower priority. The political sensitivity of the second priority area, coupled with potential conflict with another EC grant-aided development scheme, the Integrated Development Programme, have been suggested as possible reasons for non designation at this time (Wathern, 1987). One area was designated in Northern Ireland. The ESA programme came into operation on 1 March 1987.

The ESA programme has been an important innovation and even before the scheme came formally into operation, the Secretary of State announced a doubling of the available budget. One consequence was a rapid reappraisal of all potential areas with the result that in early May a further round of designation was announced. Described by *Big Farm Weekly* (21 May 1987) as "Electoral Sensitive Areas", these encompassed additional ESAs in England (four plus an extension of the Downs ESA), Wales (one plus an extension to the Cambrian Mountains ESA) and Scotland (two).

Individual schemes specific to its environmental and conservation needs have been drawn up for each ESA. The schemes are administered locally by the agriculture departments and, in contrast to the previous programmes for Exmoor and the Broads, funded entirely from the agriculture budget. The ESA schemes have a number of features in common. First, the ESA programme is voluntary with both full-time and part-time farmers eligible as long as their land is being worked as a farm business. Secondly, farmers are required to enter into an agreement to comply with the provisions of the scheme over a five year period. This agreement would normally transfer automatically to the next owner, in effect it is covenanted upon the holding.

The schemes devised for Scotland differ from those adopted elsewhere in that they lay greater emphasis upon positive conservation rather than mere protection. For example in Scotland, farmers are required to prepare and agree a farm management plan and, as a consequence, receive

two staged payments. First, there are flat rate annual payments for each hectare of particulare categories of land up to a maximum per holding. In addition, there are set payments for works carried out as part of the conservation plan at standard costings for particular items of work such as hedge planting, wall construction and stock fencing. One consequence of this approach is that it places a responsibility on the Department of Agriculture for Scotland to be closely involved in the ESA programme on a day to day basis with its implications for the cost of administering the scheme.

In drawing up its advice for the Government, the working party in England and Wales, however, was conscious of the need to keep administrative costs low and recommended a series of flat rate payments to farmers. As in Scotland, farmers undertake to operate within a system of constraints in return for annual hectarage payments. There is some variation between individual ESA schemes which are discussed in more detail in Wathern (in press).

Conclusion

The problem of sustaining sparsely populated agricultural areas has been a recurrent issue for at least the past seventy years in the UK. The LFA and ESA schemes merely represent the latest attempts to deal with the problem. They differ from previous initiatives in that they are EC schemes which fall under the provisions of the Treaty of Rome. As such, these provisions inhibit, somewhat, the freedom of the individual Member States to act independently where agricultural subsidies are concerned .

The LFA programme is limited to the hills and uplands and relies heavily upon the traditional UK policy style with respect to these areas, namely the continued payment of ever higher subsidies on production in order to raise farm incomes and to sustain them at the highest possible level. In EC terms it also follows a traditional approach in tying payments to production. Such production subsidies only encourage farmers to maximise income by increasing production. Upland areas, however, lack the carrying capacity to support high densities of stock. Consequently, increased number of grazing animals is inexorably linked with the improvement of pastures by ploughing , reseeding and fertiliser additions. UK interpretation of the LFA provisions, therefore, fails to achieve its first policy objective. The outcome of implementation has been considerable direct and indirect degradation of the upland environment. In addition, continued farm rationalisation makes a significant contribution to decli-

ning rural employment in agriculture through the loss of not only farm labourers, but also family farms. Thus, there has also been a failure to achieve the social policy objective of sustaining rural populations.

Jenkins (1990) suggests major modifications to the implementation procedures in order to remedy these deficiencies. These include: the imposition of stocking rates on a regional basis reflecting local conditions; maximum levels of payment should be established on a per farm basis; payments on a hectare basis rather than as headage subsidies; linking compensatory payments on some basis related to employment, such as a labour unit basis. Jenkins further argues that when placed on some basis which provides no incentive for expansion of output, compensatory payments could be used to preserve traditional methods of livestock husbandry and its associated landscape, social and cultural values.

The ESA policy is far more modern in its outlook in that it acknowledges that food production is not the only, and probably not the most important function, of rural areas. It creates a system for subsidising farmers which does not encourage them to increase production, but rather to continue to manage their farms in an environmentally benign way. Indeed, in some ESAs a more positive approach has been adopted which goes beyond merely maintaining the *status quo* by seeking to improve environmental quality. Environmental quality is still sufficiently high over much of the UK to provide considerable scope for extending the scheme to other areas; there is no impediment in the new agricultural structures Regulation for an expansive approach to the scheme. However, the Government seems to be reluctant to replace a subsidy on productivity with a subsidy on unproductivity.

