ECONOMIC GROWTH AND HEALTH POLICY: A CONTEXT FOR CARE FARMING

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Introduction

This paper describes the relationships between income growth and the health status of the population that have led to state involvement in the provision of care. Economic policy considerations have led to a reappraisal of the nature of this involvement and can be illustrated with particular reference to the evolution of the British 'Welfare State'. In this context Care Farming (Green Care in Agriculture) is viewed as emblematic of the social contribution of entrepreneurship.

Economics, Income and Health

The benefits of economic growth manifest themselves both in levels of household income and in standards of individual health. As household incomes increase, so do the standards of diet and shelter that result from increased spending. Enhanced standards of diet and shelter have contributed to increasing longevity; and this has both benefits (e.g. the availability of grandparents to provide childcare or to dispense wisdom) and drawbacks (e.g. the vulnerability of the elderly to physical injury or mental frailty).

Government and Markets

The involvement of Government in the economic system is predicated by the desirability of a legal framework to provide a social context within which markets can function, as well as the requirement for a vehicle by which externalities may be addressed.

As rising incomes have brought about increases in population, so externalities in the guise of public health risks have emerged associated with congestion and (relative) poverty (i.e. infestations of pests and diseases). Government action to combat these public health externalities has had dimensions of housing (building regulations and construction standards; social housing) and income distribution (social insurance and welfare payments) as well as health directly (via hospitals and medical service delivery).

Economic analysis following Adam Smith (1776) has emphasised the requirement for competition amongst alternative suppliers to ensure that the cost-reducing benefits associated with scale of output are transmitted to consumers in the form of lower prices rather than to shareholders in the form of higher dividends. This emphasis upon consumer choice (variety amongst providers; personalisation of provision) conflicts with the cost-reducing benefits of scale associated with universal (and uniform) state delivery (i.e. monopoly supply).

In order to resolve this dilemma, a role for the state as commissioner of services (purchasing agent) on behalf of citizens/consumers is allied with encouragement to social enterprises (private companies offering to deliver public services, on behalf of the state, paid for from government revenue).

Farms and Social Enterprise

In rural areas, the resources most required by social enterprises (premises and labour) are precisely those being liberated from agricultural production, as output-increasing techniques in farming become ever more capital-intensive (e.g. through mechanisation), and as demand for primary food production is (relatively) much diminished, thus depressing revenue for farmers relatively also. This fortuitous coincidence, allied to the health benefits associated

with the countryside, makes farms an environment favourable for social enterprise to be commercially successful.

Health and Social Care in England

Although the creation of a 'Welfare State' in the UK is conventionally ascribed to the post-war Labour government (1945-51), there are lengthy antecedents (Timmins, 1995). Nevertheless a socially inclusive (universal) system of delivery for health and social care (which can include justice and rehabilitation) augments state educational services to which all citizens are entitled, (whilst being permitted to purchase supplementary or alternative provision e.g. private schooling), and this approach (in which HM Government assumes responsibility for financing universal provision via taxation and/or a 'national insurance' scheme) defines the understanding of the term Welfare State in the UK. Whilst this does not constitute a totally pure monopoly of supply by the state (due to the absence of compulsion that allows, for example, non-state or 'public' schools to remain in business) it does mean that, quite naturally, some of the disadvantages of monopoly provision are quite apparent in the operation of the Welfare State (especially, it may be observed, in the field of health-care).

This is of particular concern in areas of engagement where rising national income and standards of living should be reflected by increasing variety and choice in relation to care services, and where the conflation of universal delivery with uniform standards or practices results in the stifling of innovation. The experimental or evolutionary understanding of economic progress (Alchian, 1950) requires that the process of 'trial and error' inevitably includes error! Fear of legal liability for failure may inhibit innovation in health and welfare services under conditions of state monopoly or near-monopoly supply. This having been said, the understandable sensitivity of the state to citizens' concerns regarding standards of human welfare services, and consequent requirements for regulation in this regard, might

be just as likely to inhibit innovation in this sector of economic endeavour even were the state not to be involved in direct delivery.

