

Europe 1992: No farmers, no food

Part 2 of a series of three articles on the Single European Act of 1992.

This series summarizes the conclusions of a 261-page Special Report published by EIR Nachrichtenagentur in Wiesbaden, F.R.G., on "Europe 1992: Blueprint for Dictatorship." The report was produced under the direction of Muriel Mirak and is available for 400 deutschemarks in Europe, or \$250 in the United States.

In the many official reports and studies about the integrated domestic market of "Europe 1992," the word "agriculture" appears rarely. In part, the reason may be that the Common Agriculture Policy (CAP) of the European Community (EC) has already pioneered the way to "Europe 1992" for European farmers. But it is more likely that the prospects for farmers and medium-sized agricultural concerns are so bad after 1992, that even the bureaucrats deem it wiser not to say too much about them. Medium-sized industrialists and anyone else who still wants to earn an honest living should review in detail what the Brussels CAP has done to farming, because it is the model for how all other economic sectors will be dealt with.

The "restructuring of agriculture," as these harsh actions have been termed, has only just begun. The ultimate goal of the "restructurers," is that at least 85% of the farms in the European Community will have been forced into bankruptcy or going out of business. Out of today's 750,000 farmers in West Germany, at most 80,000 are to continue to farm. Instead, large landowners, latifundists, will again emerge, employing tenant farmers and cheap farm labor, as is stated in numerous studies on the future of agriculture.

This way back into feudalism will take us directly to the point where feudalism ended in 1807: with the enslavement of farmers, who will be reduced to peasants. The great reforms of Baron vom Stein at that time, land reform, and liberation of the peasants, laid the foundation for modern agriculture and our modern industrial society. To reduce the independent farmer to serf-like dependency on "agrobusiness," will have a corresponding, disastrous effect on the general economic structure and society as a whole.

"Overproduction" has been the rallying cry of those out to destroy modern agriculture. For years the mass media have

claimed that there is a problem of surplus food—a surplus which has never existed, even in the largest producing nations. At no point, have EC food reserves reached the minimum level of reserves, which are sufficient to maintain current consumption for three months, as mandated in the national emergency laws. Butter is the one exception. Yet despite this dangerous situation, the quota system has been introduced by force. The quota system has resulted in a significant redistribution in milk production. The average medium-sized farm had to decrease milk production by about 20%, while a few large farms were allowed to expand their milk output by 25% in the same period. At the same time, "structural changes" were forced on the dairies, which received 20% less milk.

The smaller, independent dairies naturally found it more difficult to absorb the lowering of production capacities than the large milk chains. This cleared the way for the larger concerns to get rid of troublesome competitors; a wave of mergers started, and "structural change" was under way. The declared political aim is to allow only a handful of dairies to remain in any one EC country.

The environmentalist fraud

In their clamor for cutting production, politicians take advantage of environmental protection. Increasingly severe conditions are being imposed on farming, and on processing facilities like dairies and slaughterhouses. Step by step, independent producers and processors are being dispossessed in the name of protecting the environment, and in favor of cartelization and concentration. The *éminence grise* of environmental matters in Europe is Ernst von Weizsäcker, a nephew of the West German President and director of the Institute for European Environmental Policy, one of the spawn of the European Cultural Fund. Von Weizsäcker is a radical ecologist, whose frequent tirades against modern agriculture are totally unfounded. It is von Weizsäcker's goal to reduce the intensity of European agriculture on a broad scale. His financial backers are such exclusive and wealthy circles as the World Wildlife Fund, headed by Britain's Prince Philip, the man who recently stated he would want to be "reincar-



Maria Schmitz

A 1987 farmers' demonstration in Bonn, West Germany. The Schiller Institute banner (right) reads, "Don't Talk About Surpluses, When Millions Are Hungry." The other banner says, "To the Devil with the Agrarian Policy."

nated" as a deadly virus, to help reduce world population.

