

# 2004

## THE PRICE OF WHEAT HALVES (ALMOST)

For those who do not keep these annual reports in a perfumed velvet folder beside their bed, I should remind you that last year's headline read **THE PRICE OF WHEAT DOUBLES (ALMOST)**. Such is the volatility of the market these days that the price has since dropped by nearly fifty percent. It is, therefore, fortunate that we enjoyed the second largest harvest ever at Thriplow. However, as you would expect of a farmer, I prefer to stress the pessimistic and overlook the optimistic. Indeed most farmers refuse to admit that there is such a thing as optimism, which is why we have the thoroughly deserved reputation of being miserable specimens. But back to economics. Quite why the price of wheat touched £112 per tonne in January and then fell to below £60 at harvest is, as usual, a mystery. If the causes were remotely predictable, then commodity traders would be even richer than they are today. In the good old days (which, by the way, were anything but good) the law of supply and demand worked fairly unambiguously. A big harvest meant low prices and a small harvest high prices. Today, however, it ain't so simple. Factors such as the strength of the dollar, the size of the Ukrainian wheat harvest, drought in Australia, rains in Argentina, transport strikes in Canada, the cost of shipping, the strength of the Chinese economy, the American Farm Bill, rumours from Bussels and, of course, the next round of WTO negotiations all play their part in affecting the market. Which explains why, faced with this mishmash of information, I find it hard to know when to sell our wheat or when to buy our fertiliser. Yet in spite of it all, this particular farmer remains a reasonably happy man. We made moderately serious money last year (harvest 2003) for the first time in five years. This year will be less satisfactory because not only has the price of wheat fallen so dramatically, but, thanks to the oil price increases, the price of fertilisers has shot up. Last year we paid £110 per tonne for nitrogen fertiliser (urea) and this year the price is around £185 per tonne. But to set against this are our excellent yields and thus – this year at least - what we lose on the price roundabout we should make up for on the quantity swings.

### WHEAT

The most stressful harvest there has been for a very long time. After a dry and easy start, during which time we were able to combine 450 tonnes of wheat for delivery during the first week of August at the delicious price of £96 per tonne, the monsoon set in and the rest of the month meant that we had to snatch a few acres whenever the weather permitted. And yet in spite of the weather, the yields were excellent. For only the second time in our history have we managed to average ten tonnes per hectare across the whole farm. Back in 1981 when one single field first produced ten tonnes per hectare, it was a moment of profound celebration. Had someone then told me that within twenty five years we would achieve this yield across the farm I would have been sceptical, even incredulous. Bear in mind that during my childhood this farm grew no wheat whatsoever as it was thought that the land was too poor. Instead we grew barley and rye. It makes one wonder what the yields will be a

quarter of a century hence. Maybe fifteen tonnes per hectare? It sounds ludicrous today. Robigus was the most successful variety, averaging 10.9 tonnes per hectare. Einstein also managed to break the ten tonne barrier. Malacca and Napier (a second wheat) both did 9.8 tonnes/hectare. The former's quality was a bit disappointing but at least it was all combined before the rains. Only Macro (8.2 tones/ha) disappointed, but it was cut early and was sold for £96 per tonne.

## **OILSEED RAPE**

Appalling is the only word which describes this crop. A Sahara-like autumn meant that even though the crop was drilled in August, it did not actually germinate until October. The variety, Winner, was grossly mis-named. We pulled up half the acreage and re-drilled with Mozart, a spring rape, which eventually managed to yield around 2.5 tonnes per hectare. The bedraggled winter rape did rather worse. This autumn, however, the crop looks wonderful.

## **BEANS**

A pretty lousy year with a yield of 3.7 tonnes per hectare. We were using our farm-saved Punch seed for the ninth successive year. This autumn, however, high levels of aschochyta have forced us to buy in a new variety, Wizard.

## **SUGAR BEET**

The annus mirabilis of from which legends grow. Or so it looks at the time of writing. The cereals may not have liked the wet summer but the beet revelled in it. The first field we lifted in late October has yielded a mind-blowing 71 tonnes per hectare. This, for non-irrigated land, is incredible. Twenty years ago when our beet yields hovered around 20 tonnes per hectare, I tried to give up the crop completely. My wise old father disagreed and reluctantly allowed me to surrender one third of our quota. One should always listen to (and obey) one's father. Once again this year, even after reducing our acreage, we shall comfortably exceed our quota. One year we will surely get our comeuppance. But when?

