

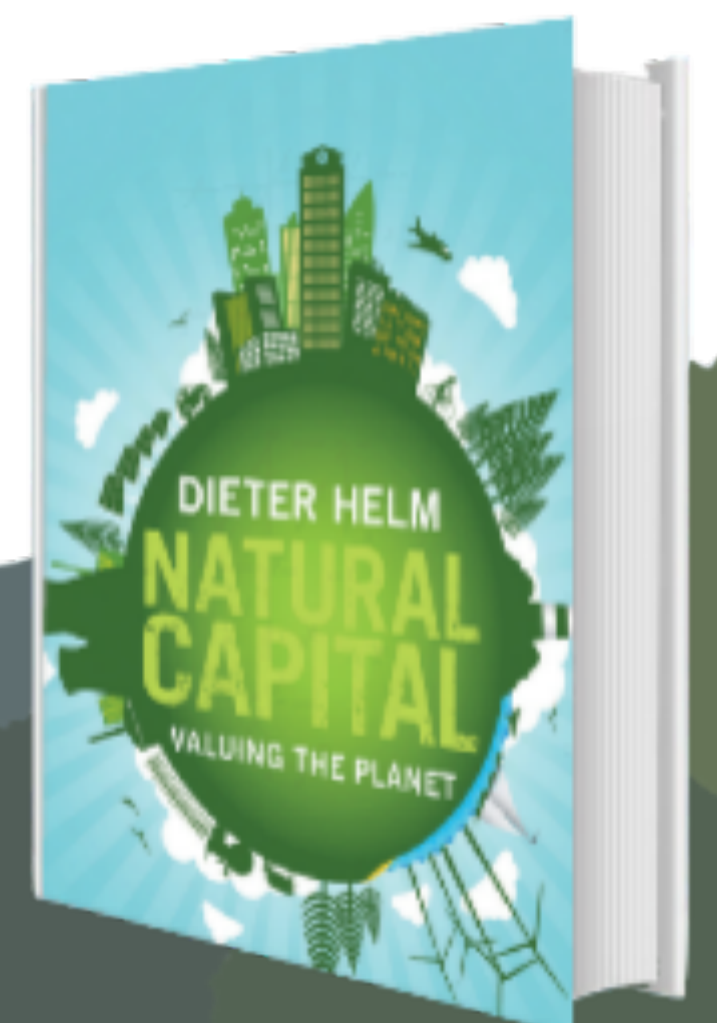
THE OXFORD FARMING CONFERENCE

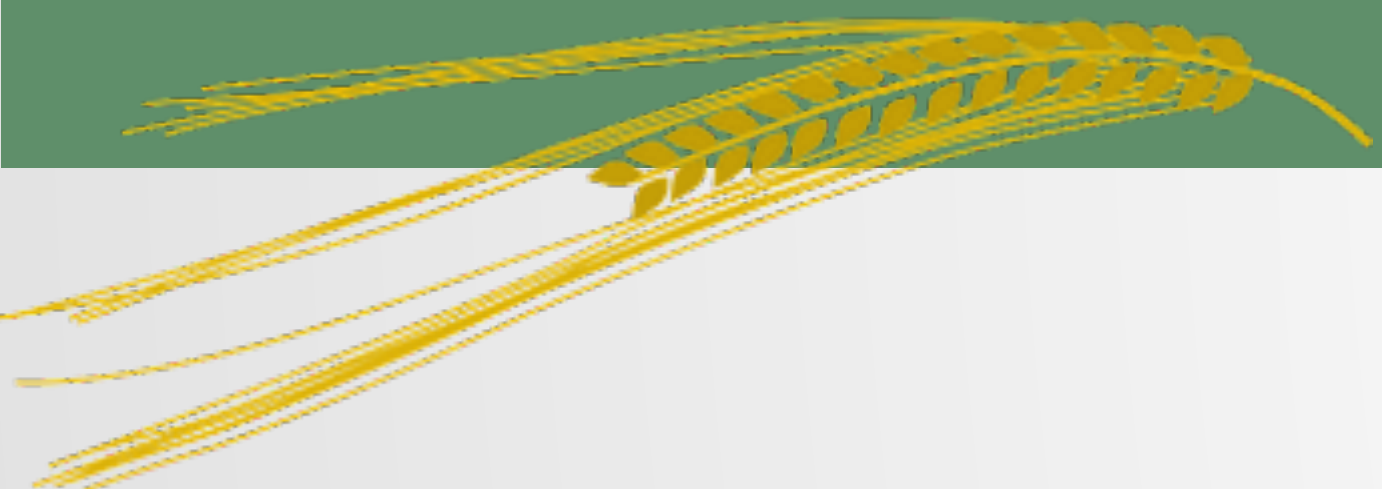
NATURAL CAPITAL

THE 25 YEAR ENVIRONMENT PLAN &
THE FUTURE OF POST BREXIT
AGRICULTURE

DIETER HELM

4TH January 2018

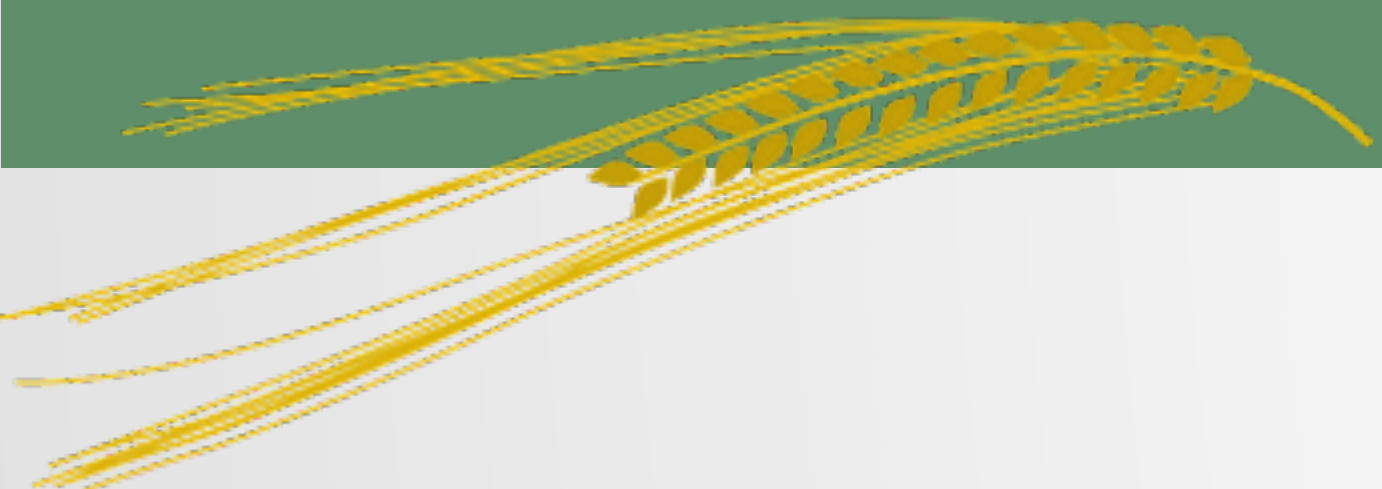




AGENDA

TOWARDS A GREEN AND PROSPEROUS LAND

- 🐑 What is Natural Capital and why does it matter?
- 🐑 Why do we need a 25 year plan?
- 🐑 What should the 25 year plan contain?
- 🐑 How will farming be supported after BREXIT?



