

## Europe agrees to farm cuts, but free traders want more

by Marcia Merry

On May 21, at a conference in Curia, Portugal, the agriculture ministers of the 12 member nations of the European Community (EC) agreed to a package of cuts in their Common Agriculture Program (CAP) that stands to wipe out the agricultural productivity developed by the CAP over the past three decades. This package of farm commodity price reductions and other measures is the latest proposal offered to mollify those demanding "free trade"—those who initiated the "Uruguay Round" of the General Agreement on Tariffs and Trade, which has focused for five years on concluding a GATT treaty among its 108 member nations.

While the GATT negotiators battled in Washington, D.C., the news came over the wires on May 28 that Olympia & York, the world's largest real estate company, had filed for bankruptcy protection for its London Canary Wharf office complex, after its bankers failed to provide \$37.7 million in new funding for the project.

The faster the Anglo-American financial world disintegrates, the more London and Washington want all-out "free trade" powers to be able to loot the rest of the world. The Anglo-Americans are still dicker about whether the EC agriculture cuts are sufficient. Just at the moment that the Anglo-American real estate bubble was popping, the Europeans stupidly caved in on an issue vital to their economic survival. Now they are moving ahead to implement the disastrous Maastricht Treaty on European union, which will strip member nations of sovereign decision-making powers over their own economic futures.

### What's at stake in the GATT

The current deadline for a global trade treaty, set by the Geneva-based GATT Secretariat, is January 1993. President George Bush has repeatedly demanded that a tentative agree-

ment be reached by this July's summit of the Group of Seven heads of state in Munich. But behind all Bush's imprecations over the need for "free trade reform" are financial crises and raw power plays. Beside the agriculture issue, there are conflicts over how to have a treaty to reduce tariffs on manufactured goods, to phase out quotas on textiles, and to end national prerogatives to regulate banking and insurance.

On May 27 and 28, European Community Trade Commissioner Franz Andriessen met in Washington, D.C. with Secretary of State James Baker, U.S. Trade Representative Carla Hills, and U.S. Agriculture Secretary Edward Madigan, on the GATT issue. In addition to the radical cuts in Europe's farm supports agreed to in Portugal, the United States has been demanding stiffer limits on European food output and a lifting of restrictions on imports of feed grain substitutes into the EC.

During the five years of the Uruguay Round talks, the EC had been at odds with the United States and Great Britain over agriculture. The EC had demanded the right to limit cuts in farm support programs, and the right to control related measures, such as import quotas and export subsidies. There are over 10 million farmers in the European Community, and their output is especially crucial in the light of emergency food needs in the former Soviet bloc. Under various of the free trade package proposals, the EC could lose over half of its farmers.

The United States, on the other hand, has charged that Europe's Common Agriculture Policy protections must be given up because they are "trade distorting." In practice, this is a bald rationalization for the demand by world food cartel companies to be able to control food prices, trade, and supplies, anywhere, anytime, for their own financial and political objectives. In particular, since the collapse of the Soviet Union, the cartel has intervened to prevent the emergence of

any independent food production capabilities in eastern Europe. In recent months, the U.S.-based cartel companies have moved hard against EC agriculture, in an attempt to prevent even the possibility that a European food "superpower" could challenge the Anglo-American granary nations—the United States, Canada, and Australia—whose policies to date have been under cartel domination.

Repeatedly at hearings in Washington, D.C. during 1991, there was testimony against the "competition" caused by EC food output, by the top executives of Cargill, Archer Daniels Midland/Töpfer, and other cartel representatives. These officials demanded that Congress and the administration threaten trade war with the European Community over "market share," if the EC did not stop supporting its farm sector, and allow the U.S.-based companies free access to Europe.

