

OST HOPPING ON THE way to work, I stop and chat to a herd of dairy calves. Not that long separated from their mothers, they are skittish and curious, rushing to the fence to exhale sweet, grassy breath over me.

In the past week or so, I've taken to telling them how lucky they are. "The world belongs to you girls," I say. "You may not know it, but you've suddenly become one of the most precious commodities on the planet. Not long ago you might have been looking at dog food; now you're facing a long productive life and lots of children." Here I lean close, and they sway and blink. "And you know what, girls? We humans were too greedy and far, far too short-sighted to see it coming."

Should anyone ever want a perfect example of what short-termism has done to the world, they just need to go and look at a dairy cow. If they can find one. The domestic British milk industry is in tatters, systematically dismantled over recent years by a retail food industry that has pushed farmers to the edge by paying them less and less for their product.

The mantra is familiar to us all. Give the customers what they want. Give the shareholders what they want. And hell mend the future — if anyone even considers it, given they don't teach anything over the immediate horizon at most business

schools, so Marcus has been the squeeze that as many as a third of family dairy farmers have now quit, dispersed their herds and sold their farms. Spirits have been broken, generations of family history binned. Those who struggle on with their 14-hour days and their 4am starts do so on incomes from milk of as little as £5,000 — well below the poverty threshold and just a fraction of the average wage.

And, while this process has been going on, did anyone care? Did its longer-term economic significance register? No, of course not, because we, the public, take a limitless supply of milk totally and utterly for granted; and indeed there is probably a significant proportion of the modern population that believes it is sourced from a tap somewhere.

Then, out of the blue, panic. There isn't enough milk on the world market to go round. The Chinese palate, which traditionally regarded the drinking of cow's milk rather as we would regard drinking glasses of cow's saliva, has become Westernised and has developed a taste for yoghurt, cheese and milk. The Chinese now want to start feeding half a pint of reconstituted powdered milk a day to their children (of which there are many). Correspondingly, demand for butter, cheese and powdered milk has risen 40 per cent there in the past nine months. Worldwide, demand for dairy commodities has increased by 3 per



And it's good news for you ...

cent per year, outstripping the 1 per cent increase in supply.

The delicate balance of supply and demand has been blown. At the end of last week the distribution company First Milk, which is owned by 2,800 British dairy farmers and handles two billion litres of milk a year, indicated that it will not be able to fulfil its contractual obligations to some of its leading customers, as production is more than 5 per cent below forecasts.

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Suddenly, the retailers realise they need to cherish their milk suppliers. Rapidly, the price paid to British farmers has gone up as much as 37 per cent, from 17p a litre to 25p a litre — and is still climbing. Commercial heifers, like my friends in the field, are just in a matter of weeks fetching more than £1,000 a head — prices that haven't been seen for years. Some British farmers, empowered, are considering sending their milk to China in powdered form instead of selling to the home market.

If a Martian had landed, we might struggle to explain why we let this situation develop. Why did no one see this coming? We spend billions keeping Trident as a domestic insurance policy against global war, but we do nothing to protect a primary food source against the risk of global shortage. When that shortage comes, we will be defenceless. The farms are gone, sold largely to the monied classes as places to play at being squire. In 1995, the UK was 87 per cent self-sufficient in products that could be grown here. Now the figure is heading fast towards 60 per cent.

You cannot restore the dairy industry overnight by turning on a tap. Once lost, it will take years to rebuild, for the herds will have to be bred, and skills passed down for generations will have to be learnt. You can see it now: the huge start-up grants: the government incentive

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schemes to attract apprentice dairy workers. Module One: Which end of a cow is which. Module Two: Why Health & Safety says it's dangerous to approach cows. Module Three: What that white stuff is.

Similar problems loom with meat. Many beef, pork and chicken producers are said by the NFU to be in meltdown as a supermarket price war coincides with a doubling in the price of feed, caused by flooding and the increasing demand for grain for the biofuel industry. I am by no means an apologist for farmers, for so long their own worst enemy, but I do know that in some cases we are reaching the tipping point for breeding stock. Scotland's breeding flock of sheep, to give but one example, has reduced by more than 700,000, or 20 per cent, in the past seven years. And this at a time when economists say that, after years of food deflation, we face the opposite effect because of changing global patterns of demand as China, India and other developing nations compete for food supplies. All this, and we're worried about Iran?

Similarly, we continue, for the moment, not to question the unsustainability of New Zealand lamb, or Argentine beef, or the Scottish prawns flown to Thailand to be shelled and then back again. At what point do we wake up to the fact that, when this craziness stops, we may have no indigenous farming industry left to feed the nation?