

DAIRY FARMERS BETRAYED

Why, when sixteen dairy farms close down every week, does the National Farmers Union think milk prices are too high?

SIMON FAIRLIE investigates.

"It is not the role of government to help individual businesses with cash-flow problems". So said farming minister Robert Eustice when he gave evidence to the Parliamentary Select Committee on Environment, Food and Rural Affairs in November 2014. Mr Eustice was naturally not referring to those banks which were bailed out to the tune of £500 billion in 2008, with Conservative party support, because they were "too big to fail". The Committee was examining the matter of "Dairy Prices", and Mr Eustice no doubt felt that the dairy farms that are going bankrupt in droves are too small to be worth bothering about.

The Committee held its enquiry because farm gate milk prices had been falling from a high of 34 pence per litre in 2013, to 30 pence in September 2014. By March 2015 the average price had collapsed to below 25 pence per litre. Since the cost of producing a litre of milk is about 30 pence a litre, this means that the average dairy farmer has been losing five pence on every single litre they produce.

This price crash is a repeat of a similar collapse in 2012, when farmers mounted a campaign of blockades of supermarkets and processors in protest. The outcome of these protests was a "voluntary code of conduct" for processors which has failed to provide any price security for milk producers.

As a result farmers have continued to exit from dairying at an estimated rate of 16 per week. In 1995 there were over 35,000 dairy farms in the UK but the figure dropped to below 10,000 in early 2015 — a loss of 71 per cent of all dairy farms in 20 years. Britain has not seen any other industry so comprehensively gutted since Thatcher's assault on the coal industry in the 1980s.

The Establishment Washes its Hands

In the face of these figures, the Committee acknowledged that price fluctuations had "left dairy farmers vulnerable" and that the imminent abolition of the EU milk quota system would mean that they would "face further uncertainty". That however was the full extent of their concern, since the Committee made not one proposal for alleviating the dairy farmers' plight. It concluded:

"The dairy industry has a significant responsibility for its own future and is generally better placed than the Government is to lead change . . . Nor is it the role of the Government, as Mr Eustice told us, to help individual businesses with cash-flow problems".

Why, one might ask, was the committee parroting what the farming minister George Eustice told them, when it is the job of select committees to scrutinise ministerial statements? Could it be because the Committee (prior to the general election) was dominated by five rural Conservative MPs, notably Richard Drax whose family has owned the 7,000 acre



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Drax estate in Dorset since Elizabethan times — while the four Labour members, representing Inverclyde (Greenock and Port Glasgow), South Shields, North Tyneside, and Poplar and Limehouse, had about as much concern for farmers as a Dorset MP might have for coal miners?

Whatever the reason, there appears not to have been a single voice in the committee dissenting from the view that when an entire industry producing a staple food is operating at a loss, and thousands of individual enterprises are going bankrupt, the government should not step in because "that is not its role". It shows the depth to which neo-liberal ideology has permeated every corner of the political establishment — except, of course, that corner devoted to keeping banks in business.

The dairy industry does not need a massive injection of taxpayers' money, such as was given to the banks; it just needs some price stabilisation, as was provided to some extent by the Milk Marketing Board before it was abolished by an earlier Conservative government. If it is not the role of Government to administer price controls, who else can do it? Certainly not the farmers themselves who are at the mercy of an oligopoly of processors and supermarkets.

But it is not only the minister who is bending the Committee's ear, since in the conclusion to their report they state:

"We also agree with the National Farmers Union (NFU) that the future of the industry is best served by driving on volume of production rather than price in promoting British dairy products."

If we turn to the evidence that the NFU presented to the Committee, we find further explanation:

"The NFU supports the ending of quotas and for the market to be liberalised. The quota system has, to an extent, kept an artificially high milk price within the EU which has discouraged exports."