### **The MacSharry concessions**

The European Community cuts in the CAP, as put forward by EC Agriculture Commissioner Ray MacSharry, are a capitulation to these cartel demands. Under the terms of the agreement made available so far, the EC will cut cereals prices by one-third. Farmers will be forced to idle 15% of their acreage in order to receive subsidy payments, to make up for the lowered prices. This is the same as the U.S. system, called "deficiency payments," which has contributed to destroying U.S. agriculture. The EC cuts proposals effectively mark the end of the CAP, established in 1958 by the Treaty of Rome, which enabled farmers to have a better standard of living and consumers to have a cheaper and better quality food supply.

The proposed changes in CAP were agreed to in Portugal after four days and three nights of haggling. The MacSharry package was unanimously opposed when it was first raised 18 months ago. But despite statements of objection, all nations have now agreed to it. British Prime Minister John Major called the agreement a "triumph" for his Agriculture Minister John Gummer, who has been the loyal servant of the Anglo-American food controllers. The defense of the MacSharry cuts offered by EC Brussels bureaucrats is that prices will be lower for consumers, and the EC will save money on the CAP budget, now running about \$39 billion a year.

The MacSharry plan's 29% cut in cereals prices have implications across the board. The grains price cuts can lead to a 15% cut in beef price supports, and a 5% cut in butter price supports. The new proposal calls for sheep meat and beef production to be subjected to quotas limiting output, in the same way that milk output is controlled now. CAP is supposed to provide direct financial subsidies to farmers affected by the cuts, and larger farmers will have to put 15% of the acreage into non-food use.

### **Angry opposition in the streets**

As the ministers were meeting inside their conference hall, 3,000 Portuguese and Spanish farmers were demonstrating outside against the proposal. Portuguese farm leader

Joãoquim Casimiro said that the CAP changes would "cut our production," and prevent farmers in the Mediterranean region of the EC from ever closing the gap on income with farmers in the North. But farmers all over the EC are angry.

The day after the CAP agreement was announced, French farmers began lighting fires in front of regional political offices. Large protest actions are expected.

On May 22, the French farmer organization FNSEA issued a statement denouncing the deal. "It is a gift to the Americans that will not even satisfy them," said a FNSEA spokesman. "They will ask for more."

Italy was particularly opposed to the MacSharry plan on the issue of milk. The proposal calls for eliminating half a million Italian dairy cows, thereby reducing milk production by 2.5 million tons. This proposal comes despite the fact that there is demonstrably no "overproduction" of milk in Italy, which imports large amounts of dairy products. However, Italy did not use its veto power to block the deal.

German officials likewise approved the MacSharry plan, despite massive opposition from farmers. Typical of the rural sentiment is a meeting of farmers May 5 in the village of Alzey, in the state of Rhineland Palatinate. Called by a man who wished fellow farmers in his club to hear a professor from Stuttgart explain the GATT treaty, the meeting was expected to draw 50 farmers, but instead drew 500. The crowd heard guest speaker John Koehler, a farm leader from Australia, founder of the anti-free trade Citizens Electoral Councils there. Koehler got cheers for calling the GATT "Uruguay Round" a campaign by the free enterprise fanatics in Washington. Koehler was in Germany to attend meetings of the Schiller Institute and to report on the devastation of farmers in the Anglo-American farm sector, caused by free trade policies.

Australia had over 140,000 farmers 15 years ago; now there are 70,000. The Australian Farmers Federation predicts that at least 10,000 more will be ruined soon under the continuing free trade policies.

In Canada, on Feb. 21, some 40,000 farmers and supporters demonstrated in Ottawa against the proposed GATT changes for Canadian agriculture—for example, the elimination of the Wheat Board.

### **Vultures**

The Anglo-American financial journals are calling for even more cuts. The London *Financial Times* of May 22 said that the decision of the EC ministers to cut prices would bring them more into line with "world market prices." The paper wants the elimination of export subsidies almost entirely by 1996-97.

The Uruguay Round draft text now before GATT, prepared by GATT Director Arthur Dunkel, calls for a 24% cut in the volume of subsidized exports from a base period of 1986-90, and a 36% cut in government subsidies between 1993 and 1999.