

EUROPEAN COMMUNITY

# NEWSFLASH

GREEN EUROPE

## 1984: agricultural incomes in the European Community

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29

AGRICULTURAL INCOMES IN THE COMMUNITY IN 1984

CONTENTS

	Page
Introductory remarks	1
The Agricultural Incomes 1984 - General	5
 <u>Part I</u>	
<u>Production, costs and incomes in agriculture</u>	
I. Final agricultural production	9
1. The volume of production	9
2. Farmgate prices	12
3. The value of final agricultural production	14
II. Intermediate consumption of agriculture in 1984	15
III. Other factors accounting for income changes in 1984	18
IV. Incomes from 1973 to 1984	22
 <u>Part II</u>	
<u>Agricultural incomes by type of farming</u>	
V. Agricultural incomes in 1984	29
V.1. At Community level	29
V.2. Analysis by Member State	34
VI. Agricultural incomes in the 1978-1984 period	36
VII. The distribution of agricultural incomes over commercial holdings	39
<u>Statistical Annex</u>	42
<u>Methods used</u>	49

TABLES

	Page
Table 1 - Rate of change (%) in final production of agriculture, in volume, in the last three years.	9
Table 2 - Rate of change (%) in crop and livestock production, volume 1984	10
Table 3 - Farmgate prices and inflation rates in the various Member States (1984 over 1983 (%))	12
Table 4 - Changes (%) in the value of final production of agriculture at current prices (1984 over 1983)	14
Table 5 - Changes in value, volume and in prices farmers' inputs and inflation rates (change (%) in 1984 over 1983)	16
Table 6 - Cost/price ratio in agriculture in 1984 (1983 = 100)	17
Table 7 - Factors affecting changes in agricultural incomes (1984 over 1983)	19
Table 8 - Real net value added per person employed since 1973 ("1980" = 100)	22
Table 9 - Real net agricultural income of the farmer and his family, per person employed, since 1973 (1980 = 100)	23
Table 10 - Changes in nominal terms in net value added at factor cost, wages, rents, interest paid and in the net agricultural income of the farmer and his family.	24
Table 11 - Changes in agricultural income per person employed in 1984 and in 1983 for the main types of farming (in real terms) - EUR-10	30
Table 12 - Agricultural incomes per work unit in 1984 by main type of farming	33

Table 13 -	Agricultural income per work unit during the 1978/79 - 1981/82 period for the main types of farming (in real terms)	37
Table 14 -	Distribution of agricultural incomes in "commercial" holdings as a percentage of the total number of work units in each income class (1982/83 accounting year)	40
Table 15 -	Indices of net value added at factor cost per unit of manpower employed, real "1980" = 100	43
Table 16 -	Net income from farming of the farmer and his family, real "1980" = 100	44
Table 17 -	Final production of agriculture (volume) "1980" = 100	45
Table 18 -	The "Cost-Price" Squeeze (Changes in the cost/farmgate price ratio) "1980" = 100	46
Table 19 -	Total agricultural labour in the Community "1980" = 100	47
Table 20 -	Unpaid agricultural labour "1980" = 100	48

CHARTS

	Page
Chart 1 - Real incomes in the general economy and in agriculture	26
Chart 2 - Certain factors determining agricultural income	27
Chart 3 - Agricultural income per person for the main types of farming, 1978-1984	38
Chart 4 - Distribution of agricultural incomes in commercial holdings % of the total number of work units in each income class	41

## INTRODUCTORY REMARKS

### The purpose of this brochure

For the second year in succession, the Commission is publishing in its "Newsflash" series a detailed report on agricultural incomes in the Community.

The Commission's intention is to place at the disposal not only of specialists but also of a wider public a coherent body of information with figures on agricultural incomes in 1984 and previous years, with an explanatory analysis of the various factors which have helped to determine changes (final agricultural production, farmgate prices, prices paid, costs, etc.).

Although mainly concerned with changes in agricultural incomes over time, the brochure includes an analysis of the breakdown of farms in each Member State by class of income.

For the first time, as well as the usual information, the Commission is in a position to provide not only figures for the agricultural income of farmers and their families in 1984 by Member State but also figures on changes in this income indicator since 1973 (at least for the Member States for which the necessary data are available).

This progress towards better information on agricultural incomes is the fruit of efforts which the Commission's staff have made in recent years, working with the responsible national agencies with a view to obtaining more accurate and fuller forecasts or estimates on the economic results of farming in the past year.

This objective remains a priority task for the Commission's staff now and in the future.

### What is agricultural income ?

The question might seem superfluous, but the concept of agricultural income must be defined in advance, for it may be used in several different ways.

In this document, "agricultural income" is defined as income from farming. It must not be forgotten that many of the Community's eight million farmers, with their families, have other incomes : this take the form of unearned accruals (e.g. social security) or remuneration for other part-time work, which may be regular or may be restricted to certain periods of the year. The disposable income of farmers can also be influenced by other factors (e.g. taxation) the importance of which it is not easy to assess at Community level.

However, the purpose of this document is not to review either living standards or the social conditions of famers and their families, which reflect many factors other than income from farming.

How are changes in agricultural income measured ?

In this document, changes in agricultural income are assessed by means of the rate of change in two income indicators, each corresponding to a specific definition of "agricultural income" or referring to a different set of persons contributing to its formation. The indicators are as follows (1) :

Indicator A : farm net value added at factor cost, per work unit : this shows changes in the income of all persons working in agriculture (farmers, family members and paid workers). The indicator exists for all the Member States.

Indicator B : Net income from farming of the farmer and his family, per work unit : this indicator expresses the income deriving from agriculture disposable for the (for himself and his family), after deduction of wages, rent and interest on borrowings. This indicator is available only for 8 Member States (statistical series since 1973 exist, however, for only 7 Member States).

Income changes are expressed in reals terms, i.e. after deduction of the loss of purchasing power of the currency in each Member State. Purchasing power loss is measured by the inflation rate for the general economy. It should, however, be stressed that, like all statistical assessments, these indicators cannot be completely accurate, were it only because of the difficulty of estimating certain aggregates influencing changes in agricultural incomes.

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(1) See, in the Annex on methods, the method of calculation of the two indicators.



The margin of error is a good deal wider for indicator B than for indicator A : the former depends not only on all the factors - except employment - involved in the calculation of indicator A (value of final agricultural production and intermediate consumption, depreciation, subsidies, taxes, inflation rate), but also on other items usually more difficult to assess (rents, wages and interest paid). Also, while, in indicator A, income is calculated in terms of total agricultural employment, indicator B, income refers only to the labour of the farmer and his family : this is an aggregate which is more difficult to determine for the statistician than the former.

What are the sources of the data used ?

This document is divided into two complement any - parts, based on two different sources of data :

- the first concerns the analysis of agricultural incomes at macro-economic level, i.e. from data relating to the "agriculture" industry as a whole. These data are sent to the Commission every year by the responsible agencies in the various Member States and are then processed on a standardized basis by the Statistical Office of the European Communities;
- the second involves an analysis of incomes at micro-economic level, i.e. from data deriving from observations made on a sample of holdings chosen so as to represent the various categories of holding, and these are the data and estimates drawn from the farm Accountancy Data Network of the Community (FADN).

What is the nature of the figures given in this document?

This document is based on the latest figures sent to the Commission by the Member states as at 20 February 1985. However, they are estimates, some of the data, particularly those concerning 1984, may still have to be reviewed. Worked out on the basis of standard methods, but from the data sent in by the member countries' agencies, the forecasts for agricultural incomes in 1984 may differ, sometimes substantially, from the figures published in the countries themselves. This depends either on the definition of income used or on the way certain items in the calculations are themselves calculated, or on other factors (date of the forecast, differing treatment of changes in stocks, etc.).

What is the link between this publication and other Commission publications on agricultural incomes?

This document amplifies and at the same time updates information on agricultural incomes provided regularly by the Commission in other documents it publishes at different times of the year (such as the Annual Report on the Agricultural Situation in the Community, established on the basis of data available at the beginning of November, the explanatory memoranda to the price proposals, generally presented at the turn of the year, publications of the Statistical Office of the European Communities on the sectoral income index, and publications concerning the Farm accountancy Data Network (FADN)).

The 1984 Report on the Agricultural Situation in the Community, published in January 1985, has a special chapter on "Income disparities in agriculture in the Community", which examines in greater detail the problem of the disparities as between holdings and as between regions, and there is also a chapter on "Production and agricultural incomes".

On 20 February 1985, the Statistical Office of the European Communities published a document containing a fairly detailed analysis of income changes in 1984 and during the 1973-1983 period, much of the material from which has been used for Part I of this brochure.

THE AGRICULTURAL INCOMES 1984 : GENERAL

After the relatively sharp decline in agricultural incomes in 1983, compared with the particularly favourable incomes for 1982, 1984 saw a significant recovery in real incomes in most of the Member States. Data sent to the Commission by the appropriate departments in the various Member States up to 20 February 1985 yields an estimate of this improvement over 1983 as follows, according to the indicator chosen :

(a) About + 4.3 % on average, for the farm net value added at factor cost per work unit (- 6.1 % in 1983), which represents the average income of all those working in agriculture (farmers, paid labour and family help). Growth in real terms in agricultural incomes was very sharp in Denmark (+ 35.5 %), Greece (+ 11.6 %) and the United Kingdom (+ 10.1 %). Above-average improvements were also achieved in Ireland (+ 7.4 %), the Netherlands (+ 6.1 %) and Germany (+ 5.7 %). In France, the income improvement was only modest (+ 2.1 %), and 3 Member States - Luxembourg (- 0.5 %), Italy (- 1.1 %) and Belgium (- 6.5 %) - suffered a real decline.

(b) About + 4.3 % also for the net income for farming of the farmer and his family per work unit (- 13.5 % in 1983), after deduction of wages, interest and rents paid. This average concerns, however, only eight Member States, as neither Greece nor Ireland were able to send in the estimates needed to determine this income indicator.

Although the Community average for this income indicator is the same as that for indicator (a), it is a fact that the changes for individual Member States are in some cases decidedly sharper. This is because in addition to the factors determining the performance of indicator (a) indicator (b) is also influenced by the changes (and their relative importance in income formation) in three items : interest, rents and wages paid. As already noted for indicator (a), real improvements in net agricultural income of the farmer and his family per work unit in 1984 were strong in Ireland (+ 16.2 %), the Netherlands (+ 9.7 %) and Germany (+ 7.8 %). On the other hand, three Member States suffered income losses : Luxembourg (- 1.1 %), Italy (- 5.7 %) and Belgium (- 8.0 %). There was a modest improvement in France (+ 1.6 %). In Denmark, where interest paid plays a crucial role in the formation of the net income of the farmer and his family, incomes fluctuate very widely from one year to the next; as a result, in 1984, this indicator shows an increase in agricultural income of 315 %.