In the name of environmental protection, the tyrants from the EC headquarters in Brussels are forcing through irrational—and destructive—policies. The latest example is the new European fresh water act. A limit has been fixed for water purity from certain substances, that only 0.0001 milligram per 1,000 liters of water of a given substance is allowed, and all substances combined must not exceed 0.0005 of a milligram. This is a 10th of 1 billion parts per liter, and corresponds to someone attempting to isolate one single person among 10 billion people or 1 second in 317 years. The list of banned substances includes, for example, Atrazine, which is completely non-toxic, and harmless to humans, but which is used in pesticides. However, not included in the list are substances like mercury, arsenic, and cyanide, which are harmful to humans even in tiny amounts. They are not used in agriculture, but could find their way into the drinking water in other ways, which seems to be of little concern to the EC bureaucrats.

Yet the politicians selected only substances that are used in agriculture. The guidelines of the fresh water act cannot be enforced, even if tens of millions of dollars were spent. This makes it an ideal tool in the hands of the EC European Commission, to be used against farmers and industry. The Commission now has the right to intervene at any given time, in any region of any member country, to enforce this impossible fresh water act. The Commission can close down any fresh water well or simply threaten to wield the new regulations as a formidable blackmail potential.

The bureaucratization of eating

"Europe 1992" calls for equalization, or "harmonizing," which will have disastrous effects on the national cultures of Europe. Not only will taxes and fees be equalized, but the

size of wine bottles, the ingredients in wine—and the taste of food. Wine production is in grave danger. Although wine production in Europe (excluding Spain) increased from 149 to 155 hundred million liters between 1976 and 1986, consumption levels have dropped, due to a general decrease in real wages and buying power of the population.

It is most probable that the Commission will enact a wine tax which, together with other unnecessary and arbitrary regulations, will increase the price of every bottle of wine by approximately DM 2 (\$2.60), thus further reducing consumption. In addition, the EC is planning to cut 700,000 hectares of vineyards, representing 30% of those in production. This is disastrous, because to reconstitute a vineyard will require at least 10 years of investments at a loss. For German wine-growers, whose products are not in direct competition with Italian and French (red) wines, the measures proposed by the EC mean certain death.

By 1989, even non-exporting wineries have to use bottles of 0.75 liter volume rather than 0.7 liter. For improving the quality of wine, the use of sugar is banned in the future; what can be used is an Italian grape juice concentrate, termed RTK. This does not actually improve the wine, but it raises the price of the bottle by DM 0.25 (\$.45). "Harmonizing" will also enforce standardization of the *taste* of food—under the tyranny of the bureaucrats. At present, food is standardized only by size, appearance, and weight, but this is to be changed, with a research program called "FLAIR" (Food-Linked Agro-Industrial Research). FLAIR was designed especially for the European Commission. The consumer will no longer judge the taste of food himself or herself: Enzymes and bio-sensors will take over this task. This is a horrific vision for everyone who considers eating more than simply the intake of food. If not stopped, we will ultimately have sterile, artificial food indistinguishable from plastic.

“Harmonizing” will reduce the quality of food drastically; therefore, the Commission is doing things that will get consumers used to its policy in time. The lifting of purity laws, as in the case of beer and pasta, is the first, logical step. If the purity law is lifted in the case of cold cuts and milk too, as is expected, then the farmer will have nothing to do with food production anymore. Then even the raw materials of food will be produced by Unilever or Nestlé.

Soviet-style bureaucrats

The Brussels bureaucrats seem committed to using the policy of harmonization of taxes and fees in every country, as an excuse for increasing taxes across the board. In addition to taxes, every farmer and producer will be burdened with so many regulations that they will be swamped by paper work of the sort known now only in the East bloc. What is happening to the wine industry can easily be transferred to other sectors, like grain production. The heads of state decided at

their last European summit to limit the grain harvest of the European Community to 160 million tons. If this amount is exceeded, the EC will collect a producer tax of 3%—on top of the 3% which has been collected for years.