## **SETASIDE**

Eight percent of the farm was again set aside and grew precisely nothing. The same will apply for next year too.

## **FALLOW**

Not to be confused with setaside. We are members of the Arable Stewardship Scheme which rewards us for being environmentally benign. As a result we were paid £525/hectare for leaving six metre grass strips round the outside of some fields, £600/hectare for beetle banks between fields and £12/hectare for not applying insecticides to some headlands. We were also paid £525/hectare for leaving a field fallow for a year in an attempt to attract some of the traditional birds such as grey-legged partridges and stone curlews which once were common on the south Cambridgeshire chalks.

Brigadier Deller, who runs the shoot, tells me that the population of wild English (grey-legged) partridges at Thriplow has risen from 60 in the year 2000 to 386 in 2004. He feels that at least half the cause of this has been the grass strips and beetle banks. The new subsidy regime (see below) will continue to pay us for these features, so the future for grey-legged partridges looks good. **MACHINERY**

Our new Claas Lexion 580 combine, with an output of up to 60 tonnes per hour, was a godsend this harvest. By all normal criteria it was far bigger than this farm could possibly justify, but if ever there was a year to be over-equipped this was it. Since this combine was as big as a boat and cost as much as a boat, I felt it should be christened like a boat. The ceremony was performed by Helmut Claas himself. He named the combine Edward J. King to commemorate Ted's almost twenty five years on the farm. We were due to buy three new tractors this year but these were cancelled when the wheat prices collapsed.

## **THE FUTURE**

Once again Brussels has decided to re-jig the system of agricultural subsidies – this time radically. As a result we shall be poorer, and hence more miserable. There now follows the briefest history of agricultural subsidies ever written.

## **THE BAD OLD DAYS (8000 BC-1947 AD)**

A free market. In the 1930s landlords were so desperate to let their land some tenant farmers paid no rent whatsoever.

## **THE GOOD OLD DAYS (1947-1973)**

The Labour minister of agriculture, Tom Williams, set a target price for grain. If the market price was below this price the government paid farmers the difference. The so-called Deficiency System.

## **THE LUDICROUSLY GOOD OLD DAYS (1973-1992)**

As members of the Common Market we hit the CAP jackpot and benefited from the Intervention System. Brussels guaranteed to buy (i.e. intervene in the market) unlimited quantities if the price fell below the set level. Hence the Grain Mountain. The entry ticket to this subsidy game was that we had to set aside around 10% of our land on which we grew nothing (but for which we were paid £250 per hectare).

## **THE QUITE GOOD OLD DAYS (1992-2004)**

Intervention System was abolished by the Irish Agricultural Commissioner, Mr. McSharry. Instead we were paid a fixed sum per hectare. Thus wheat received £250 per hectare, oilseed rape and legumes rather more. Setaside was still in force.

## **THE UNPLEASANT PRESENT (2005- )**

The entire subsidy system is now “de-coupled” from production. Providing I look after the land properly (and set aside 8%) I am free to grow any crop. I receive a fixed sum per annum starting at 90% of last year’s subsidy and shrinking to nothing by 2012. I also receive maybe £20 per hectare from the UK Government. This chunk will slowly increase over the years. In addition I can receive a bit more cash for being especially nice to birds and bugs. Another strange thing is happening in agriculture, particularly in south east England. Right up until the Quite Good Old Days the price of agricultural land was £x per acre. The figure x varied depending on the quality of the soil and whether it was bare land or it also included a farmhouse and a few barns. The one thing which hardly affected the price was whether or not the land for sale included a cottage or two. These were almost (but not quite) thrown in as part of the deal. Today, however, the price of houses is now so astronomic that for the first time in recorded history, the value of the houses on this farm is now probably greater than the value of the land itself. All of the above are part of a trend which has crept up on us so slowly over the years that we never really noticed what was happening. Today we are asked to spend more and more time being park-keepers and less time growing food. Whilst this upsets traditional farmers (two generations of whom have been raised believing that they have a sacred right to receive vast subsidies) it is actually a sensible approach on an island with nearly sixty million inhabitants and a large grain surplus. I shall be sorry not to see the Cambridgeshire Hunt galloping across the farm in the spring. In spite of protestations to the contrary, the ban on hunting appears to be entirely spiteful, which is very sad. If the cause were really a concern for the welfare of wild animals, then I fail to see how fishing and shooting can possibly survive. Here endeth the lesson.

O.W.

December 3rd 2004