The improvement in incomes in 1984 is the net result of two opposing factors :

- the increase, in many cases a spectacular one, in the volume of production, especially of crop products because of the good weather and major gains in yields : new records were set for cereals production (28.2 % over 1983) and oilseeds (about 30 %), but improvements in quantities produced were also achieved for roots and grassicas (potatoes and sugarbeet), for fresh vegetables, and also for most types of meat (except poultrymeat).
- secondly, the deterioration in the cost/price ratio (or "squeeze") for farmers (ratio of prices paid by the farmer for his inputs of goods and services to the farmgate prices), which was partly a matter of the increase in the volume of production : farmgate prices showed an average improvement in the Community of 3.5 %, but the prices of inputs rose by an average of 6.1 %, tightening the squeeze.

The combined effect of the two factors and the relative importance of each type of production as a proportion of final agricultural production account for income differences in the various Member States. For example, in most of the Member States (including Germany, France, the Netherlands, the United Kingdom, Ireland and especially Denmark), the deterioration in the cost/price ratio was more than offset by the increase in the volume of production, whilst in others (Belgium and Luxembourg), the increase in the volume of production, though sharp, failed to yield an actual improvement in incomes, in real terms. In Italy, the deterioration in the cost/price ratio served to aggravate a reduction in the volume of production. In Greece, the opposite was the case : production increased, but the cost/price ratio also showed an improvement.

The relative improvement in incomes in 1984, though not enough to offset the decline in 1983, confirms the tendency for incomes to recover after the decline in 1979 and 1980. As compared with the three-year average 1979-1981, incomes for 1982-1984 progressed by 6 % in real terms according to indicator (a) and 1 % according to indicator (b). It is, however, undeniable that for the longer term the trends are less satisfactory, especially for the second indicator.

Commission estimates, made on the basis of the updating of the latest FADN figures, show that the improvement in incomes in 1984 was very sharp in farms specializing in cereals growing (23 % over 1983) and in pigmeat (27 %), following the reductions in 1983 (of 7 % and 28 % respectively). Incomes also showed real gains for farmers specializing in general cropping (not including cereals) (by 15 %) and horticulture (4 %), and in all the mixed holdings (2 % and 5 % respectively for mixed cropping and mixed cropping-livestock). However, incomes declined on the specialized wine-growing holdings (by 16 %), forestry holdings (11 %) and dairy farms (by 4 %). For beef/veal farmers, incomes showed little real change (only + 1 %).

PART I

PRODUCTION, COSTS AND INCOMES IN AGRICULTURE

I. FINAL AGRICULTURAL PRODUCTION

1. The volume of production

Total final production

In terms of quantities produced (1), 1984 was a record year, final agricultural production in the Community having exceeded by 2.6 % the exceptional output of 1982 and by 3.6 % that of 1983. In ten years, the volume of final production in the Community thus showed an increase of about 23 %, i.e. an annual rate of increase of 2.1 %. All the Member States except Italy produced more in 1984 than in 1983. Sains were substantial in Denmark (15.4), Greece (5.9 %), the United Kingdom (5.9 %), France (5 %), Ireland (4.8 %) and Belgium (4.6 %). In most cases, the 1984 increase more than sufficed to offset the decline in 1983, as the table below shows :

Table 1 Rate of change (%) in final production of agriculture, in volume, in the last three years.

	D	F	I	NL	B	L	UK	I RL	DK	GR	EUR-10:
1984	+3.6	+5.0	-2.0	+3.0	+4.6	+3.7	+5.9	+4.8	+15.4	+5.9	+3.6
1983	-3.9	-2.3	+3.3	+1.3	-0.1	-5.5	-1.5	+3.8	-2.9	-3.6	-1.0
1982	+8.6	+8.2	-2.2	+4.3	+2.6	+12.2	+7.2	+3.2	+5.9	+1.3	+5.0

(1) For convenience, the expressions "quantities produced", "volume of production", "final production in volume" are used indifferently. In fact, the reference here is to final agricultural production at constant prices. "Final agricultural production" is defined as follows :

Final agricultural production

- Gross production
- Losses
- Intra-consumption(products used within agriculture as inputs).

Accordingly, the rates of change given in this brochure may differ from the figures deriving from the statistics concerning the level of production.

Except in Italy (-3.9 %), crop production showed increases in all the Member States, ranging from 7.5 (NL) to 62.7 % (DK), with an average of 8.5 % for the whole of the Community, including Italy.

On the other hand, livestock production increased in some countries but declined in others, averaging out at - 0.1 % for the Community.

Table 2 Rate of change (%) in crop and livestock production, volume 1984.

	D	F	I	NL	B	L	UK	IRL	DK	GR	EUR-10
Final crop production	+17.7	+9.3	-3.9	+37.5	+10.0	+26.9	+21.6	+15.1	+62.7	+9.5	+8.5
Final livestock production	-2.2	+2.1	+0.6	+1.0	+1.9	-1.1	-2.7	+2.7	-1.5	-1.5	-0.1
Total final production	+3.6	+5.0	-2.0	+3.0	+4.6	+3.7	+5.9	+4.8	+15.4	+5.9	+3.6

(1) Deliveries only

Crop production

Two main factors account for what was in some cases the spectacular increase in overall crop production in 1984 :

- (a) Crop production in 1983 had declined because of very poor weather in many regions, and indeed the decline was very steep in most of the Member States from the levels achieved by the bumper 1982 crops;
- (b) In 1984 there was a marked improvement in yields due not only to the much better weather than in 1983 but also to the increased use of fertilizers and, for certain products, the increase in acreages assigned to higher-yield varieties. The increase in overall areas sown was a secondary, or even negligible factor, in the trend in 1984.

This is true in particular for cereals, production of which increased by 28.2 % in 1984 for the Community as a whole, although areas sown were much the same as in 1983.



The same is true for roots and brassicas, etc (especially potatoes and sugarbeet), final production of which increased by 14.3 % in volume, although areas sown increased by only 2 %. The appreciable growth in final production of oilseeds (by about 30 % over 1983) was a result, on the other hand, both of an increase in areas (by about 10 %) and an improvement in yields.

The production of fresh vegetables, though up by 2.3 % over 1983, was in fact lower than that for 1982.

For the second year running, less fresh fruit was harvested in the Community, mainly because of poor crops in Italy (- 10.9 %), Greece (- 5.8 %) and the Netherlands (- 12.0 %).

Wine production dropped by 7.6 % in 1984, after a modest increase in 1983.

#### Livestocks production

As already noted, final livestock production in 1984 showed much smaller changes (in either direction) than crop production.

For example, for beef/veal there was an increase in the volume of production of 2.5 % for the Community as a whole. Nonetheless, the increase was more substantial in France (+ 8.7 , ignoring changes in stocks), Belgium (+ 5.0 %) and Denmark (+ 4.2), while in five Member States (Germany, Italy, Luxembourg, United Kingdom and Greece) production volume declined. At this stage, with these figures, it is not easy to determine the impact of the introduction of the milk quota system from 1 April 1984 on beef/veal production in that year. But there is evidence that the increase in the number of dairy cattle slaughtered in the second half of the year as a result of the activation of the quota system and additional incentives to cease dairy farming adopted by certain Member States helped to spur on the normal beef/veal production cycle, which was near the top of the curve in 1984.

Estimates of milk production in 1984 show a volume reduction of 2.4 % on average as compared with 1983, due mainly to the activation of the quota system. The reduction exceeded the Community average in the United Kingdom (- 6.1 %), Denmark (- 3.7 %), Germany (3.5 %), Belgium (- 3.0 %) and the Netherlands (- 3.0 %). It fell short of the Community average in France (- 1.0 %) and in Greece (-0.1 %), and in three Member States output actually increased (in Italy by 0.5 %, in Luxembourg by 3.5 % and in Ireland by 4.1 %).

Production of pigmeat showed an average increase of 0.6 % for the Community as a whole, but declined in a number of Member States. As for eggs and poultry, the pattern across the countries showed more reductions than increases. On average, poultry production tended to mark time, but egg production declined by 0.7 %.

## 2. Farmgate prices

As the table below shows, farmgate prices in the various Member States (1) lagged well behind the inflation rates for the general economy, except in Greece :

**Table 3** Farmgate prices and inflation rates in the various Member States (1984 over 1983 (%))

: Country	: Final crop : : production :	: Final animal : : production :	: Total final : : production :	: Inflation : : rate (1) :
: Germany	: - 3.5	: - 1.1	: - 1.9	: + 1.9
: France	: + 1.0	: + 4.3	: + 2.7	: + 7.0
: Italy	: + 8.4	: + 8.3	: + 8.3	: + 10.5
: Netherlands	: + 5.0	: + 1.0	: + 2.5	: + 3.1
: Belgium	: - 10.3	: + 2.9	: - 1.7	: + 5.4
: Luxembourg	: - 4.7	: + 2.0	: + 0.6	: + 5.9
: United Kingdom	: - 3.1	: + 3.5	: + 1.2	: + 3.7
: Ireland	: - 1.2	: + 3.7	: + 2.6	: + 6.6
: Denmark	: - 6.5	: + 6.8	: + 1.8	: + 5.7
: Greece	: + 19.5	: + 21.4	: + 20.1	: + 18.1
: EUR-10	: + 3.4	: + 3.3	: + 3.5	: (+ 5.6) (2):

(1) GDP deflator.

(2) Figure not comparable with the Community average of farmgate prices because of differing weighting and calculation methods.

In several Member States, there was even a reduction, sometimes quite substantial, in farmgate prices as compared with 1983, in particular with regard to crop production. This was notably the case in Belgium, Denmark and Luxembourg.

(1) The figures on farmgate prices in this document refer to average unit values obtained by dividing final production in value by final production in volume. They may therefore differ from the statistics on the output price indices published by the Commission or by the Member States.