NATURAL CAPITAL

ASSETS IN PERPETUITY

BALANCE SHEETS OF ASSETS & LIABILITIES

CAPITAL MAINTENANCE

MAINTENANCE OF SOILS, LANDSCAPE CATCHMENTS AND BIODIVERSITY



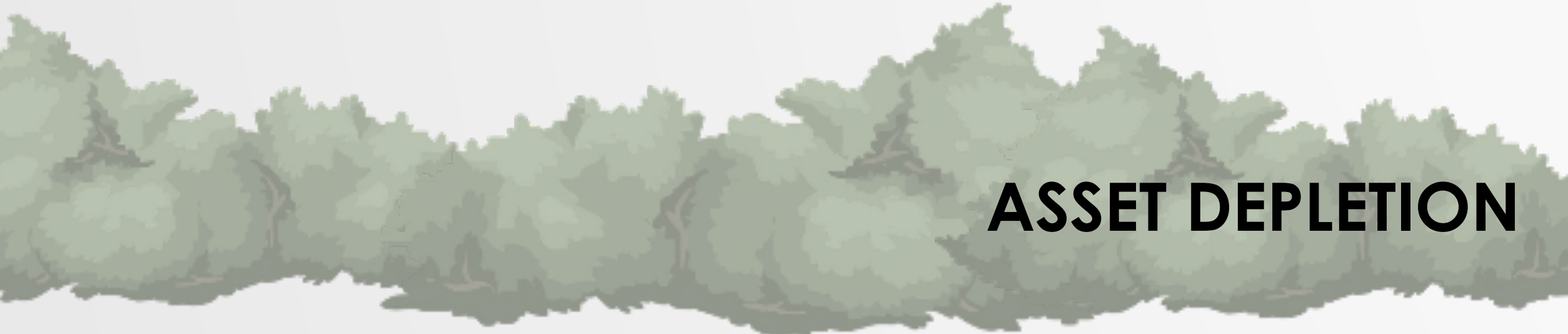
ENHANCEMENT INVESTMENTS

IMPROVING SOILS, BIODIVERSITY, ACCESS, CARBON SINKS, AIR QUALITY AND WATER





NATURAL CAPITAL & ECONOMIC GROWTH



ASSET DEPLETION



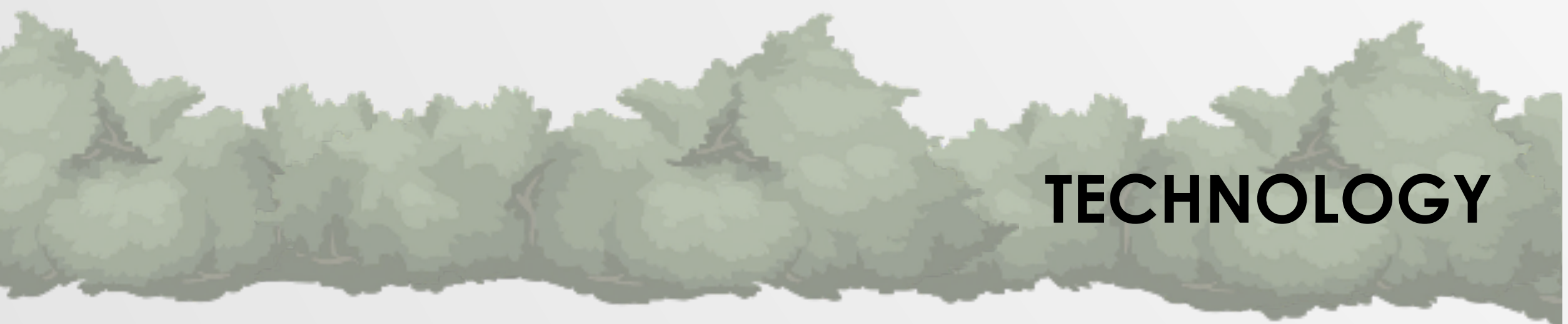
FUTURE OPTIONS
FUTURE ECONOMIC OUTPUTS



ASSET ENHANCEMENT



HEALTH
AIR, WATER, VITAL CAPACITY
FUTURE ECONOMIC OUTPUTS



TECHNOLOGY



COSTS
PRECISION AND INFORMATION
NEW IDEAS, PRODUCTS & SERVICES
FUTURE ECONOMIC PROSPECTS





THE 25 YEAR PLAN

“to be the first generation to leave the natural environment in a better state than it inherited”



- 🐑 Aggregate natural capital increasing
- 🐑 Compensation for losses
- 🐑 Capital maintenance required
- 🐑 Corporate and farm accounts



THE 25 YEAR PLAN IN PRACTICE

AGRICULTURE
& FISHERIES

THE
PRIZE

URBAN
AREAS

THE
MILESTONES

GOVERNANCE

THE
INVESTMENTS

CATCHMENTS

Natural Capital
Committee

**Advice to
Government
on the 25 Year
Environment Plan**

Sep 2017



AGRICULTURE AFTER BREXIT

THE CASE FOR INTERVENTION

- 🐑 The problem of trade, tariffs and protection
- 🐑 Land values, farm income and Pillar 1 effects
- 🐑 Public goods for public money
- 🐑 Pollution and the polluter pays principle



TRADE

- 🐑 Agriculture is a very small part of any new trade agreement
- 🐑 US and EU part of a protectionist world
- 🐑 EU crucial market of UK produce – imports and exports

OPTIONS

- 🐑 Bespoke EU agriculture agreement – in exchange for what?
- 🐑 WTO rules?
- 🐑 Border tariff adjustment?
- 🐑 Common standards requirements?



PILLAR ONE AND PERVERSE SUBSIDIES

- 🐑 Payments to land owner must raise land prices
- 🐑 Therefore it must lower financial yields
- 🐑 Therefore it must be a barrier to entry

OPTIONS

- 🐑 Abolish Pillar 1?
- 🐑 Taper Pillar 1?
- 🐑 Address capital value impacts?



