1992

SETASIDE FINALLY ARRIVES

This time last year there could be no doubt. The slurry was about to hit the air-conditioning. Ray MacSharry's talked-about, worried-about but as-yet unpublished Common Agricultural Policy reforms were going to be disastrous. The experts were unanimous. British farms in general, and big farms in particular, would be hit very hard. Setaside was going to be introduced and we would receive compensation for only the first fifteen acres, just like a Portuguese peasant. As if that were not enough, the Intervention price for cereals was going to fall and the co-responsibility levy would rise.

Amidst this encircling gloom it was hard to know what to do. Some farmers had decided to intensify their operations, others had paid high prices to take on extra acres - and so spread their fixed costs over a bigger area. We did neither of these. Inspired (or maybe just scared) by arable farms in Western Australia, Canada and the USA with whom we will one day compete to grow wheat for the world market, we opted for a simple and extensive farming system.

Until last year we had been farming 3000 acres with six men, and that included lifting our own sugar beet and providing a service for a couple of neighbours. This year the acreage dropped to 2000 and, thanks to Setaside, it will fall to 1700. One fact stood out with horrible clarity: we could neither justify nor afford so large a staff.

The problem had first appeared four years ago. Although the labour force had by then fallen from eighteen to eight, we still employed two men on the management side. Somebody had to go, and that somebody was me. Thus I became semi-redundant, taking virtually no part in the day-to-day runnin g of the farm, but instead being concerned solely with buying, selling and long-term decisions. This has, happily, had compensations in the form of time to travel, write and broadcast.

After three years of uncertainty, any CAP reforms would have been something of a relief. But when they actually appeared they were far better than we had feared. As anticipated, fifteen percent of the farm had to be set aside but, to our surprise, we were compensated for the full acreage by being paid approximate ly £88 per acre. The hated co-responsibility levy, far from being increased, was actually abolished - effectively giving us an extra £7 per tonne for our grain. The budget was beginning to look better than I dared hope.

But the realisation that 300 acres would be growing nothing this autumn meant that we had to face the inescapable fact that we could no longer support a staff of six. As a result, two very good men, who have worked long, hard, well, happily and loyally have been made redundant. It was horrible.

The consequence has been equally profound. This autumn both the farm manager and the foreman/mechanic have been sitting on tractor seats for up to ten hours a day. Five years ago this would have been inconceivable. The farm manager's job was to supervise from behind the wheel of a Land Rover and the foreman/mechanic spent his life in the workshop. We are very lucky to have staff who understand the changing face of agriculture and who are flexible enough t o adapt. It is not easy for them.

WINTER WHEAT

A long early-summer drought lowered our expectations, which had been high throughout the spring. Yields were down eight percent from last year, to an average of fractionally under 60cwt per acre (7.5 t/ha), making this a poor but not disastrous harvest. But more significant than the yield was the fact that the quality (bushel weight) was worse than we have known it for the past twenty years. Whether this was due to drought or disease or a combination of the two, we shall never know. Since our crops ripen early on our thin soil, we knew about the quality problem before most other farmers in the country. The solution was obvious; we sold all our wheat forward for collection in November at £112. When the rest of the country discovered what we already knew, the price could only fall. Impeccable logic and superb marketing.

For a while it all seemed to be going according to plan. And then came Black Wednesday. The pound w as devalued by 15% and the price of wheat climbed stratospherically, so that by the time the first lorry came to remove our wheat, it was actually worth £130 per tonne. The logic had become passable and the marketing appalling.

As far as varieties were concerned, once again the bread-making wheats did not compensate in price what the lacked in yield. Hereward (54 cwt/acre) (6.7t/ha) was again disappointing, and Mercia (56 cwt/acre) (7t/ha) only slightly better. Riband (72 cwt/acre) (9t/ha) once again did best, with Beaver (64 cwt/acre) coming second and Haven (60 cwt/acre) (7.5 t/ha) a very disappointing third.

The one consolation was that the harvest was exceptionally early and exceptionally cheap. We managed to finish on August 11th, before the rains came, and thus sat back and watched (with ill-concealed schadenfreude) while the rest of the country splashed through the soggiest harvest for years.

OILSEED RAPE

Not a great year, with yie lds averaging a poor 22cwt/acre (2.7 t/ha). But, thanks to the new CAP reforms, this hardly matters any more. Instead of receiving a heavily subsidised price for our rape, we now find ourselves selling at (unsubsidised) world market prices. This August we received £106.50 per tonne compared to £200 last year. The balance will be sold in March for £150 per tonne.

But the good news is that a grateful Brussels now pays us £160 per acre for simply planting the crop. All of wh ich explains why we grew spring rape for the first time this year. In the past yields have been so poor that it did not make economic sense, but today we are "farming the system and not the crop" as the Americans say.

As it happens, our spring rape (Bingo and Puma) was disastrous, yielding less than 15 cwt/acre and - as if that were not bad enough - being so full of weeds that combining the crop was a nightmare. It was all our own fault because we had calculated that the crop could not jus tify a herbicide. What we had failed to realise is that the resulting weeds increased the cost immeasurably more than any savings we made on inputs.

Next year we have reduced our rape acreage substantially and will be growing a single field of Apex, a new winter rape from ICI, for seed production. After this year's experience we won't be growing spring rape again for a long time.