For crop products, these changes, which must be assessed in the light of the increases - some of them, spectacular - in prices in 1983, are largely due to overproduction of several items in 1984, especially when compared with the relatively poor crops in 1983. The most striking example of this is cereals, prices for which fell on average by 3.9 %, while largest increases, as we have seen, by 28.2 %. The fall in cereals prices was felt even more keenly in the Netherlands (- 10.5 %), Belgium (- 9.3 %), Denmark (- 8.3 %), Germany (- 7.8 %), Ireland (- 7.3 %) and the United Kingdom (- 7.0 %), and also France (- 5.8 %), i.e. in the Member states all of which enjoyed a sharp increase in cereals production in 1984.

With regard to livestock production, the situation is quite different for cattle-farming (both beef and dairy) from that for other forms of livestock farming (pig farming, poultry farming, etc).

For beef/veal, the market situation, which was already causing concern early in 1984, further deteriorated thereafter : the beef/veal production cycle was in its upward phase, and the market was also flooded with meat produced as a result of the slaughtering of dairy cows. Measures adopted at the end of July by the Commission to support prices in this exceptional situation enabled the deterioration to be halted in the second half of the year. Nonetheless, in 1984, farmgate prices for cattle and calves declined by 1.4 % on average, but with very sharp cuts of 9.8 % in Denmark, 7.5 % in Germany and 7.0 % in the Netherlands.

Farmgate prices for milk showed an increase of a bare 2.2 % for the Community as a whole (in fact a decline in real terms), the rates of change for the various Member States ranging from - 1.5 % for Germany to + 17.9 % for Greece.

On the other hand, prices increased more substantially (but not always in real terms) for pig farmers and poultry farmers.

3. The value of final agricultural production

The combined effect of the changes in the quantities produced and of changes in farmgate prices is expressed in terms of changes in the value of final agricultural production, as shown below by Member State :

Table 4 Changes (%) in the value of final production of agriculture at current prices (1984 over 1983)

	D	F	I	NL	B	L	UK	IRL	DK	GR	EUR-10
Final crop production	+13.6	+10.3	+4.2	+13.0	-1.3	+20.9	+17.8	+13.7	+52.1	+30.9	+12.2
		(1)									
Final livestock production	-3.3	+6.5	+6.1	+2.0	+4.9	+0.9	+0.7	+6.5	+5.2	+19.6	+3.2
		(1)									
Total final production	+1.6	+7.9	+6.1	+5.5	+2.8	+4.3	+7.2	+7.5	+17.5	+27.2	+7.2

(1) Deliveries only

As the table shows, in nominal terms the value of final agricultural production declined in none of the Member States. This means that the increase in the volume of production consistently offset price reductions, and that price reductions were not steep enough to entail actual income losses. For example, in Germany, the decline of 1.9 % in farmgate prices was offset by a 3 % increase in volume, which left a net increase in the value of final production of 1.6 %. Conversely, for Italy, the 2 % decline in the volume of production was offset by an 8.3 % increase in farmgate prices.

## II - INTERMEDIATE CONSUMPTION OF AGRICULTURE

The cost, and changes in the cost, of farm inputs - all current purchases of goods and services used for final production in agriculture - are of great importance in the formation of agricultural income, especially as the share of intermediate consumption in the value of final production is relatively high e.g. in Germany, the Netherlands, Belgium, the United Kingdom and Denmark).

In 1984, the volume of inputs showed little change on average as compared with 1983 (0.1 %). In other words, it can be stated that in 1984 3.6 % more on average was produced than in 1983 with virtually the same overall inputs, the productivity of these inputs at Community level having improved by 3.5 % in 1984.

In fact, the situation was by no means the same across all the production factors : overall quantities of animal feed declined in all the Member States, but those for fertilizers showed appreciable increases in some cases, especially in France, Denmark and the United Kingdom.

The prices of inputs increased by 6.1 % on average, a rate a good deal higher than the average increase in farmgate prices (3.5 %), but generally quite close to the inflation rate in the various Member States, as the table below shows :

**Table 5** Changes in value, volume and in prices of farmers' inputs and inflation rates (change (%) in 1984 over 1983)

Country	Value	Volume	Prices	Inflation rate (1)
Germany	+ 3.1	+ 0.1	+ 3.0	+ 1.9
France	+ 8.7	+ 0.9	+ 7.7	+ 7.0
Italy	+ 9.1	- 1.5	+ 10.8	+ 10.5
Netherlands	+ 3.0	0.0	+ 3.0	+ 3.1
Belgium	+ 6.3	- 0.3	+ 6.6	+ 5.4
Luxembourg	+ 0.5	- 5.2	+ 6.0	+ 5.9
United Kingdom	+ 3.0	- 0.6	+ 3.6	+ 3.7
Ireland	+ 6.1	+ 0.2	+ 5.9	+ 6.6
Denmark	+ 8.0	+ 1.5	+ 6.4	+ 5.7
Greece	+ 23.0	+ 3.5	+ 18.8	+ 18.1
EUR-10	+ 6.2	+ 0.1	+ 6.1	(+ 5.6) (2)

(1) GDP deflator.

(2) Figure not comparable with the Community average of purchasing prices.

The inputs the prices of which increased most were energy products, feed and fertilizers.

Comparison of changes in average farmgate prices with changes in average prices of inputs gives a cost/price ratio (Table 6).

**Table 6** Cost/price ratio in agriculture in 1984 (1983 = 100)

	D	F	I	NL	B	L	UK	IRL	DK	GR	EUR-10
Farmgate prices (a)	98.1	102.7	108.3	102.5	98.3	100.6	101.2	102.6	101.8	120.1	103.5
Input prices (b)	103.0	107.7	110.8	103.0	106.6	106.0	103.6	105.9	106.4	118.8	106.1
Cost/price ratio (a)/(b)	95.2	95.4	97.7	99.5	92.2	94.9	97.7	96.9	95.7	101.1	97.5

As the table shows, in 1984, except in Greece (+ 1.1 %), the cost/price ratio deteriorated in all the Member States, especially in Belgium (- 7.8 %), Luxembourg (- 5.1 %) and Germany (- 4.8 %) and France (- 4.6 %).

As for the increase in inputs in terms of value, in view of what we have seen so far, it is not surprising to note that it reflects very closely the change in the purchasing prices, the quantities used having shown little change in most of the Member States (Table 5).

### III. OTHER FACTORS ACCOUNTING FOR INCOME CHANGES IN 1984

The factors accounting for changes in incomes from farming, according to the various definitions of income referred to in the context of this brochure (1), and change rates for 1984 as compared with 1983, are given in Table 7. Changes in the value of final production and of inputs having already been examined, a brief account is given below of changes in other significant items in this table.

#### Subsidies

In 1984, national Community subsidies changed (both upwards and downwards) by relatively large margins : the average was + 35 % at Community level. Even higher increases were conceded in Germany (+ 146.4 %), partly because of the compensation, effected through the VAT scheme, for the reduction in support prices due to the dismantlement of the positive compensatory amounts authorized by the EEC Council of Ministers at the end of June 1984. Subsidies to agriculture also climbed in Ireland (+ 53.6 %), Italy (+ 44.5 %), but dipped sharply in the Netherlands ( - 250 %), Luxembourg (- 23.2 %) and the United Kingdom (- 7.5 %).

#### Output-related taxes

In line with the increase in subsidies to agriculture, taxes linked to production increased in 1984, often by substantial margins : this heading showed an increase of 35.1 % in Germany, 96.7 % in Ireland and 44.5 in Luxembourg.

#### Depreciation

In general, changes in depreciation reflect gross asset formation in agriculture and changes in the prices of capital goods. It is therefore not surprising to note a fairly close correlation between the rates of change in depreciation in 1984 and the rates of inflation in the various Member States.

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(1) Net value added at factor cost, and net income from farming of the farmer and his family. The definitions of these two indicators are given in an annex.



Table 7 : Factors affecting changes in agricultural incomes

(1984 over 1983)

			D	F	I	NL	B	L	UK	IRL	DK	GR	EUR-10
1	+	Final production	+ 1.6	+ 7.9	+ 6.1	+ 5.5	+ 2.8	+ 4.3	+ 7.2	+ 7.5	+ 17.5	+ 27.2	+ 7.2
2	-	Intermediate consumption	+ 3.1	+ 8.7	+ 9.1	+ 3.0	+ 6.3	+ 0.5	+ 3.0	+ 6.1	+ 8.0	+ 23.0	+ 6.2
3	=	Gross value added at market prices	- 0.3	+ 7.3	+ 4.8	+ 8.5	- 1.9	+ 6.9	+ 12.6	+ 8.8	+ 30.2	+ 28.5	+ 8.1
4	+	Subsidies	+146.4	+ 15.3	+ 44.5	-250.0	+ 3.4	- 23.2	- 7.5	+ 53.6	+ 7.0	+ 7.8	+ 35.0
5	-	Output-related taxes	+ 35.1	+ 13.6	+ 6.1	+ 3.0		+ 44.5	+ 16.6	+ 96.7	- 1.4	+ 15.6	
6	-	Depreciation	+ 3.5	+ 8.0	+ 14.2	+ 5.0	+ 5.0	+ 4.9	+ 2.4	+ 5.3	+ 4.4	+ 20.6	+ 7.4
7	=	Net value added at factor cost	+ 6.0	+ 7.1	+ 5.7	+ 8.5	- 2.5	+ 3.3	+ 13.3	+ 11.6	+ 39.5	+ 27.6	+ 7.7
8	-	Rent paid	+ 4.0	- 4.1	+ 6.8	+ 3.0	+ 1.5	+ 7.1		+ 4.8	+ 13.0		
9	-	Interest paid	+ 3.0	+ 17.0	+ 17.9	+ 1.5	+ 3.0	+ 7.9		n.d.	- 3.0		
10	=	Net income from farming of all persons working in agriculture	+ 7.1	+ 6.2	+ 4.3	+ 10.0	- 3.5	+ 2.6	+ 12.4		+ 137		+ 6.8 (1)
11	-	Wages paid	+ 2.0	+ 5.1	+ 7.6	-	+ 3.5	-		+ 6.6	+ 6.5		
12	=	Net income from farming of the farmer and his family	+ 8.7	+ 6.6	+ 1.0	+ 12.0	- 4.0	+ 2.6	+ 21.6		+ 327		+ 8.3 (1)
13	:	Agricultural labour : - total	- 1.6	- 1.9	- 3.3	- 0.7	- 1.0	- 2.0	- 0.8	- 2.5	- 2.6	- 3.2	- 2.2
14	:	- unpaid	- 1.0	- 1.9	- 3.1	- 1.0	- 1.0	- 2.0	+ 9.0	- 2.5	- 2.6		
15	:	Inflation rate	+ 1.9	+ 7.0	+ 10.5	+ 3.1	+ 5.4	+ 5.9	+ 3.7	+ 6.6	+ 5.7	+ 18.1	+ 5.6
16	Indica-	Net value added at factor cost per person employed (real) ((7) : (13) : (15))	+ 5.7	+ 2.1	- 1.1	+ 6.0	- 6.5	- 0.5	+ 10.1	+ 7.4	+ 35.5	+ 11.6	+ 4.3
17	Indica-	Net income from farming of the farmer and his family, real (12) : (14) : (15)	+ 7.8	+ 1.6	- 5.7	+ 9.7	- 8.0	- 1.1	+ 16.2		+ 314.8		+ 4.3 (1)

(1) Not including Ireland or Greece : Figure not available.