The Commission has decided on the following simplified procedure—one that feudal barons would have been delighted to enforce. Both 3% taxes are due *in advance*. If it turns out that the grain yield remains below the upper limit, the already-taxed farmers can apply for a refund on taxes they have already paid. Applications must be picked up from the local authorities and have to be turned in with appropriate receipts and documents. Then the Commission will decide if and when these unduly raised taxes will be returned. Not only will the clerks be overburdened with paper, but the middlemen in the farm sector as well; taxes will have to be collected directly from the farmer, who, in his free time, will have to do the paper work for the Brussels authorities, free of charge. The revenues realized from this extra tax will only be a

There is no food surplus

Butter production in the European Community has fallen by almost 30%. All dairies without exception complain that they do not even receive enough milk to satisfy butter demand in their local areas. The former EC “butter mountain” has melted down to the indispensable minimum. Since current production is lower than current consumption, the dairies have already announced price increases and supply bottlenecks. This has consequences not only for the consumer in the EC, but also for the whole world, because the EC is the world’s largest exporter of milk products. Not only has the quota system hurt the farmers, but they are now supposed to pay for the shortages. Milk powder is an essential part of mixed feed for cattle, and milk powder has been in short supply in the EC for a long time.

The feedstuff industry already purchases milk powder in the United States, making the mixed feed that the farmer depends on significantly more expensive. The Association of European Mixed Feed Industries warned in June 1988 that the feedstuff supply may not be guaranteed in the future, due to empty warehouses and decreasing production. Here, too, whopping price hikes are occurring. The effects of this policy on the world food supply can only be called apocalyptic.

- World milk production stagnated in 1987, and will decrease in 1988.

- The world output of sugar, another supposedly surplus product, will be lower than consumption needs this

year—making sugar production lower than demand for the fifth year in a row.

- World grain production is decreasing significantly, and the world output of soybeans, the most important feedstuff, would have been below current consumption even without the severe drought in the United States.

- Production of fish meal, the most immediate substitute for soy, suffered a dramatic collapse of 10.7% in 1987.

- Meat—especially beef—production, is growing. But the higher figures of slaughtered animals are due exclusively to dairy production cuts because of the milk quotas and drought. With the destruction of the herds, the beef market will collapse, and its collapse will be all the more complete. Shortages are just ahead, now even for the “fat” part of the world.

It must be kept in mind that all figures and calculations cited always refer to demand associated with strong purchasing power only, not to the actual worldwide food needs. As for feeding the world population, agriculture had to give up long ago, thanks to national regulations. World hunger is not a distribution problem.

Even in times of the highest mountains of surplus, food supply fell short of feeding the world population. The largest grain harvest ever recorded by world agriculture was 1.8 billion tons in 1984. But to supply 5 billion people adequately, we would need between 3.4 and 3.6 billion tons of grain, including rice, per year. This would mean a doubling of the previous record harvest. The 1984 result has not even been approximated since, due to various measures to curtail production in the United States and Europe.

fraction of what it will cost to administer and collect the tax, but what farmers get for producing the key commodity of grain, will be cut by 3%.

The power of the cartels

Farm trade is the most controlled economic sector in the world. For many years, over 90% of world food trade has been in the hands of five multinational corporations. It is they, not any "invisible hand of the marketplace," who determine the price of different products. Even according to the theories of the "free-market" economists—apologists for the cartels—in a free market, raw material prices could fluctuate with supply and demand; under current conditions, food prices would skyrocket. There are only 10 companies which supply supermarkets.

Moreover, more than half of this supply comes from only two corporations: Unilever and Nestlé. The total value of farmers' investment assets has been devalued at the same rate that farm income has been lowered. The same is true for medium-sized processing industries. At least since the time of European federalist Sicco Mansholt, Brussels' slogan for farm policy has been "creeping dispossession." What Stalin had to ram through with violence and mass murder, is being achieved in the EC with price fixing and conditionalities.

