

Agriculture by Marcia Merry

Cartels move in on eastern Germany

From the frying pan of communist collectivization, farmers are now being thrown into the fire of cartel dictatorship.

Shady deals are now in the works between mega-brokers in the international food trade, and chairmen of the collectivized farms in eastern Germany, to create giant counterparts of the vertically integrated, or "factory" farms, which the cartels have imposed in the United States. This could provide special interests, such as Britain's Lonrho, with "food power" weapons to wield in any way they choose.

The ugly threat has come about because of the continued laxity of the German government in doing anything to dismantle the communist system's agriculture collectives, and to restore private family farms.

Under the East German communist party after World War II, individual private farms were forcibly agglomerated into collectives (LPGs) of 10,000 acres and more. Central management bureaucracies ran the farm operations, with, in many cases, former farm owners working as employees. Over the last 18 months of the creation of the free, unified Germany, these collectives have been hit hard by low prices for their output. Most LPG bureaucrats have resisted restoring private farms, and many have succumbed to dealmaking with Western cartel companies.

The newest model for such a deal is that of the Börde Agro AG, a new business set up in mid-December in Hamburg, long a center of grain market control. ADM, the world soybean giant, runs its European operations through the old Hamburg company Toepfer, with which ADM has merged.

Börde Agro plans to contract for

use of 123,000 acres of prime farmland in the vicinity of Magdeburg. The chairman of the board of Börde Agro is Peter Rothe, who is also chairman of the board of Getreide Rendsburg, an international trading house for grain and farm supplies. In a recent interview, Rothe stated bluntly that he considers the LPG collectives to be the "best structure in agriculture," and "absolutely the most worth saving."

Rothe referred to the ease with which the land can be grabbed and assembled into huge parcels for factory farming. He has ordered his company officials to stay in the background, and to work through fronts.

The desperate bureaucrats of the LPGs have been lining up land for Börde to acquire. Others in the market include the Munich-based Associated Livestock Processors, Krupp-Lonrho in Dortmund, and Agricultural Products AG in Saxony.

A middleman's fee of 300 deutschemarks per hectare is a sweetener for the LPG chairmen, who are trading and closing contracts over the heads of the rightful owners of the farmland, i.e., the members of the collectives. The bureaucrats are using persuasion and subtle threats and even violence to silence any farmer opposed to the transfer of land for the use of the cartel companies. Cartels are also lining up use of land under government control intended for "land reform."

Börde Agro plans to provide the inputs to the collective farms on favorable terms, and then relieve them of their entire crop. In this way, the col-

lective ends up with only one supplier, and one customer, to whom they are contractually bound, and who can dictate the details of their operations and decide whether they survive or fail.

Sound familiar? The cartel company officials will function just the same as the officials of the East German communist Management Districts to give orders to the LPGs.

The conglomerates in question will be able to use their command and control over the collectives to force low prices, and intervene on international commodity markets. The grain traders boast that any losses will go on the books of the collectives, not on the accounts of Börde Agro.

Justification for this transformation of Marxist collectivized farms into free trade factory farms has come from a gallery of pathetic agriculture economists in Germany and in the United States. Prof. Edgar Harsche of the University of Giessen issued a piece last year called "German unity: the end of the model of the independent family farm?" Harsche wrote that the family farm was "obsolete," and that free market wage labor in agriculture was the wave of the future. He praised the "organization innovations" under way, including how LPGs might privatize themselves into cooperatives, or limited partnerships, and lease their land.

Over the past few months, LPG chairmen were shuttled through crash courses at expensive West German managerial schools, where, following Harsche's line, "the ideology of the family farm was critically questioned," and shown to be "absurd in general practice."

At Iowa State University, Prof. Neil Harl, considered to be the guru of agriculture economics in the United States, has likewise developed courses in "free market" agriculture for Eastern Europeans.