### Rents paid

The rents paid increased in 1984 in almost all the Member States for which estimates are available, except France, where there was a reduction of 4.1 %.

### Interest paid

Interest paid increased at a relatively high rate, especially in France (17.0 %) and Italy (17.9 %). On the other hand, this cost item declined in Denmark (by 3 %), after increasing sharply in recent years.

### Agricultural labour

Changes from year to year in agricultural labour affect considerably changes in the individual incomes of those in farming. Because of the fairly steady decline in labour used in agriculture, changes in income per person employed generally outstrip changes in overall income, the latter being spread over a smaller number of work units. In the context of this brochure, given the income indicators used, two different aggregates for agricultural labour must be referred to :

- Total labour : this represents the work units (of the farmer, his family and op paid workers) actually used for income formation, and proportionately to the time allocated to farming. As Table 7 shows, according to Member States' estimates, total labour contracted by 2.2 % on average in the Community, the rates of change for the various Member States ranging from - 3.3 % for Italy to - 0.7 % for the Netherlands. This shows that the drift from the land has been faster in those Member States in which agricultural employment is a greater proportion of total employment.
- Unpaid labour : this represents essentially the work carried out by the farmer and his family, thus not including paid workers. The estimates in Table 7 with regard to employment, and particularly "unpaid" employment, are extremely tentative, as the statistics for a proper assessment of the volume of labour actually used in faming are not always very reliable.

### Inflation rates

Changes in agricultural incomes being expressed in real terms, Table 7 shows inflation rates for the general economy (GPD deflator) in 1984 in the various Member States. Commission estimates, in line with the estimates of the national agencies, put inflation rates in 1984 at 1.9 % in Germany to 18.1 % in Greece.

Agricultural income in 1984

Table 7 shows, as a percentage of 1983, not only the changes in the various factors influencing agricultural income changes but also the combined effect of these different factors in terms of change in agricultural income between 1983 and 1984, according to income indicators (1) :

Indicator A : Net value added at factor cost per person employed, in real terms

Indicator B : Net income from farming of the farmer and his family, per person employed, in real terms

As Table 7 shows, the Community average change in agricultural income in 1984 is exactly the same for the two income indicators : + 4.3 %, in real terms. However, for indicator A this average concerns all the Member States, but indicator B does not cover Ireland or Greece, which were unable to provide the estimates for certain heading necessary for the establishments of the indicators. Also, although the Community average is the same, the changes in each Member State are in most cases different :

1984 compared with 1983 (%)

	Indicator A	Indicator B
Germany	+ 5.7	+ 7.8
France	+ 2.1	+ 1.6
Italy	- 1.1	- 5.7
Netherlands	+ 6.0	+ 9.7
Belgium	- 6.5	- 8.0
Luxembourg	- 0.5	- 1.1
United Kingdom	+ 10.1	+ 16.2
Ireland	+ 7.4	n.a.
Denmark	+ 35.5	+ 314.8
Greece	+ 16.6	n.a.
EUR-10	+ 4.3	+ 4.3 (1)

(1) EUR-8

These rates must, however, be seen in a context of several years; for this reason, agricultural incomes since 1973 are described below.

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(1) See "Preliminary Remarks" and "Annex on Methods".

IV. INCOMES FROM 1973 TO 1984

Table 8 shows for each Member State and for the Community as a whole changes in net value added at factor cost per person employed in real terms (indicator A) since 1973, by 3-year period.

Table 8 Real net value added per person employed since 1973. - "1980" (1) = 100

	D	F	I	NL	B	L	UK	IRL	DK	GR	EUR-10
1973-75	117	121	92	104	104	101	121	107	98	83	106
1976-78	124	109	96	107	103	98	114	128	97	90	106
1979-81	100	100	100	100	100	100	100	100	100	100	100
1982-84	103	108	97	120	121	127	110	111	129	113	106
1983	93	105	98	119	125	120	104	110	109	105	103
1984	98	108	97	126	117	120	115	118	148	117	107

(1) "1980" = Average of 1979-1980-1981

Except in Italy, where farm incomes fell, and in Germany, where there was only a slight improvement, the above table shows that in 1982-84 there was an appreciable improvement, in real terms, as compared with the preceding three-year period, in all the Member States.

However, in the longer term, i.e. in the 1973-75 period to the 1982-84 period, average agricultural incomes lost ground in real terms - in Germany by 12 %, in France by 11 %, and in the United Kingdom by 9 %, but increased in the other Member States, especially Greece (by 36.1 %), Luxembourg (by 25.7 %), Belgium (by 16.3 %) and the Netherlands (by 15.4 %), the Community average having remained unchanged.

Chart 1 gives a clearer picture of annual changes in agricultural incomes in the various Member States since 1974 and allows of a comparison with income trends for the general economy. The chart shows that in most of the Member States agricultural incomes have declined appreciably in real terms, especially during the 1979-1980 period, and, essentially for reasons connected with the weather, in 1983. However, in certain Member States, particularly in Germany, the Netherlands and the United Kingdom, the reduction in incomes began in 1976 and continued until 1980.

Chart 2 shows changes in the 1974-84 period in the two main variables influencing net value added of agriculture : final production in volume and the cost/price ratio. This chart shows that the deterioration in the cost/price ratio was a crucial factor in the decline in incomes, especially in 1979 and in 1980. Fluctuations in the volume of production (upwards or downwards) were, on the other hand, the main factor in the improvement or deterioration of incomes in 1976, 1982, 1983 and 1984.

**Table 9** Real net agricultural income for the farmer and his family, per person employed, since 1973  
"1980" (1) = 100

	D	F	I	NL	B	L	UK	IRL	DK	GR	EUR-10
1973-75	139	137	116	n.a.	109	105	182	n.a.	814	n.a.	133
1976-78	147	116	106	n.a.	71	98	158	n.a.	560	n.a.	122
1979-81	100	100	100	n.a.	100	100	100	n.a.	100	n.a.	100
1982-84	99	108	84	n.a.	116	132	118	n.a.	559	n.a.	101
1983	82	104	85	n.a.	122	124	104	n.a.	223	n.a.	95
1984	89	106	81	n.a.	112	123	120	n.a.	923	n.a.	99

(1) (1) "1980" = average 1979-1980-1981  
n.a. = not available

Table 9 shows changes in real terms in the net agricultural incomes of the farmer and his family (after deduction of wages, rents and interest paid) according to the same three-year period since 1973 for the Member States for which data are available.

The table shows that except for Germany and Italy, the income of the farmer and his family was a good deal higher on average in these last three years in real terms than in the previous three-year period, the most substantial improvements being in Denmark (459 %), Luxembourg (32 %), United Kingdom (18 %) and Belgium (16 %). However, when compared with the excellent results during the 1973-75 period, there was a major deterioration in real agricultural incomes in five Member States out of seven, while the other two showed improvements.

To achieve a better understanding of the reasons for this very unfavourable movement in this income indicator in the last ten years, as compared with net value added at factor cost, trends in this period in the factors accounting for net incomes of the farmer and his family (net value added, wages, rents and interest paid) must be examined.

**Table 10** Changes in nominal terms in net value added at factor cost, wages, rents, interest paid and in the net agricultural income of the farmer and his family

Indices 1982-84  
(Base 1973-74-75 = 100)

	D	F	I	NL	B	L	UK	IRL	DK	GR
Net value added	98.0	187.4	346.8	173.3	149.0	179.8	369.6	268.9	235.1	489.9
at factor cost,										
overall										
Wages	140.4	256.1	500.1	n.a.	160.0	95.4	313.8	n.a.	n.a.	n.a.
Interests	161.5	352.1	1107.0	n.a.	356.0	231.0	465.6	n.a.	412.	n.a.
Rents	181.7	151.1	429.0	n.a.	116.1	183.1	505.1	n.a.	388.5	n.a.
Net agricultural										
income of the	78.3	164.7	264.2	n.a.	138.4	180.7	189.4	n.a.	1230.9	n.a.
farmer and his										
family, overall										

