

# 2007

## Making a sow's ear from a silk purse

Does anybody out there actually read these Annual Reports? I must assume that they do not and thus nobody will be surprised if I start with a small re-cap. Two years ago in 2005 I whinged "The price of our main product, wheat, remains static at around sixty pounds (per tonne)". Last year my final tear-jerking peroration read: "Yet today this particular farmer is a reasonably happy human being. He still has some wheat in the grainstore and thus would be even happier if the price of wheat reached £100 per tonne."

As I write this at the beginning of December a tonne of wheat is worth around £155 per tonne. Two months ago the price actually hit £185 per tonne – almost three times more than it had been two years ago. So it stands to reason that this farmer today luxuriates in his bubble bath slurping Krug and humming the Hallelujah Chorus from dawn till dusk. Right? Wrong.

The reason is that the same farmer became so orgasmically excited when the price of wheat reached £100 per tonne that he sold two thirds of his harvest. For a few weeks he was smugger than any bug in any rug. But then something very strange happened. Suddenly a weird combination of commodity speculators (bored with pork bellies and platinum), Chinese consumers (acquiring a taste for beer and hamburgers), drought-stricken Australian farmers (some of whose harvest failed completely) and American maize-growers (who sold their crop for biofuel and not cattle-feed) sent the price of wheat into orbit. Within the space of six weeks my smugness evaporated. On some occasions this autumn the price actually rose by more than £15 per tonne in a single day, which is more than it normally rises in an entire year. I had (to use an agricultural idiom) achieved the improbable. I had made a sow's ear out of a silk purse.

Compared to this economic earthquake, everything else which happened on the farm seems trivial. But other important events were, I must force myself to recall, also happening. Our canonisation into the ranks of agricultural sainthood (otherwise known as the Higher Level Scheme or HLS) made us feel slightly warm, faintly cosy and extremely self-righteous. In the course of the year we received a series of cheques amounting to around £45,000 as a reward from Brussels for being so environmentally benign. We were also very public-spirited, which explains why this farm is now littered with posts to which have been attached small but detailed maps showing where the public is now encouraged to walk, ride bicycles and ride horses.

And this was just as well because our traditional cheque, now known as the

Single Farm Payment (SFP) is shrinking rapidly as the Common Agricultural Policy tries to wean us off the old-fashioned subsidy teat.

But forget high finance and the politics of the CAP and instead concentrate on what is happening under our feet. Here we are facing a tsunami the likes of which I have never remotely seen in my sixty six years at Thriplow. It is a tsunami not of water but of rabbits. Trillions (maybe quintillions) of them now inhabit hedge bottoms, banks and any uncultivated land. They eat, and destroy, acre after acre of crops so that today we have some fields which, at first glance, look like complete crop failures.

Although rabbits are by far our biggest problem, we also find ourselves faced with three other animals which I never saw at all during my childhood. These are fallow deer, muntjac deer and – most surprisingly of all – badgers. The fallow deer probably do more harm by trampling down crops than by eating them. The tiny and timid muntjac (no bigger than a boxer dog) does untold damage in the woodland (and in peoples' gardens) where they devour the young plants. The badgers were unknown on the farm until a few years ago when we first noticed a couple of setts beside a spinney of trees. Today we find badger metropolises right out in the middle of fields. There must be at least ten on the farm, and when one realises that a decade ago there were none, it is worrying to think what will happen in a decade's time. In the meanwhile, however, they are protected by law and we treat them with no affection but great respect.

## **WHEAT**

At 9.1 tonnes per hectare this was an average harvest. It was neither good nor bad. But what made the harvest extraordinary was its eerie consistency. In a normal year the northern end of the farm with its heavier soil invariably yields a lot more than the southern end of the farm beside the A505 with its thin drought-prone soil which my father always said should never grow wheat at all. First year wheats always yield at least two tonnes per hectare more than second year wheats. And, of course, low quality feed wheats yield more than high-quality milling wheats.

But this year, for some inexplicable reason, the differences were very small indeed. Robigus did best at 9.5 tonnes/ha, followed by Glasgow, the feed wheat which did so well last year, but this year managed 9.2 tonnes/ha. Einstein, which was grown as a second wheat, produced a respectable 9.1 tonnes/ha. The two milling wheats, Malacca and a new French variety called Sogood, did 9.1 and 8.7 respectively.

Another oddity about this harvest was that we had finally decided not to produce milling wheat. All our previous attempts, involving lots of late

nitrogen, ended in failure when the millers rejected our sample due to its low protein. So this year, even though we were still growing a small acreage of Malacca, we resolved to treat this variety just like a normal feed wheat and apply no late nitrogen whatsoever. The problem was that nobody appeared to have told the Malacca and – glory of glories – it somehow managed to produce a respectable milling sample which we were able to sell for £150 per tonne. Miracles do happen occasionally.

## **OILSEED RAPE**

For most of the growing season our rape looked very good. The slugs were controlled in the autumn and throughout the winter the pigeons left the crop largely alone. After flowering as harvest approached, the rape appeared excellent. With my enormous experience and profound knowledge I knew we were destined for a good harvest.