During 1990 there was a review of the working of the ESA. In Wales, for example, WOAD has commissioned research on take up rates within the Cambrian Mountains ESA. The results have not yet been published but it appears that the rate of uptake is increasing, but still only stands at about 30% of farmers. What the outcome of the review will be, is unclear, although the Secretary of State for Wales has already announced that there will be no increase in levels of funding. Whether this indicates that an increased total budget is unnecessary because of low uptake rates, or rates will not be increased is also unclear.

Thus, the ESA policy clearly does have great potential. However, MAFF (1989) reveals that in 1988/89 a mere £ 9.1M was allocated to the ESA programme within a total agricultural budget of £ 12.8 Billion. Most of the remainder was a subsidy on production. Even HLCA payments are an order of magnitude greater than ESA subsidies at present. Until there is greater equitability in the resources available to manage the countryside

de's wildlife and scenic quality compared with the subsidies and grants currently applied to encourage agricultural production, the future for the quality of the rural environment continues to look bleak.

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Résumé

L'Auteur, prenant comme point de départ les aspects innovatifs introduit grâce à les subventions prévues du projet des "environmentally sensitive areas" (ESA) (régions désignés sensibles) à l'égard de l'environnement) comme instrument de soutiens d'une série de services "de l'environnement" utiles, produit par des fermes situées en localités spécifiquement désignées, fait une comparaison, par rapport aux conséquences de l'environnement, entre ceci et le projet des "less favourable areas" (LFA) (régions moins favorables). Il y a fourni une description des attributs de la ferme qu'il faut pour être en mesure de profiter de l'aide de tous les deux projets en Grande Bretagne et comment quelques défauts dans le désign des interventions sont responsables des résultats finis étant différents de ceux qu'ils voulaient encourager. Quelques-uns étaient même contraires aux intentions originales. En particulier il fait ressortir la dynamique avec laquelle le projet LFA a amené aux variations négatives de l'équilibre des populations florales et à la surexploitation de quelques pâtures naturelles. L'Auteur conclut que les politiques dfu soutiens du revenu, basées sur la prime d'entreprise lié à la production agricole traditionnelle, ont tendu à pousser les fermiers aux niveaux de production pas soutenable des ressources naturelles disponibles et donc à leur dégradation. Le projet ESA vise à encourager les pratiques de l'amélioration de l'environnement et du paysage et il reconnaît que les fermiers peuvent fournir d'autres services autant que, sinon plus, importants de l'aliment.

Sommario

L'Autore, prendendo lo spunto dagli aspetti innovativi introdotti di sussidi previsti dallo schema delle "Environmentally Sensitive Areas" (ESA) (Aree Ambientalmente Sensibili) come strumento di sostegno di una serie di servizi "ambientalmente" utili prodotti da aziende poste in aree specificamente designate, conduce un confronto, in termini di conseguenze ambientali, con lo schema delle "Less Favoured Areas" (LFA) (Aree meno favorite). Viene fornita una descrizione dei requisiti aziendali necessari per poter usufruire degli aiuti di entrambi gli schemi in Gran Bretagna e come alcune lacune nel disegno degli interventi siano state responsabili di risultati finali diversi da quelli che si volevano incoraggiare, alcuni dei quali anche contrari alle intenzioni iniziali. In particolare viene evidenziata la dinamica con la quale lo schema LFA ha condotto a variazioni negative

dell'equilibrio di popolazioni vegetali spontanee ed ad un sovrasfruttamento di alcuni pascoli naturali. L'Autore conclude che politiche di sostegno dei redditi basate su incentivi ancorati sulla produzione agricola tradizionale hanno teso a spingere gli agricoltori a livelli produttivi non sostenibili dalla naturale disponibilità di risorse e quindi al degrado delle stesse. Lo schema ESA essendo basato su forme di sussidio non direttamente connesse con la funzione produttiva tradizionale dell'agricoltura, ma su incoraggiamenti al miglioramento dello stato ambientale e paesaggistico, riconosce agli agricoltori la capacità di produrre servizi localmente importanti a fianco della tradizionale produzione di cibo.