Despite the strong theoretical grounds for expecting that a competitive price-based system is an optimum discovery-mechanism for revealing best-practice in resource-allocation generally (Hayek, 1945) there has been considerable opposition to the successive attempts at introduction of such approaches to health and social care services in the UK; for example 'competitive tendering' within the National Health Service (Timmins, 1995). However, as the theoretical benefits have been increasingly supplemented by resistance to the fiscal consequences of continued state delivery (especially given demographic trends such as extended life-spans, with their attendant implications for health-related expenditure), with the presumptive political impossibility of gaining electoral endorsement for increases in taxation, government policy has become codified into encouragement for social enterprise and all the main political parties' programmes have coalesced to take account of this.

Social Enterprise and Farming in England

In the UK context, Social Enterprise is characterised less according to the sort of socially-relevant purpose being pursued than as a form of business organisation in which there are no profits returned as dividends to shareholders or to owners. It captures the benefits of an enterprising approach to socially-orientated activities and allows the entrepreneurial function to be rewarded for its managerial labours (paying wages and salaries) whilst requiring that profits or surpluses are retained for reinvestment in the operation's business-like engagement with social concerns.

Again in the UK context, care-farming (as evidenced by participation in the National Care Farming Initiative) fits well with the SoFar Project's definition of activities ("those farming practices aimed at promoting disadvantaged people's rehabilitation and care, and/or

towards the integration of people with 'low contractual capacity'; i.e. psychophysical disabilities, convicts, drug addicts, minors, emigrants") and can thus be described as social enterprise based on farms. In fact an even more general description of care-farming, encompassing any social enterprise that captures value-added generated from the therapeutic qualities of the countryside that are produced as a by-products or co-products of farming (i.e. capturing positive externalities of agricultural production) can be justified.

The Competitive Advantage of the Countryside

There may be good reasons to suppose that the rural environment confers a therapeutic advantage to health-related rehabilitative treatments, perhaps especially in relation to mental health (Hine et al, 2008). This effect is often ascribed to the natural landscape (as opposed to the built environment which dominates urban areas). Initiatives such as the introduction of 'individual budgets' for the purchase of health, educational and social care services are proceeding in the UK as they have already done is some continental countries. The objective of this practice is to devolve the purchasing power of public funds to the level of the citizen who is thus viewed explicitly as a consumer and encouraged to exercise choice amongst service-providers (analogous to the steps taken as part of the process of privatization undertaken with regard to public utilities in the 1980's).There is some evidence that this results in clients preferentially choosing to take advantage of services offered in a farming or rural context; e.g. the Netherlands (Hassink et al, 2007).

Impact on Government Policy

From the point of view of governments, it may be sensible particularly to encourage social enterprise in the countryside (perhaps especially on farms) since these may be predisposed to provide successful examples owing to the therapeutic advantage conferred by the rural

environment. However, in this connection, it should be noted that there may be therapeutic advantages due to rurality that are only rather indirectly due to farming (e.g. seclusion).

Conclusions

Increasing income per head is a common indicator of economic growth. Economic growth is characterised by both greater volume and greater variety of goods and services provided for consumption by the population at large. It is synonymous with increasing standards of living and contributes to achievement of increasing longevity (through better nutrition and shelter as well as improvements in medical care).

For increasing incomes to be shared by people at work in all economic sectors, the working population has to spread itself into new areas of engagement, thus apparently shrinking the significance of employment in traditional occupations such as farming or house-building.

Green Care in Agriculture reconciles two dilemmas presented as consequences of economic growth. The first dilemma presents itself because labour is required to move out of agriculture in order that incomes per head in the sector can rise; even though this might result in undesirable levels of rural depopulation or urban congestion. The second dilemma presents itself because greater longevity results in increased age-related demands on health and social care services; in addition to which the stress associated with the pace of economic adjustment itself creates demands on those services. Commercial exploitation of the therapeutic potential arising from farming practices (as occupational therapy) or from the environmental quality of the agricultural landscape can reconcile these two dilemmas without recourse to additional demands on the public purse, by harnessing positive rural externalities to offset some of the negative ones associated with economic growth. By these means, Care Farming provides opportunities for entrepreneurship to demonstrate its value as a key social resource.

References

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