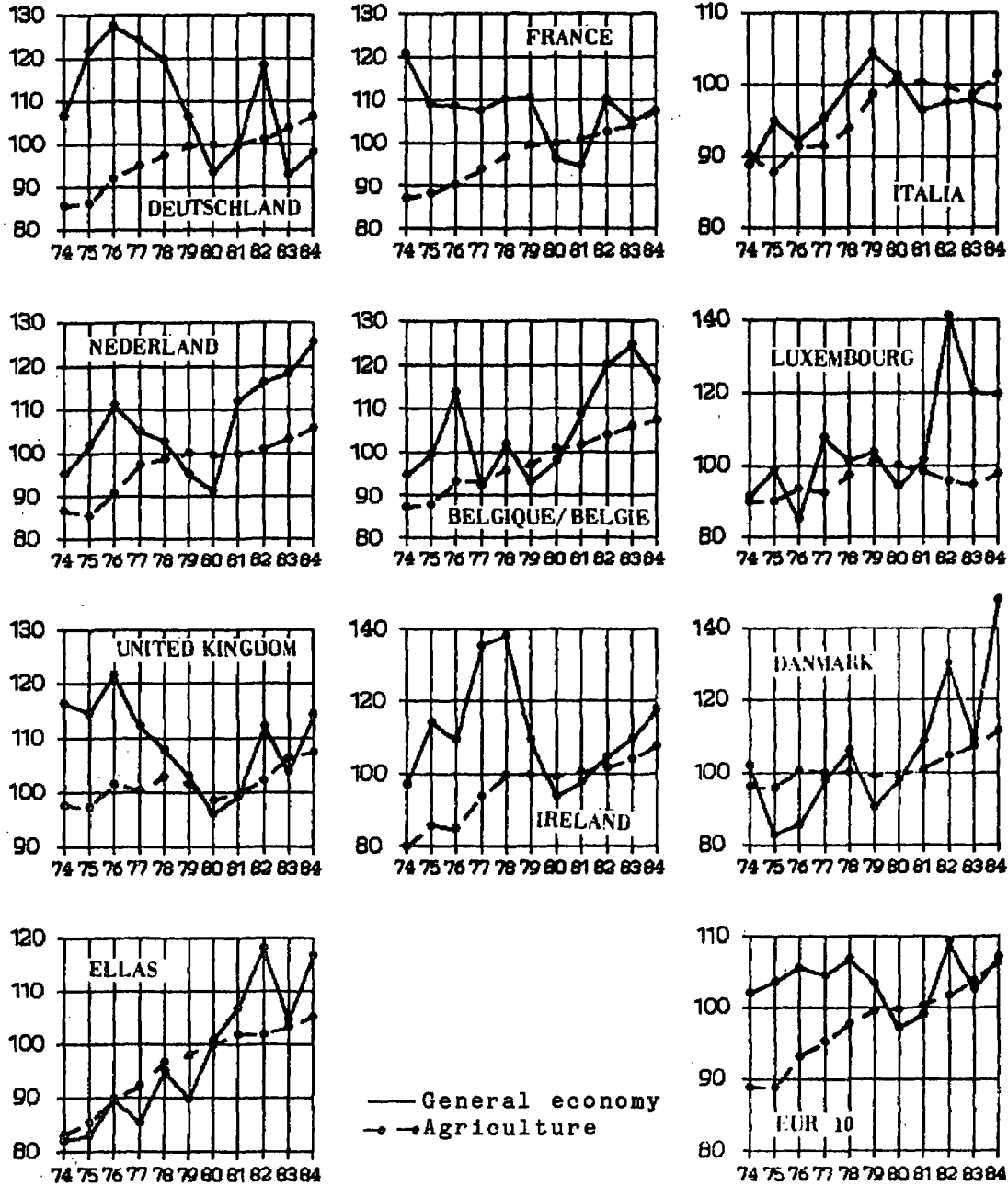
(1) 1982-83 index (Base : 1973-74 = 100)

As this Table shows, in most of the Member States except in Denmark and Luxembourg the net agricultural income of the farmer and his family increased overall less rapidly in the 1973-75 to 1982-84 period than net value added at factor cost. In Germany, both net value added and net agricultural income of the farmer and his family declined in nominal terms, the latter more than the former.

This is accounted for by the fact, as show in the table, that wages, interest and rents paid generally increased faster than net value added at factor cost. This was the case, in particular, for interest paid, which increased in nominal terms by 3.5 times in France and Belgium, more than 4 times in the United Kingdom and in Denmark and 11 times in Italy. Also, wages paid increased in nominal terms by 250 % in France, 300 % in the United Kingdom and 500 % in Italy. Rents paid also showed substantial increases in most of the Member States, especially Germany, Denmark, Italy and the United Kingdom. This explains why the net agricultural income of the farmer and his family - after deduction of wages, interest and rents paid - generally improved less rapidly than net value added at factor cost. In addition, if it is borne in mind that unpaid agricultural work (particularly that of the farmer and his family) probably contracted at practically the same rate as total agricultural employment, it is not surprising to observe that indicator B (net agricultural income of the farmer and his family per work unit) generally lags behind indicator A (net value added at factor cost per work unit).

CHART 1 :

REAL INCOMES IN THE GENERAL ECONOMY AND IN AGRICULTURE  
(Average 1973 - 1974 - 1975 = 100)

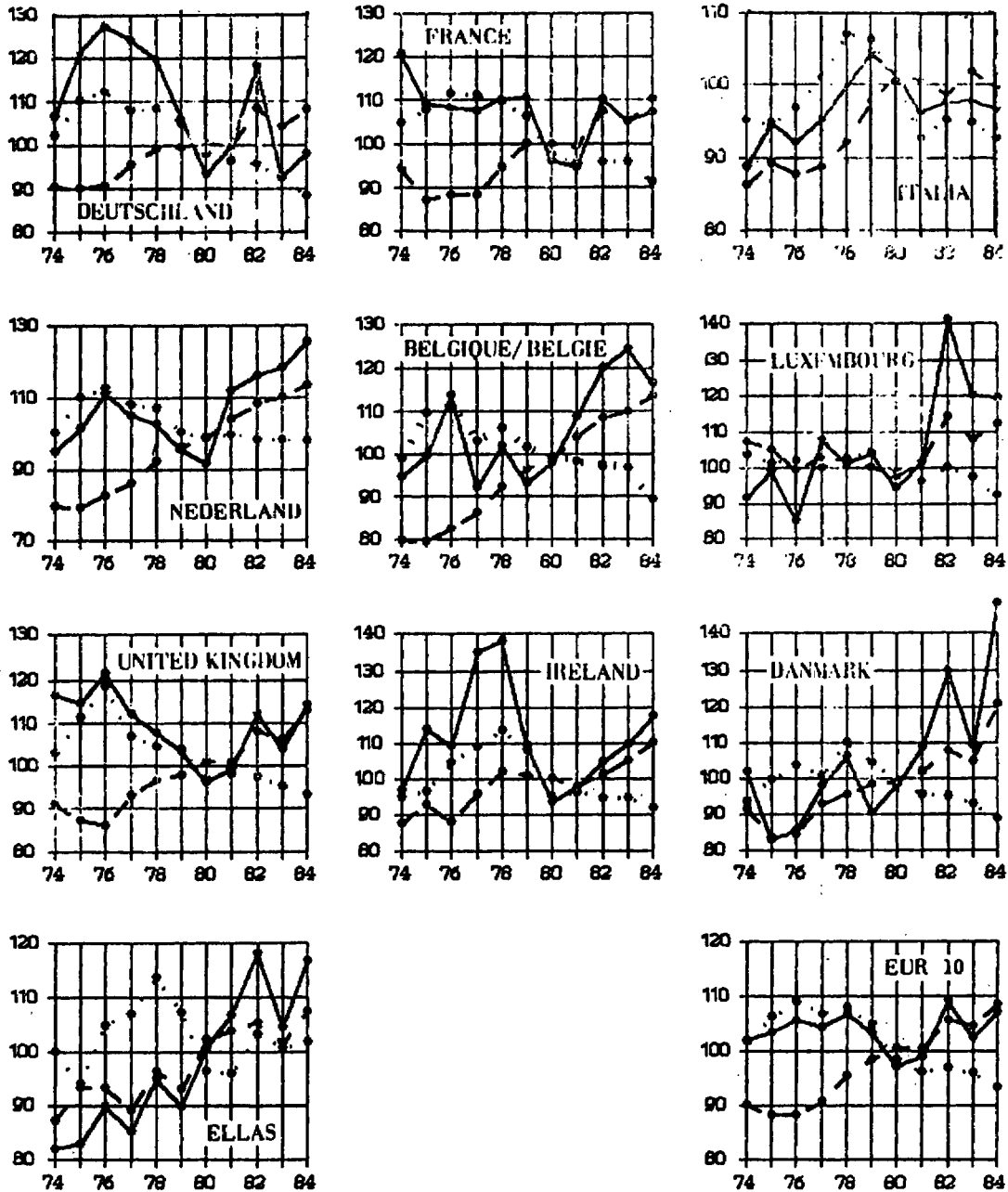


AGRICULTURE = net value added at factor cost per work unit  
GENERAL ECONOMY = net domestic product at factor cost per person in employment, in real terms.



CHART 2

CERTAIN FACTORS DETERMINING AGRICULTURAL INCOME  
 (Average 1979 - 1980 - 1981 = 100)



—●— Net value added of agriculture per work unit (in real terms)  
 -■- Final production of agriculture, in volume  
 .....◇..... Cost/price ratio in agriculture.

PART II

AGRICULTURAL INCOMES BY TYPE OF FARMING

V. AGRICULTURAL INCOMES IN 1984

V.1 At Community level

The first part of this document has shown that agricultural incomes - expressed in terms of net value added at factor cost per person employed - increased by 4.3 % in 1984 in real terms. Part II looked more closely, on the basis of the latest updated figures from the Community's Farm Accountancy Data Network (FADN), at changes in income according to the various types of "commercial" holding (\*). In this connection, it must be remembered that, by definition, the FADN's field of survey does not cover all holdings, so that some figures for all holdings represented in the FADN may show discrepancies as against the figures obtained at macro-economic level. This is also partly a matter of the methods used, which are explained in the Annex. The estimates for the Community as a whole are summarized in the table.

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(\* ) See annex on methods.

**Table 11** Changes in agricultural income (2) per person employed (2) in 1984 and in 1983 for the maintypes of farming (in real terms) - (EUR-10)

: Type of farming (3)	: Annual change (%)	
	: 1984 over 1983	: 1983 over 1982
: I. Specialized farms		
: Crop products		
: Cereals	: + 23	: - 7
: General crops	: + 15	: - 7
: Horticulture	: + 4	: + 20
: Wine-growing	: - 16	: - 22
: Fruit and permanent crops (4)	: - 11	: + 10
: Livestock production		
: Cattle - dayrving	: - 4	: - 3
: Cattle - beef/veal	: + 1	: + 2
: Pigmeat	: + 27	: - 28
: II. Non-specialized farms		
: Mixed cropping	: + 2	: - 7
: Mixed cropping - Livestock	: + 5	: - 6
: All holdings		
	: + 3	: - 6

- (1) Agricultural income = farm net value added.
- (2) Person employed = annual work unit.
- (3) Selection of the maintypes of farming accounting for about 80 % of all holdings covered by the FADN.
- (4) Including olives and other permanent crops.

**Source :** FADN, results weighted on the basis of the 1975 Structure Survey.

As Table 11 shows, the increase in incomes in the specialized cereals farms was relatively sharp in 1984 (23 % in real terms), following the decline in the previous year (by 7 %). The increase was mainly due to the expansion in the volume of cereals production in 1984 over 1983 (by 28 %), farmgate prices having declined on average by 4 %.

Another sector in which incomes recovered after losses in 1983, partly thanks to better weather, was that of the farms specializing in general crops (including roots and brassicas, industrial plants and fresh open-field vegetables) : the improvement was 15 % in 1984, after a reduction of 7 % in 1983.