In other words, the NFU actually wants milk prices to be lowered through trade liberalisation. This might seem perverse for a union purporting to represent dairy farmers, but there is an unsavoury logic in their approach. The NFU represents the interests of larger landowners in the UK, who happen to own some of the largest farms in Europe. A policy based on increasing production and lowering the price so as to gain an advantage in the international market will only be of benefit to businesses large enough to achieve the economies of scale necessary to squeeze a profit from tiny margins — ultimately megadairies. Conventional small-scale producers, in the UK and throughout Europe, will be forced out of business. Indeed that is what is already happening: dairy farmers have been going bust, even though, as the NFU pointed out in their evidence, “milk production increases year on year and the dairy herd is 2.7 per cent larger this year than last.”

Milk Sovereignty

It is not only small farmers in Europe who will suffer from the drive for exports advocated by the NFU. There is now a global destination for the milk lakes and butter mountains that used to be an embarrassment: the target is markets in Russia, Latin America, Africa and the world's biggest milk producer, India. For example, since 2007, negotiations have been ongoing in an attempt to establish an EU-India Free Trade Association. One of the sticking points is EU access to the Indian dairy market, which India wants to exempt from the agreement, while the EU insists that it is included. The European dairy lobby, Eucolait, agrees, stating:

“it is important for the dairy sector to have an efficient market access to the Indian market. It would be unacceptable to have an outcome in which India excludes dairy products from liberalisation.”

Eucolait's attitude is utterly unscrupulous. Eighty-five per cent of India's milk is supplied by small farmers and co-operatives. The sector employs 90 million people, of whom 75 million are women, and represents 22 per cent of India's agricultural produce. Dumping surplus and subsidised European milk will deprive many of the poorest people in rural India of an independent livelihood. The same would happen if milk were exported to countries such as Pakistan, Bangladesh, Kenya, Rwanda and Columbia, where the people's milk sector is as significant as it is in India.

Micro-proliferation

Sadly over the past decades there has been only muted resistance from UK dairy farmers to the globalisation of milk supply, and the extermination of family farms, the exception being the spirited blockades of processors carried out by Farmers for Action. Unfortunately their spokesman David Handley, who has a limited understanding of the wider political stage, has declined or failed to forge alliances with potentially sympathetic groups — notably the environmental lobby which he alienated through Farmers for Action's ludicrous campaign against fuel taxes (which farmers don't even pay) in the year 2000.

A more promising route may be for the remaining small scale farmers to appeal to a potentially supportive public,

who manifestly do not want megadairies. A recent YouGov poll commissioned by the charity World Animal Protection reports that 87 per cent of consumers wanted to purchase “free range” milk from cows grazed outdoors, and 56 per cent would pay more to do so. With this in mind all the dairy farmers on the Scottish island of Bute, who after capital inputs to a processor have been receiving only 17 pence per litre, have collectively signed up to the Free Range Dairy Pasture Promise label in the hope that such branding will bring them increased prices.

This is a step in the right direction, but what is needed is a campaign that will attract the media and grip the public imagination. One obvious model is Britain's most successful consumer movement ever, the Campaign for Real Ale, which in the 1980s completely reversed the apparently unstoppable monopolisation of the brewing industry by a handful of corporations intent on forcing an insipid, sterilised, gasified substitute for beer onto a sceptical public. Thirty years on, Watneys and their like have disappeared — thanks largely to legislation limiting the number of pubs breweries could own — and the brewing landscape is peopled with thousands of microbreweries, dispensing ale locally through direct sales.

Is there any reason not to orchestrate a similar flowering of thousands of local microdairies? There is already a Campaign for Real Milk, operating under the happy acronym CREAM — though judging from the state of its website it appears to be sorely in need of reinvigoration. Such a campaign requires concerted support from a wider range of actors, an injection of funds, a forthright political agenda embracing the environmental, economic, social and health benefits of microdairies, and some clever promotion. The time is surely right.



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Micro-Dairy Conference
at
Monkton Wyld Court,
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