WINTER BEANS

A disappointment. We grew the variety Punch, which looked magnificent throughout the g rowing season but, when the combines had left the field, the yield was a fairly dismal 30cwt/acre (3.7 t/ha). The price of £200/tonne in December was, due again to Black Wednesday, better than we had anticipated.

We shall persevere with winter beans in preference to spring beans or peas since they show a slightly better gross margin. The area payment from Brussels this year will be approximately £128 per acre.

SUGAR BEET

Last year I wrote that it had been "a vintage year" for sugar beet. How was I to know that the earliest cold spell we have known in recent years would leave one third of the crop frozen in the ground? What had looked like a wonderful year turned out to be awful. Thus I am a mite nervous about predicting the final results this year. I am tempting fate - but what the hell - to say it looks as if we shall have our best year ever. at somewhere around 22 tonnes/acre (55t/ha).

The beet were drilled into a perfect seedbed in early April and some plants were actually touching in the row before the end of May. From then on they just kept growing and growing and growing. No wonder the Bury St Edmunds Beet Factory will remain open until the end of February - some six weeks later than normal.

SETASIDE

After wheat, this is our second biggest crop. It has replaced peas and spring rape in the rotation and - as a result - we shall be growing the same acreage of cereals as we have in the past. Nevertheless, we are still feeling our wa y and may make some drastic changes to the rotation next year. This year we have decided not to plant a cover crop of grass or mustard (in the spring) but instead have allowed the stubbles to green over. The crucial question is what effect this form of setaside will have on the following wheat crop. Will it behave like a third wheat with a poor yield and a lot of takeall? If so, we shall have to change our policy. Likewise we are still unclear about when to mow and when to plough. All will be reveale d next year. Watch this space.

MACHINERY

It was strange to see only two combines in the harvest field this year, but with one thousand acres less than the year before, we sold one combine and four tractors. This autumn, after a reasonable harvest, we rediscovered the joys of buying machinery and bought a new JCB Loadall to replace a ten year old Sanderson Teleporter, a John Deere 7600 to replace a John Deere 4040, a Bomford hedge cutter and - most extravagant of all - we replaced the Land Rover with a new Land Rover, even though it cost £4500 more than an equivalent Daihatsu. Unlike the old days, none of these were leased, but were paid for in cash. The days of financing equipment with borrowed money are over.

THE FUTURE

For the past decade Brussels has been tinkering with the CAP. Intervention prices have been adjusted, co-responsibility levies came and went and an awful lot of hot air has been expended as everyone agreed that Something Must be Done . Then came EC Agriculture Commissioner Ray MacSharry and Something Was Done.

That something is called setaside and we don't like it. We don't like the look of it: three hundred acres of messy green stubble interspersed with tufts of thistle, charlock or volunteer rape. We don't like the effect of it: fewer acres to farm and fewer men needed to do the farming. But it is here to stay - for at least the immediate future - and we will adjust cope with it.

So much for today. What about t omorrow? What about the GATT talks which have now been agreed after three years of talking? Will they mean more setaside? Lower prices? Smaller quotas for sugar beet? The Minister of Agriculture says No. He is adamant that here will be no additional price to pay over and above what we have already paid for the MacSharry reforms. But the clever backroom boys, armed with calculators and unburdened by party politics, are not so sure. Privately, speaking in whispers and very definitely off th e record, they paint a gloomy picture. It looks like this.

The GATT agreement will certainly mean more cutbacks in agricultural production. Setaside could easily rise by another 5%, and possibly double that figure. Area payments will probably fall by a similar amount. Sugar beet quotas will inevitably be cut by a minimum of 10% within the next two years.

And as if that were not bad enough, they point to another factor which has been largely ignored. The farming world, they say, has b een so obsessed by the nitty-gritty details of setaside and area payments that they have failed to notice a far more significant development. A new and complex structure has been created which can be used in the future for infinitely more draconian controls.

The paperwork necessary for the oilseed rape area payments, which farmers so resented earlier this year, is an example of what the future holds. Henceforth Brussels will know the exact acreage and cropping of every field on every farm in ev ery parish in every county in Britain. Armed with this information, it is a relatively simple task to monitor outputs and yields in the future. The mechanism is already in place to increase setaside, reduce area payments and cut back quotas.

So where does all this doom and gloom leave us at Thriplow? Paradoxically it puts us in a stronger position than we have been in for years. Farming will, of course, continue throughout the European Community, but it will become increasingly polarised i nto two distinct types. On the one hand there will be the small farmers in the upland regions who cannot not possibly survive without subsidies. These they will continue to receive from taxpayers who do not want to see the Highlands, the Lake District, Snowdonia and Exmoor devoid of farming and populated by Bed and Breakfast owners and petrol pump attendants.

South Cambridgeshire does not fall into this category and we shall have to survive with ever-decreasing help from the taxpayer. We shall d o so only if we can produce food cheaply. This means we must be low-cost producers of wheat, sugar beet, oilseed rape and pulses. In the old days this involved squeezing every last tonne from each acre and going for maximum yield. Today this no longer makes any sense at all. Instead we must have the lowest possible costs. To have a small labour bill and efficient machinery may be a start, but it is not enough. To be a low-cost farmer we must make use of a secret ingredient - freedom from debt. Which is why the future looks good at Thriplow.