Incomes improved in real terms for the second year in succession for specialized horticulture, although not as fast as in 1983 (4 %, compared with 20 % the previous year).

The incomes of specialized fruit holdings, however, fell by 11 % in 1984.

Wine-growers suffered a second difficult year, incomes per person employed having declined by 22 % in 1983 and by 16 % in 1984. This was mainly because of the contraction in the volume of production (by about 8 % in 1984) and the increase in production costs, the prices actually received by the wine growers having increased by an average of 4 %.

As for livestock production, the first point to note is a further decline in the incomes of specialized dairying farms (by 4 % in real terms in 1984, after a 3 % decline in 1983. As already noted in Part I of this document, this was mainly due to the introduction on 1 April 1984 of a milk quota scheme (which entailed a 2 % reduction in the volume of production) and the reduction in real terms in farmgate prices (by about 3 %). Cuts in the use of concentrated feed enabled farmers to bring the decline to a halt.

As for specialized beef/veal farmers, on average the decline in farmgate prices in 1984 was offset by the increase in volume, and incomes improved by only about 1 % in real terms.

The incomes of specialized pig farmers staged a strong recovery in 1984 (by 27 %) after declining in 1983 (by 28 %).

As for non-specialized holdings (representing more than 20 % of the total), in general their incomes increased in 1984 after the decline in 1983.

Table 12 - Agricultural incomes (2) per work unit in 1984 by main type of farming

(Change % compared with 1983, in real terms)

: Type of farming		: % of total	:	:	:	:	:	:	:	:	:	:	:	:	:	:
: commercial		:	D	F	I	NL	B	L	UK	IRL	DK	H	EUR-10	:	:	:
: holdings		:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
:		(2)	:	:	:	:	:	:	:	:	:	:	:	:	:	:
:	: Cereals	( 7 )	> 30	13	26	:	:	:	29	32	37	25	23	:	:	:
:	: General crops	(11)	18	13	7	< -30	- 1	:	34	:	23	9	15	:	:	:
:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
:	: Horticulture	( 2 )	8	1	- 3	8	4	:	27	:	- 4	:	4	:	:	:
:Specialised	: Wine-growing	( 8 )	< -30	- 4	- 21	:	:	< -30	:	:	:	10	- 16	:	:	:
:	: Fruits (3)	(11)	:	- 2	- 22	- 1	1	:	12	:	- 6	22	- 11	:	:	:
:holdings	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
:	: Milk	(14)	- 8	0	- 1	1	- 10	11	- 15	2	- 13	:	- 4	:	:	:
:	: Beef/veal	( 4 )	13	4	1	:	- 7	- 10	- 7	3	:	- 8	1	:	:	:
:	: Pigeat	( 1 )	> 30	1	2	37	4	:	> 30	:	> 30	:	27	:	:	:
:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
:Mixed	: Mixed cropping	(11)	16	- 1	- 7	:	- 1	:	24	:	22	15	2	:	:	:
:holdings	: Crops-livestock	(16)	16	7	5	- 17	- 5	:	7	9	1	6	5	:	:	:
:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
:	: All type of	:	:	:	:	:	:	:	:	:	:	:	:	:	:	:
:	: farming	(100)	8	2	- 6	5	- 4	8	13	3	11	12	3	:	:	:

Source : FADN estimates (weighting based on the 1975 Structures Survey)

< -30 = income reduction of less than 30 %.

: indicates either that these are few or more of this type of holding in a Member State and therefore that information is sufficient to allow of estimates.

(1) Agricultural incomes = farm net value added

(2) Results of 1975 Structure Survey

(3) Including olives and other permanent crops

## V.2. Analysis by Member State

Table 12 shows changes in agricultural incomes in the various Member States, always in real terms, according to the various types of production. For a number of reasons, as already indicated, the results for all commercial holdings represented in the FADN show discrepancies as against the macro-economic data given in Part I of the report. Nonetheless, this table does confirm the main conclusions drawn at macro-economic level and thus allows a more detailed treatment : it shows that in only two Member States (Italy and Belgium) was there a decline in income in real terms in 1984, and that in all the others there was an improvement, sometimes a large improvement, after the steep decline in 1983.

However, the main value of the table lies in the breakdown in the rates of change in incomes by Member state and by type of farming :

- As has already been noted at Community level, 1984 was a year of quite substantial growth in incomes, even in real terms, for cereals, in all the Member States. Even if a large part of this increase served to offset the losses in 1983, it is still true that in general the income improvement remained ample in 1984, particularly in Denmark (37 %), Ireland (32 %), and the United Kingdom (29 %). The same is true for general crops, for which incomes show definite improvements in all the Member States after the decline in 1983, except in the Netherlands, where the decline exceeded 30 %, because of the sharp reduction in potato prices and the small size of this crop in this particular Member State.
- Holdings specializing in horticulture enjoyed income increases for the second year running in all the Member States except Italy and Denmark.
- Almost all the wine-growing Member States except Greece suffered income deteriorations for the specialized wine-growing holdings. The downward movement was particularly sharp in Italy (21 %) and for the second year running, in Germany and Luxembourg.
- With regard to fruit holdings (including olive holdings), income improved in the United Kingdom and in Greece, but moved downwards in Italy.



- the incomes enjoyed by specialized dairy farmers declined in most of the Member States : the decline was sharpest in Belgium, the United Kingdom, Denmark and Germany. But there was a modest improvement in Ireland and the Netherlands.
- on the holdings specializing in beef/veal, the situation developed along fairly favourable lines in Germany, France and Ireland (but it must not be forgotten that in 1983 some of these Member States had experienced major income losses in this area). On the other hand, incomes fell in other Member States (notably Belgium and the United Kingdom).
- after the sharp decline in incomes in 1983 in specialized pig farms, there was a definite improvement in 1984 in most of the Member States. However, in France and in Italy, the income improvement in 1984 was not enough to offset the reduction in 1983.

## VI. AGRICULTURAL INCOMES IN THE 1978-1984 PERIOD

As Table 13 and Chart 3 show, most of the main types of farming chosen suffered, between the 1978/79 marketing year and the 1980/81 marketing year, a relatively sharp reduction in real incomes, both on the crop side and on the livestock side. However, 1981/82 saw a recovery, owing to the relative improvement in revenues from livestock farming. This continued during 1982/83, a season during which incomes from crop products also rose appreciably, thanks to the excellent weather. Following a further reduction in 1983/84, especially for crop products, due to poor weather, incomes from the main types of farming (except wine-growing, forestry and dairy farming) staged a further recovery in 1984/85. Table 13 and Chart 3 show not only changes in incomes over time according to the various types of farming but also relate income levels in each type of farming to the others and to all holdings.

For example, it will be seen that despite quite remarkable fluctuations in income from specialized pig farms, average incomes per work unit in this sector are well above the average throughout the period. The same is true for holdings specializing in cereals, the incomes of which, per work unit, increased in real terms by more than 40 % between 1981/82 and 1984/85, after a reduction of about 20 % between 1978/1979 and 1981/82.

In 1978/79 and 1979/80, the average income accruing from specialized wine growing exceeded the average, but in the two following marketing years incomes deteriorated, to below the average for all holdings.

Specialized dairy farms, though remaining above the average, suffered appreciable income losses in real terms between 1978/79 and 1980/81; incomes recovered in 1981/82 and in 1982/83, but again deteriorated in 1983/84 and 1984/85. Despite this loss, average incomes from dairy farming were still running in 1984/85, in real terms, above the 1979/80 level.

On the other hand, incomes from beef/veal farms remained consistently below the average.

As for non-specialized holdings, the best performances in relative terms were achieved by mixed cropping-livestock holdings, the incomes of which were generally above the average for all holdings. Mixed cropping, on the other hand, generally yielded incomes not only lower than the average but also lower than all other types of farming.

Table 13 - Agricultural income (1) per work unit during the 1978/79 - 1981-82 period  
for the main types of farming (in real terms)

Type of farming	% of total	EUR 9								EUR 10			
		Average, all types of farming								Average, all types of farming			
	holdings	1981/82 = 100								1981/82 = 100			
	(2)	1978/79:	1979/80:	1980/81:	1981/82:	1982/83:	1983/84:	1984/85:	1981/82:	1982/83:	1983/84:	1984/85:	
Cereals	( 4 )	179	154	154	142	166	155	190	141	175	163	200	
General crops	(15)	151	134	133	131	127	119	141	104	100	93	107	
Specialised													
Horticulture	( 2 )	:	:	:	136	128	153	167	140	128	153	167	
Wine-growing	( 5 )	142	131	99	89	109	85	77	104	126	99	90	
Fruits and per-	:	:	:	:	:	:	:	:	:	:	:	:	
manent crops (3)	(11)	101	95	93	87	73	82	70	80	74	81	72	
holdings													
Cattle-dairying	(16)	148	118	109	117	130	127	122	119	133	130	124	
Cattle-beef:veal	( 4 )	114	71	79	98	87	89	90	100	88	90	91	
Pigmeat	( 1 )	174	204	151	233	239	171	213	239	226	161	201	
Mixed													
Mixed cropping	(11)	89	78	72	67	75	70	70	65	72	67	69	
Mixed cropping-	:	:	:	:	:	:	:	:	:	:	:	:	
livestock	(12)	110	100	94	94	108	102	107	94	107	101	106	
All holdings	(100)	119	105	97	100	107	101	103	100	106	100	103	

Source : FADN results 1978/79-1982/83; FADN estimates 1983/84 and 1984/85

- (1) Agricultural income = farm net value added  
(2) On the basis of the 1975 Structure Survey  
(3) Including olives and other permanent crops.