Farm property is being expropriated from individual owners, slowly but steadily; grabbing up what has been acquired over generations becomes easier and easier. While family farms grow poor, their property falls to the large corporations. And this process is called "structural change" by the politicians. However, there is still a chance of earning good money in farming, provided you are backed up by sufficient capital and you have control over a wide network of good relations.

For example, if you know in time when there will be a clearing of inventories or which subsidies may be allocated, then you can adjust to the situation early and reap fat profits. This is the secret behind the breath-taking profit margins of the big cartels. While agricultural production is going down, the large trade and production chains were able to increase their profits dramatically. Cargill reported a 66% increase of net profit in 1987. And the rest of the cartels do not go hungry, even if their profit margins are modest in comparison. The British multinational ICI, involved in agriculture worldwide, had to be satisfied with an increase of 29.1%, and Unilever increased its profit by 25.6% in one year. In the same period, farm income dropped in Denmark by 35.3% and in West Germany by 27.5%.

"Restructuring" is in full gear. One of the biggest sources of the multinationals' earnings is subsidies from the EC. They loot an estimated DM 10-12 billion each year, simply by transporting food and raw materials back and forth across the national borders. Sales of food from one nation, taken to and sold at a different price in another nation, are subsidized by the EC, therefore, for the big cartels, even carting food over

long detours, and frequent repacking are profitable. This is a key source of the profits reaped by these corporations.

They all live off taxpayers' money and reinvest it to enlarge their control over politics. These honorable gentlemen praise free trade and, of course, are highly critical of any state interference. From the outside it may seem strange that almost all international chains are currently investing in agriculture. Thus, recently Daimler Benz intervened massively in the Spanish hog-breeding market. Since Spain receives money from the Community's structural fund, this is a very profitable enterprise indeed, for a corporation with such unlimited possibilities. And Volkswagen is breeding tens of thousands of cattle in Brazil, for the European market, of course.

Brazilian beef is purchased at preferential prices by the EC to help develop the country. In this fashion, however, it turns out to be development aid for Volkswagen! They all are cashing in on money nominally designed to subsidize agriculture. For the insider, this interest by large corporations in agriculture comes as no surprise at all. First, this involvement allows the firms to pocket even more state subsidies and, second, these circles know very well that having a share in food production will be a passport to power very soon. You buy cheaply in times of enforced structural change, and a couple of years later, when the farm crisis is "cleared" and cartellization is completed, you can dictate the prices both of food and of rural real estate.

These conglomerates with their hundreds of daughter firms and thousands of partnerships will dominate the integrated domestic market. They all are "armed" for 1992. Medium-sized industries cannot compete because, for one, they cannot afford to hire armies of lawyers capable of leading them to the huge pot of subsidies.

The food weapon

The policy of a deliberate shortage of food has added power and influence to the cartels. Under the slogan of "reducing surplus production," they intend to cut food production further. Actions aimed at lowering production will drive thousands more independent farmers into bankruptcy, thus increasing the power of the cartels, which will create even more severe shortages. Ever less food and ever higher concentration, have transformed food into a dreadful weapon, which can be used to force entire continents to their knees.

The 1988 drought hitting the grain and soybean belt of the United States and Canada has dramatically worsened the tense food situation. The 1988 world grain harvest is estimated to be only 1.5 billion tons, with large shortfalls in the United States, Canada, and China. It is certain that the American crop yields of grain, soy, and sugar beets will be only half of those in an average year. The Canadian government has already announced that it will have to reduce grain exports from 30 million to at most 14 million tons in 1988. Mexico, Brazil, India, China, and parts of the East bloc also

suffered large-scale drought losses. In addition, there were reduced crops in Cuba, China, and parts of the Soviet Union because of flooding.