PUBLIC MONIES FOR PUBLIC GOODS



House of Commons
Environment, Food and Rural
Affairs Committee

The UK Government's "Vision for the Common Agricultural Policy"

Fourth Report of Session 2006–07

Volume I

Report, together with formal minutes

Ordered by The House of Commons
to be printed 16 May 2007

HC 546-I
Incorporating HC 1250, Session 2005–06
Published on 23 May 2007
by authority of the House of Commons
London: The Stationery Office Limited
£0.00

🐑 No case for public money for **private** goods

🐑 Fixed/declining subsidy levels

OPTIONS

🐑 Bid for subsidies and long term farm contracts?

🐑 Evolution of Pillar 2 scheme?

🐑 Diversify recipients?

🐑 In line with 25 year plan?



POLLUTION AND THE POLLUTER PAYS PRINCIPLE

- 🐄 Farming creates carbon emissions
- 🐄 Pesticides and herbicide cause water pollution and biodiversity damage
+++
- 🐄 Every other part of the economy pays for damage

OPTIONS

- 🐄 Remove perverse subsidies?
- 🐄 Regulation?
- 🐄 Pay a carbon price?
- 🐄 Tax pesticides, herbicides and fertilisers?



THE FUTURE OF FARMING

- 🐄 An end to the disastrous CAP
- 🐄 Land values normalise to reflect yields
- 🐄 Farmers paid to deliver public goods
- 🐄 The market determines prices
- 🐄 Removal of trade distortions