**Chart 3 AGRICULTURAL INCOME (1) PER PERSON (2) FOR THE MAIN TYPES OF FARMING, 1978/79-1984/85 in real terms**  
 (Base 100 = EUR 9, 1981/82 average income for all holdings)

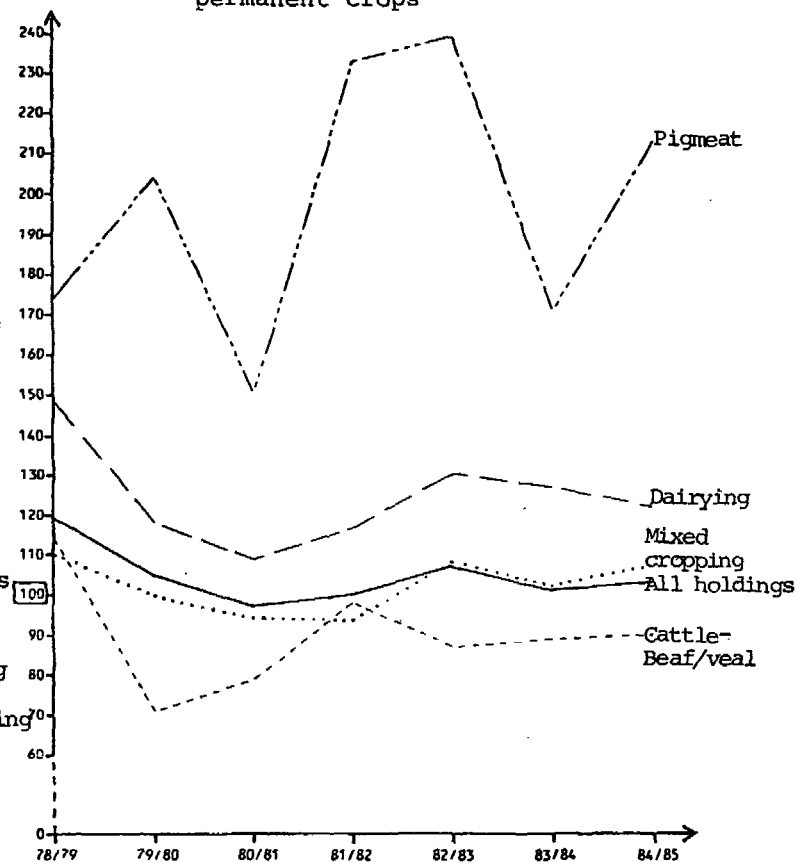
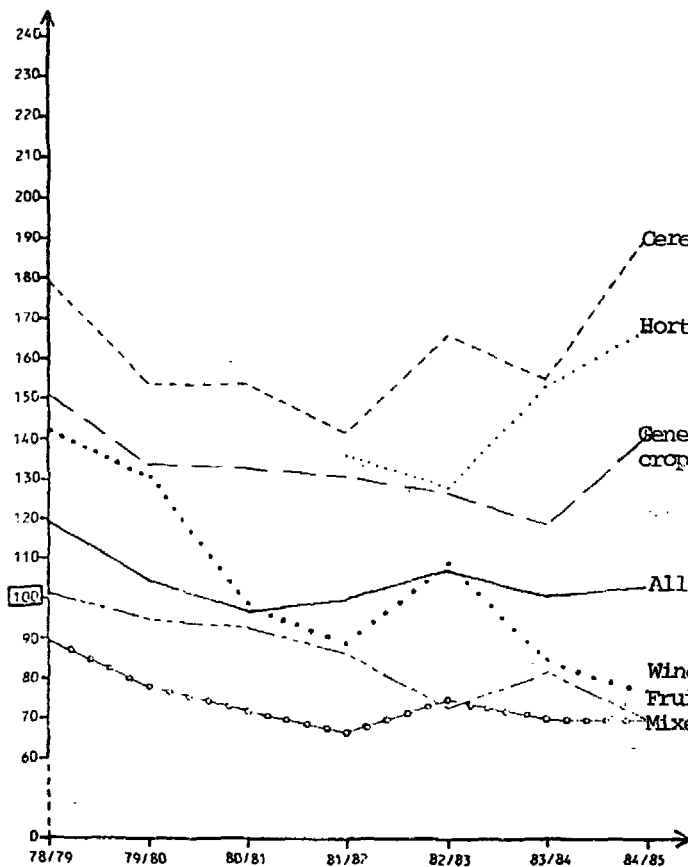
Source : -FADN results for 1978/79 - 1982-83 (weighted on the basis of the 1975 Structure Survey)  
 -FADN estimates for 1983/84 - 1984/85

EUR 9

(1) Farm net value added

(2) Annual work unit

(3) Including olives and other permanent crops



## VII. THE DISTRIBUTION OF AGRICULTURAL INCOMES OVER COMMERCIAL HOLDINGS

The expression "distribution" in this context refers to the total number of persons working in agriculture broken down by different income classes.

Table 13 and Chart 4 show the distribution of the agricultural incomes of persons working in "commercial" holdings (1) covered by the FADN field of survey. Although absolute incomes vary widely from one year to the next, only 1982/83 is referred to in this context, this being the last period for which sufficient data are available. Income distribution in the various Member States and over the various income classes is, however, a relatively stable phenomenon. The most striking feature in Chart 4 is that of the fairly sharp differences in the structure of incomes as between the Member States in the north of the Community and those in the south. For example, in Greece, more than 60 % and in Italy nearly half the persons working on "commercial" holdings received in 1982/83 an average income of less than 4 000 ECU. On the other hand, in the Netherlands, in Belgium, in Denmark and in the United Kingdom, farms yielding an income of less than 4000 ECU ranged from 3 % to 11 % at most of the total. Conversely, at the other extreme it is found that farmers enjoying incomes exceeding 12 000 ECU per year accounted for 71 % of the total in the Netherlands, 63 % of the total in Belgium, 67 % of the total in Denmark and 54 % of the total in the United Kingdom, comparing with about 8 % in Italy and a bare 1 % in Greece.

In Germany, France, Luxembourg and Ireland, incomes are largely concentrated in the 4 000 - 12 000 ECU class, which accounts for at least 40 % of the persons working in agriculture in these Member States.

It must be borne in mind, however, that comparisons between Member States are liable to be quite misleading, since an income of 4 000 to 12 000 ECU has neither the same economic significance nor the same purchasing power for example in Greece as in the Netherlands. Also, the definition of income referred to in this context is the farm net value added, i.e. income before deduction of rents, interest and wages paid. This means that the income the farmer and his family dispose of after deduction of these items is not only less than the farm net value added but may also vary appreciably depending on the relative scale of costs, i.e. on the extent to which these factors are used in the various types of farming and forms of management.

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(1) See Annex on methods.

**Table 14** Distribution of agricultural incomes (1) in "commercial" holdings as a percentage of the total number of work units in each income class (1982/83 accounting year)

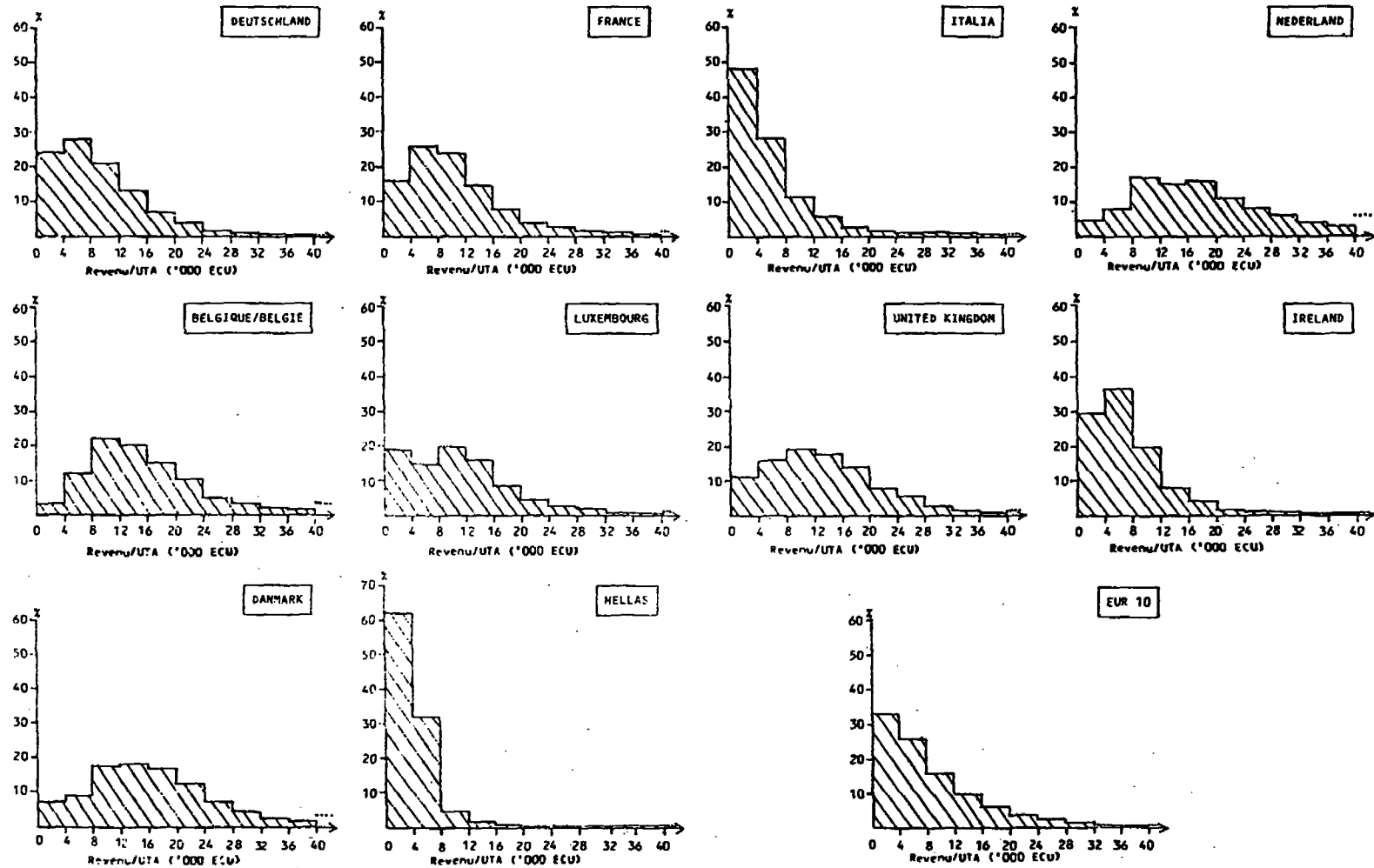
Agricultural income (ECU) (1)	D	F	I	NL	B	L	UK	IRL	DK	GR	EUR-10
< 4.000	24	16	48	4	3	19	11	29	7	62	33
4.000 - 8.000	28	26	28	8	12	15	16	36	9	32	26
8.000 - 12.000	21	24	12	17	22	30	19	19	17	5	16
12.000 - 20.000	20	22	8	32	36	24	32	12	35	1	16
20.000 - 28.000	5	7	3	19	16	8	14	3	20	-	6
> 28.000	2	5	1	20	11	4	8	1	12	-	3

(1) Agricultural income : farm net value added per annual work unit

Source : FADN, 1982/83 results, weighted on the basis of the 1975 Structure Survey.