Only in the EC and Australia are normal crops to be expected. Because of drought conditions, soy crops will be extremely small. Soy prices have already doubled and cattle feedstuff will be in such short supply that ranchers will have to shift to grain. This means, however, that grain for human consumption will be curtailed even further. Most immediate-

“By now, in the milk sector of Germany and the EC we have developed an administrative economy which is even worse than the East German planned economy.”—Wolfgang Suwelack, Managing partner, Dr. Otto Suwelack Co., Billerbeck, West Germany

ly hurt by this development will be those already in the gravest situations, the Third World nations.

Shipments to developing nations will decrease, and at the same time these countries will have to pay higher prices for purchases on the world market. In May 1988, UNCTAD representatives already warned at the World Food Conference in Brussels that the situation in the Third World was threatening to go out of control with these developments. And while politicians and farmers still quarrel about reducing surplus production, German relief organizations do not even have food supplies for their current emergency projects in Africa. Even now, “the hungry in Africa have to compete with our hogs and cattle,” the secretary general of the *Deutsche Welt Hunger Hilfe* organization said Aug. 7.

Soviet officials have already admitted that agricultural production stagnated in 1987, and that this year’s harvest will be tens of thousands of tons short of what is needed. According to official statistics, the Soviet grain crop was 211.4 million tons. From that, approximately 30% must be subtracted because the Soviets use “silo weight” for their figures, i.e., the grain is still moist and uncleaned when weighed. Soviet grain consumption is estimated to be at least 234 million tons. So far, import requirements from the West have been around 34 million tons per year; the present-day Russian czars got the rest from their satellites in Eastern Europe, even though these nations do not have enough food for their own

people. Food supply has dramatically worsened in the whole East bloc, and shortages are a key cause of the widespread strikes and protests there—subsidized food shipments from the United States and EC notwithstanding. For the industrialized nations, the question, “Who will eat, and who will not?” is already before us. The critical food shortages in the East bloc pose a direct threat to Western Europe.

The Soviet Empire, carrying out the biggest military buildup in history in the midst of severe food and industrial crises, is desperate to seize an “agricultural surplus region.” One such region, Western Europe, is on the Soviets’ doorstep. If the crisis deepens, and Western Europe and the United States do not reverse the current trend and defend themselves, the future for Europe’s farmers is bleak indeed. They would be told to produce the minimum quotas—enough for the Soviet war machine—and our population would have to watch trainloads of food moving eastward, as the Poles and East Germans already do today, while they themselves barely survive.

The EC is paying tribute to the East bloc already. Now, as always, the Soviets get what they want from the EC, for token prices: butter for DM 1.80 a kilogram—1/6 the price the consumer pays in West Germany; beef for DM 1.50 per kilogram—1/15th of what it costs inside the Community. According to *Bild-Zeitung* the EC paid DM 6.6 billion in tribute to the East in the form of subsidized food in 1987. This sum is also listed as a “subsidy to European agriculture.” But the Russian czars are demanding even more.

The Soviet ambassador to West Germany, Yuli Kvitsinsky, stated at the Soviet 19th Party Congress at the end of July that the Soviet Union would have to also achieve “economic parity” as well as “military parity” with the West. “It is urgent that we institute international controls over the use of economic power in the relations between nations, and also over how excessive wealth which exceeds the need of some nations and their populations, can be used for the benefit of the international community.” Kvitsinsky went so far as to attack the Third World nations because they allegedly fail to ship enough food to his country in return for Soviet aid—which is mainly military.

The first results of this blackmail have already become visible. The Bavarian Farmers Association has signed a cooperation treaty with the State Committee for the agro-industrial complex of the Russian Soviet Republic, involving export of new plant varieties, planning and expansion of warehouses and agro-technology centers, and the export of meat, drinks, and dairy products. In the future, Bavarian and Russian firms will cooperate directly. And West German Agriculture Minister Ignaz Kiechle is seeking similar agreements on the federal level. Besides meat, butter, and grain, West Germany is also supposed to provide the Russians with technologies for competent storage of the donated food. Again, the prices will be dictated by the Russian masters.