As it happens, however, we experienced the worst oilseed rape harvest for a decade. I had, however, made the shrewd decision to sell the crop on an Energy Contract (which pays a slightly higher price than had one sold the crop for oil production). Being a cautious type, I estimated the yield conservatively and thus sold what I expected to be 75% of our total production. When the combine eventually left the last field the overall yield worked out at a pathetic 2.8 tonnes/ha. I realised that I had actually sold more than we had produced. This was deeply embarrassing and slightly expensive.

## **SUGAR BEET**

At the time of writing we have only lifted one of our three fields of sugar beet so I must restrain my optimism lest the remaining two fields revert to normal. However, the yield so far is the highest I have ever known at Thriplow by at least ten per cent. Indeed it is so high that when I was told the yield on my return from spending a month on a train between Hong Kong and Cambridge, I simply did not believe it. According the Bury Factory figures we have achieved a yield of 80 tonnes per hectare – or 34 tons per acre in old money. Thirty years ago I tried to give up sugar beet completely because we were unable to squeeze more than seven tons per acre out of our land. 34 tons per acre on rather thin non-irrigated land is frankly unbelievable. But the figures cannot lie.

I begin to understand why Brussels has cut back the sugar beet subsidy so drastically. Three years ago we were being paid £32 per tonne. This year we shall receive a mere £19 per tonne. However, if (repeat, if) we continue to achieve these yields the future of sugar beet will be secure at Thriplow.

## **BEANS**

Beans are a pretty marginal crop at Thriplow. They have managed to survive because over the past ten years they have lost slightly less money than their great leguminous rival, peas. This year, however, they were triumphant. Indeed the Wizard beans were as good as our oilseed rape was bad. In fact beans, at an average yield of 4.8 tonnes per hectare, were the best I have known for a very long time. What caused this triumph? Beats me. We kept our own seed (but only after having NIAB check the seed for germination and aschochyta) and so the variable costs were low.

But what really made the crop a success was the fact that we sold them in November for £180 per tonne. It has been a long time since beans made a profit. The problem was we only grew 58 hectares.

## **SETASIDE**

Once again eight percent of the farm produced absolutely nothing. However, as a result of today's shortage of wheat in the world the wise men of Brussels have decreed that setaside will be abolished for next year. And maybe for ever.

## **MACHINERY**

If you want to buy a tractor today it is probable that you will have to wait at least nine months because every arable farmer in Britain is spending his new wheat bonanza at the local machinery dealer. We bought three new tractors last year and so are already fully equipped with shiny new machinery. The only piece of tackle we bought is a three metre wide grass topper which we will use to keep our new public access tracks neat.

Oh yes, I nearly forgot. We also spent a mere £120,000 this year on a new cedar shingle roof for Thriplow Farm and two cottages. When my father built the the farm in 1937 the total cost was £6000. Last time we replaced the roof, back in 1973, it cost us £15,000. What will it cost in 2045 when the roof next needs renewing?

## **LIVERY STABLES**

We have built another five stables in the old cubicle shed this year. The new Manege (which everybody insists on calling a Menage) is working well and

seems to be popular with our customers. This year we have reorganized some of the paddocks by putting in a new pipeline which will feed a series of new troughs. This will enable us both to house a few more horses and also to be more flexible with the grazing.

## **THE FUTURE**

The question which obsesses every farmer in Britain - and indeed the world - today is a simple one. Will the price of all grains (not simply wheat) stay high? Or will it fall back to more "reasonable" levels? The outcome affects livestock farmers who feed the stuff at least as much as arable farmers like us who produce the stuff.

It is possible today to sell wheat forward for November 2008 for £125 per tonne. But is this sensible? In the good old days when the price moved incrementally, the risk of selling forward was never very great. At worst you might find that you were maybe a tanner a tonne below the market. But today, with the gut-wrenching volatility we have seen in the past few months, it is quite possible that any price you agree today could turn out to be fifty pounds too high or too low come the day of delivery. Since we at Thriplow produce around four thousand tonnes of wheat every year this could easily mean that we could "lose" (i.e. fail to maximise) our income by two hundred thousand pounds or more. This is a very frightening scenario, and one that not a single farmer in the world has ever experienced before.

The pessimists, who feel the price can only fall, point to the vast increase in the area of wheat planted around the world. The abolition of setaside in the EU will by itself mean a huge increase in the European wheat crop. The Australian drought may finally end, which would boost the Down Under wheat crop massively. The Chinese leviathan may well run out of puff, and with it the demand for wheat and barley. However, having spent three weeks in that country this autumn I was amazed (and rather frightened) by their visibly exploding economy.

The optimists take a fundamentally different view. They accept that possible Australian rain and definitely no EU setaside will admittedly increase production. But they feel that this additional output will easily be absorbed by an unquenchable demand. To support their position they point to the fact that world wheat stocks are at an historic low. They see the economies of China, India and southeast Asia as continuing to grow exponentially. They accept that even though the American demand for biofuels probably makes no economic sense whatsoever, it appears to make political sense since it marginally reduces the west's dependence on OPEC. Thus maize from Iowa will continue to end up inside Buicks rather than bullocks.

All of which would make an interesting seminar at the Department of Economics down the road in Cambridge but it leaves this peasant farmer feeling profoundly confused.

Confused but not unhappy.

O.W.

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