**Chart 4** Distribution of agricultural incomes (1) in commercial holdings  
 % of the total number of work units in each income class

(1) Farm net value added per annual work unit. Source : FADN, 1982/83 accounting results, weighted on the basis of the 1975 Structure Survey



**STATISTICAL ANNEX**



Table 15 - Indices of net value added at factor cost per unit of manpower employed, real

"1980" (1) = 100

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1984 — 1983
D	123.2	106.7	121.7	127.7	124.4	120.0	106.6	93.8	100.0	118.5	93.5	98.3	+ 5.7
F	132.0	120.7	109.1	108.6	107.7	110.3	110.7	96.5	94.8	110.4	105.3	107.5	+ 2.1
I	91.9	88.9	95.1	92.4	95.4	100.0	104.5	101.4	96.4	97.6	97.9	96.8	- 1.1
NL	113.7	95.4	101.9	111.3	105.4	103.0	95.6	91.7	112.1	116.4	118.5	125.6	+ 6.0
B	118.8	95.0	99.6	114.0	92.6	102.1	93.3	98.3	108.8	120.2	124.7	116.6	- 6.5
L	110.5	91.7	99.3	85.3	108.3	101.4	103.9	94.8	101.9	141.4	120.2	119.6	- 0.5
UK	130.4	116.5	114.7	121.7	112.4	108.1	103.4	96.3	99.3	112.4	104.0	114.5	+ 10.1
IRL	108.7	97.3	114.2	109.7	135.4	138.4	109.5	94.0	98.0	105.0	109.9	118.0	+ 7.4
DK	109.5	102.2	83.1	85.9	98.3	106.6	90.8	98.5	109.0	130.5	109.4	148.2	+ 35.5
GR	84.7	82.2	83.1	89.9	85.4	95.2	90.0	101.0	107.0	118.4	104.7	116.8	+ 11.6
EUR 10	112.0	102.1	103.7	105.7	104.6	106.9	103.6	97.4	99.1	109.4	102.7	107.1	+ 4.3

(1) "1980" = (1979 + 1980 + 1981) / 3.

Table 16 - Net income from farming of the farmer and his family, real

"1980" (1) = 100

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1984 %— 1983
D	148.0	121.9	146.7	154.7	147.2	138.8	114.7	90.0	96.2	125.0	82.4	88.8	+ 7.8
F	159.1	134.9	117.6	117.2	114.9	116.3	116.5	94.3	91.9	114.3	104.0	105.7	+ 1.6
I	122.8	110.1	113.9	105.1	104.2	108.7	113.3	103.2	88.3	86.2	85.4	80.5	- 5.7
NL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	+ 7.5
B	125.7	98.1	102.2	119.8	91.9	100.0	107.2	90.8	102.4	116.1	121.5	111.8	- 8.0
L	117.8	95.1	101.4	81.9	108.7	102.4	105.6	93.5	101.6	150.0	124.0	122.6	- 1.1
UK	218.1	163.5	162.9	177.8	157.3	138.1	111.4	87.6	102.8	129.5	103.5	120.3	+ 16.2
IRL	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
DK	1047.3	874.9	518.3	487.7	601.0	592.3	130.1	24.0	144.2	533.0	222.5	922.9	+ 314.8
GR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EUR 7 (2)	149.0	125.8	124.7	125.1	120.2	119.7	113.3	94.4	92.3	109.2	94.5	98.6	+ 4.3

(1) "1980" = (1979 + 1980 + 1981) / 3.

(2) Not including the Netherlands, Ireland or Greece.

Table 17 - Final production of agriculture (volume)

("1980" = 100)

	D	F	I	NL	B	L	UK	IRL	DK	GR	EUR 10
1973	90.4	95.4	85.0	76.0	101.6	105.4	92.5	85.0	83.7	85.5	89.5
1974	90.8	94.4	86.4	80.0	103.4	107.6	91.3	87.8	91.9	87.3	90.3
1975	90.4	87.4	89.5	79.7	95.5	105.5	87.5	93.3	83.8	93.5	88.3
1976	91.0	88.5	87.8	82.7	94.1	99.8	86.4	88.1	84.8	93.5	88.4
1977	95.9	88.5	89.0	86.6	96.2	102.9	93.0	96.1	93.1	89.2	91.0
1978	99.3	94.8	92.3	92.5	99.2	102.2	97.0	102.1	95.6	96.7	95.6
1979	99.5	100.2	97.9	96.6	99.5	100.4	98.0	101.0	98.7	93.4	98.7
1980	100.4	100.3	101.3	99.1	99.4	97.5	101.1	100.5	99.2	102.5	100.6
1981	100.1	99.5	100.8	104.2	101.1	102.2	100.9	98.4	102.4	104.1	100.8
1982	108.7	107.7	98.6	108.7	103.7	114.7	108.2	101.5	108.0	105.5	105.8
1983	104.5	105.2	101.9	110.2	102.7	108.4	106.6	105.4	104.9	101.7	104.7
1984	108.3	110.5	99.9	113.5	107.4	112.4	112.9	110.5	121.1	107.7	108.5

(1) "1980" = average 1979 - 1980 - 1981.

Table 18 - THE "COST-PRICE SQUEEZE" (1) (Changes in the cost/farmgate price ratio)

"1980" (2) = 100

	D	F	I	NL	B	L	UK	IRL*	DK	GR	EUR 10
1973	111.9	124.5	107.3	113.3	110.9	118.2	117.0	125.3	111.6	108.4	115.4
1974	102.4	105.0	95.3	100.8	99.2	103.9	103.3	95.5	94.1	102.2	101.8
1975	110.3	108.0	94.7	110.3	109.7	101.6	111.7	96.8	100.1	94.2	106.5
1976	112.4	111.7	97.0	113.0	111.4	102.3	118.6	105.1	104.0	104.9	109.1
1977	108.3	111.4	101.0	108.2	103.1	100.3	107.1	109.4	101.0	107.1	106.8
1978	108.6	109.7	107.2	107.6	106.2	102.8	104.8	113.9	110.5	113.8	108.1
1979	105.1	106.5	106.5	100.7	101.8	104.5	104.1	108.4	107.4	104.9	98.7
1980	98.2	97.6	100.6	99.4	99.7	99.2	97.7	95.3	99.6	99.6	98.6
1981	96.7	95.9	92.9	99.9	98.5	96.3	98.2	96.3	95.6	96.1	96.5
1982	96.1	96.2	95.4	98.7	97.2	100.3	97.6	95.1	95.4	103.4	97.1
1983	92.9	96.2	95.0	98.6	96.9	97.6	95.5	95.0	93.1	100.9	96.1
1984	88.5	91.7	92.9	98.1	89.4	92.6	93.3	92.0	89.1	102.0	93.7

(1) Implicit index of farmgate prices divided by the implicit index for prices of inputs.

(2) "1980" = (1979 + 1980 + 1981) : 3

\* EUROSTAT estimate.

Table 19 - Total agricultural labour in the Community

"1980" (1) = 100

	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1984 - 1983
D	126.4	121.1	118.1	115.2	109.4	107.1	101.8	99.8	98.5	96.2	93.7	92.2	- 1.6
F	117.3	113.5	109.7	107.4	105.2	103.5	101.8	100.0	98.2	96.4	94.6	92.8	- 1,9
I	117.8	115.3	110.7	109.8	107.2	106.1	103.2	100.3	96.5	91.1	91.0	88.0	- 3.3
NL	111.7	109.8	108.3	106.8	104.5	103.0	101.1	100.4	98.5	97.0	95.8	95.1	- 0.7
B	132.1	127.1	121.5	116.2	110.8	106.3	104.8	99.5	95.7	94.0	93.3	92.4	- 1.0
L	124.0	118.3	114.0	108.8	104.3	107.1	103.6	99.6	96.8	94.7	92.8	90.9	- 2.0
UK	111.6	107.5	104.8	105.9	104.6	104.5	102.5	99.8	99.7	96.9	96.0	95.2	- 0.8
IRL	118.7	115.8	114.3	111.3	109.4	108.4	105.9	100.0	94.1	92.6	90.6	88.3	- 2.5
DK	119.7	117.1	114.4	111.4	109.4	106.1	103.6	98.9	97.5	95.8	92.7	90.3	- 2.6
GR	110.6	109.0	107.4	105.9	104.4	103.0	101.4	100.0	98.6	91.8	95.7	92.6	- 3.2
EUR-10	118.2	114.5	111.2	109.5	106.5	105.0	102.1	99.9	97.8	94.6	93.8	91.7	- 2.2

(1) "1980" = average 1980/1981/1982.

Table 20 - Unpaid agricultural labour

("1980" (1) = 100)

	D	F	I	NL	B	L	UK	IRL	DK	GR
1973	127.7	117.5	120.5	n.a.	130.7	122.2	105.8	n.a.	118.5	n.a.
1974	121.3	114.1	117.8	n.a.	126.3	117.0	102.5	n.a.	116.4	n.a.
1975	118.9	110.5	113.8	n.a.	122.2	113.4	101.5	n.a.	113.7	n.a.
1976	116.5	107.9	111.2	n.a.	115.9	108.8	104.4	n.a.	111.0	n.a.
1977	110.5	105.6	107.8	n.a.	110.7	103.8	101.8	n.a.	108.2	n.a.
1978	108.2	103.7	107.5	n.a.	105.9	106.8	103.8	n.a.	104.8	n.a.
1979	101.8	101.8	103.9	n.a.	104.5	103.5	102.5	n.a.	103.4	n.a.
1980	100.2	100.0	100.0	n.a.	99.3	99.8	99.5	n.a.	99.3	n.a.
1981	97.8	98.2	96.1	n.a.	96.2	96.7	98.0	n.a.	97.3	n.a.
1982	95.7	96.4	89.6	n.a.	93.9	94.4	96.8	n.a.	94.5	n.a.
1983	93.3	94.7	91.0	n.a.	92.7	92.5	96.1	n.a.	89.7	n.a.
1984	92.4	92.9	88.2	n.a.	91.8	90.6	97.0	n.a.	87.4	n.a.

(1) "1980" = average 1979 - 1980 - 1981.

n.a. : figure not available.

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