THE BENEFITS

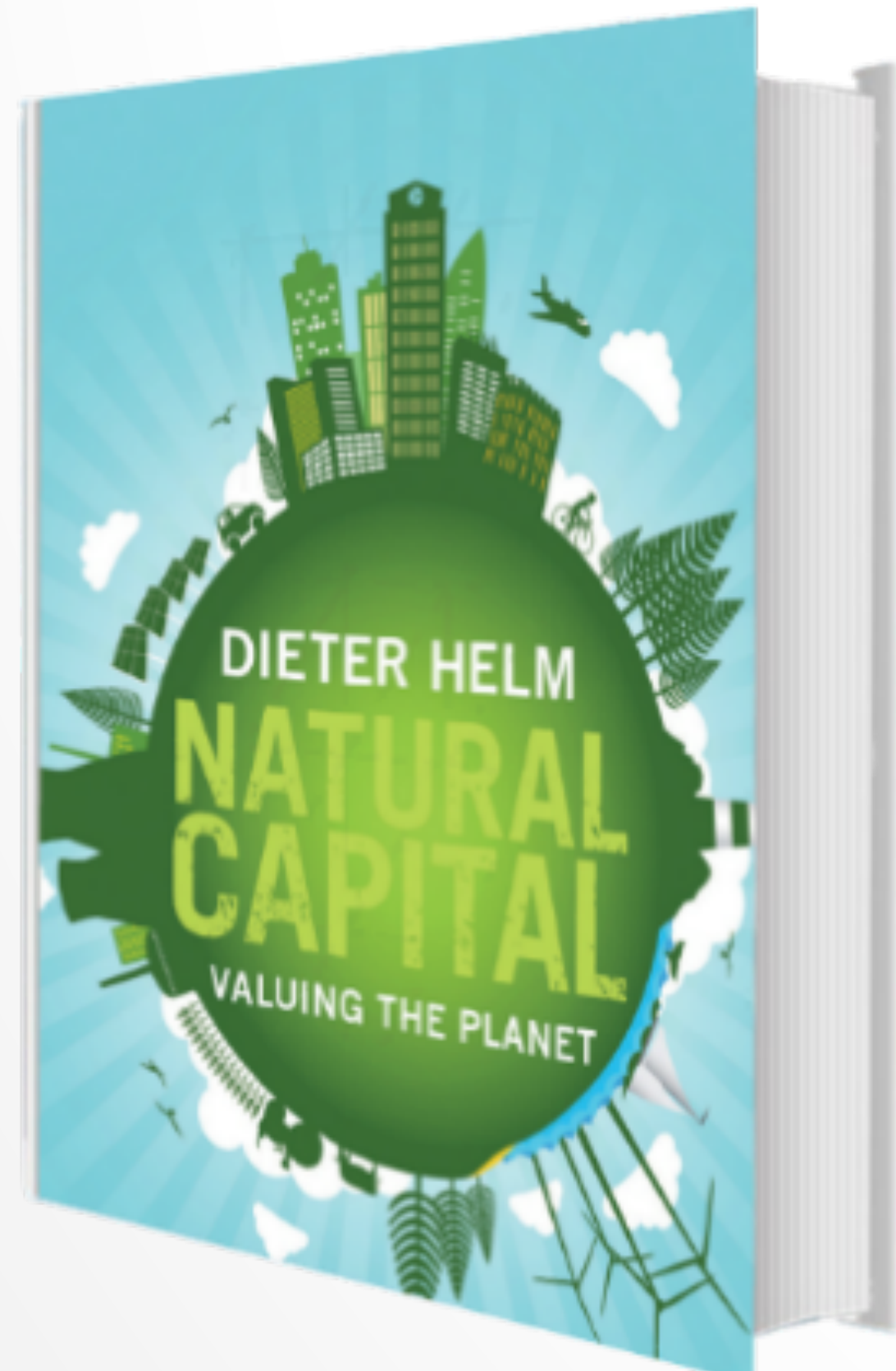
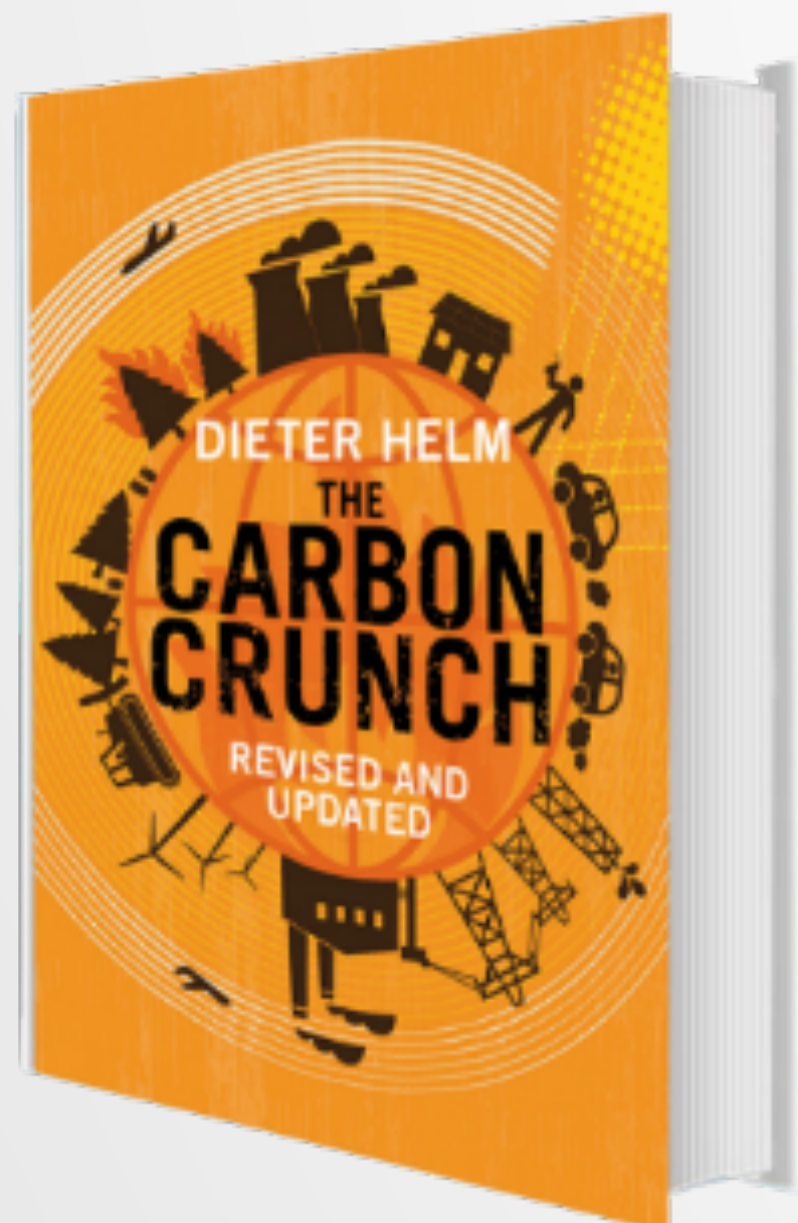
TO THE PUBLIC

TO FARMERS

TO NATURAL CAPITAL

TO THE ECONOMY

BOOKS



WWW.DIETERHELM.CO.UK



FOR INFORMATION

Natural Capital Network Paper 5.

British Agricultural Policy after BREXIT


**Dieter Helm
Sep 2016**



Natural Capital Network Paper 4.

Green Bonds for Natural Capital – some issues

**Dieter Helm
Jun 2016**



Natural Capital Network Paper 3.

Flood defence: Time for a radical rethink

**Dieter Helm
Jan 2016**



Natural Capital Network Paper 2.

In defence of the green belt


**Dieter Helm
April 2015**



Natural Capital Network Paper 1.

Catchment management, abstraction and flooding

**Dieter Helm
Feb 2015**



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