

Deregulation Ruined European Agriculture

by Erwin Schöpges

Erwin Schöpges, a Belgian dairy farmer and farm leader, addressed the Schiller Institute's conference in Rüsselsheim, Germany, on July 2. The conference was titled "Rescuing Civilization from the Brink." This speech was translated from German.

Good afternoon! I'm Erwin Schöpges and I'm from the German-speaking region of Belgium. Although whether Belgium still exists is currently up in the air: We have had no government for over a year!

I am an active, full-time dairy farmer. I operate a dairy farm with a quota of 500,000 liters [per year]. I am married and have two children—a son who is 19, and a daughter who is 16.

I would like to briefly explain why the issue of agriculture is much, much more important than you might realize.

Free Trade in the Dairy Sector

First a bit of history: my background and how I built my business. When I took over my parents' business 25 years ago, we had 25 or 30 dairy cows, and were producing 125,000 liters of milk on the farm. My father, my mother, and the whole family lived from the operation.

When I took over, the first thing people told me was: "Your business is too small, it is not viable. You have to double its size as quickly as possible." I was young, so what did I do? I increased my business from a 125,000-liter quota to a 300,000-liter quota, which means I doubled my production in 10-15 years.

Then the traditional farmers' associations and the politicians came back and told me: "Listen, your business is still too small. You've got to double it again." Then, about 5-6 years ago, my neighbor stopped farming. So what did I do? He had a quota of 200,000 liters of milk. I took over his operation, so that means that over the last 25 years, I have almost tripled my production.

Today my son is 19, and he wants to carry on the



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Schöpges told the Schiller Institute conference: "We need a change of the system; we need an agricultural revolution!"

business. Today they are telling my son, "I'm sorry, but your farm has absolutely no chance of succeeding. You've got to at least double it, so that you produce at least 1 million liters—and with *the same* labor force."

Well, at some point one asks oneself: Do I want to stick with this whole system, or is there a better way? So, five years ago, I decided to become politically active, and really think things through and check things out. And for five years now I have been affiliated with the European Milk Board (EMB), an organization that brings together dairy farmers from 14 countries, and now has over 100,000 members.

What is the situation on the farms? In almost all of Europe, the farms are in debt. In Denmark, the farms are so deeply in debt that the farmers can no longer repay the principal on their loans, but only the interest. And so you see where the whole European policy is going: You're not supposed to pay back the principal, just to keep paying interest.

The farms are so deeply indebted that many of



The European Milk Board's demonstration on Sept. 9, 2009 before the European Commission headquarters in Brussels, Belgium. The price of milk had fallen so low that they dumped it on the fields in protest.

European Milk Board

them—I won't say all, but most of them—are now owned by the banks. The farms no longer belong to the farmers, but to industry: Nestlé, Danone [Dannon in the U.S.]. All these industrial operations are buying up farms with 1,000 or 2,000 cows, and the farmers only stay on as workers, as slaves on farms that they don't own any more.

And behind all this is the system: The banks, big business, industry want to get a lock on future food production. They want to be the lords of the world's food production. They are buying up land all over the country. They are buying land even in the smallest communities. And I think everyone must realize that they are also warming their hands over the energy markets. Once these people become the lords of food production, the next thing they will acquire will be water. They will be the lords, and water will be privatized. And he who controls these three things—food, energy, and water—dominates the entire world.

Farmers exist to feed the population. But we have been made dependent on the banks and subsidies, the incentives we receive. Without these incentive payments, we would no longer be able to keep our farms. The politicians set this up quite cleverly, to make us dependent. The moment we fail to meet any particular production standard, our incentive payments are reduced. So it is easy to silence us.

Political Action

Therefore our position in the EMB, which we uphold very clearly, is that producer prices to the farmers have to cover our costs. Regardless of the sector.

We don't want incentives and we don't want subsidies.

This morning [at the conference] there was talk about the banking crisis. I don't think there *was* a banking crisis. It was just a crisis for the "little guy," for the population. When we had a milk crisis, they said it was a dairy crisis. No! The dairy processors were making their profits. But we farmers were the ones who paid for it.

We have milk prices of 20, 18 to less than 15 [euro] cents for a liter of milk. And when you consider that a liter of milk costs us 40 cents to produce and the dairy processors were making the same profit as before, who paid? We did and nobody else! It was a crisis for the farmers, and not for the dairy processors.

So we asked ourselves: What do we do now? The milk price was so low that we had to do something. We assembled all over Europe, we held demonstrations, we brought our tractors and occupied the entire European Union area of Brussels for two days. We drove our tractors across Europe for days, heading for Brussels. I don't know how many times we went to Brussels to put on pressure, to reverse this liberalism. But none of it did any good.

So we eventually decided, in September 2009, to go on a delivery strike. For 14 days we delivered no milk. We really saw no other solution. The high point of this strike was in Belgium, in Ciney, where we dumped 3 million liters of milk on the fields, for half an hour to two hours.

Just imagine: People are starving; they are starving in Africa; they are starving in Europe. And yet we are forced to dump our milk on the fields!

We had expected to be sharply attacked by the Third World organizations, for such an audacious position. And I myself, who dealt with those organizations, could hardly believe it, when we actually received more support from them than from anyone.

Why? Because the politicians were exporting our milk, with export subsidies, to Africa, to these weaker countries, which destroyed the small farmers there. We could supply powdered milk more cheaply than the small farmers there, with their 3-4 cows. And so we farmers, with our low milk prices, were going to the dogs, but so were these small farmers, who were struggling for survival. We destroyed them at the same time. This was really a sign that this policy, this EU policy, is absolutely wrong.

The EU as a Food Speculator

How did the politicians respond? They made “interventions.” What is an “intervention”? Their intervention is called warehousing. This means that the EU politicians, or the EU Commission, buys milk at dumping prices, when the price is very low, and puts it into storage; as soon as the price goes up, if there is a shortage, the EU Commission sells the milk at a higher price.

They told us that this intervention was supposed to help us, to raise the milk price. But at the same time, the EU Commission was speculating on it—I think the EU is one of the biggest dairy speculators. They got rich off our crisis, since they had bought the milk cheaply, stored it, and then re-sold it when the prices were higher. That’s how EU politics works.

What do the politicians want to do now? The bottom line is that they decided not to take any responsibility. At the moment, we have a milk quota, which means that every farm has a certain right of delivery; it gives you security: Here is the amount you are allowed to produce. But now they have decided that this should be completely liberalized.

Of course the dairy processors come along and say:



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Dairy farmers “march” on Strasbourg, France, with their tractors, October 2010.

“We can’t take all this milk.” So the regulation of production will be transferred to the dairy processors.

Now you must realize that 60-70% of the dairy processors are cooperatives. Cooperative dairies in the end belong to us farmers, so this should actually be perfect. But the funny thing is that dairies that are cooperatives have outsourced their business operations and turned them into joint stock companies. The farmers are only still responsible for collecting the milk, and these stock companies, these shareholders, do the marketing.

The shareholders naturally want to make the biggest possible profit. And so in the future there will be more and more speculation with dairy products—you see it now with grains, with all kinds of food. There’s an enormous amount of money to be made from speculation. And the bottom line is: rising prices in the short term, and then relatively low long-term prices. That’s how the speculator makes the best deal. And we absolutely disagree.

We have also been forced into contract farming. That means we have to sign contracts for the quantity of our deliveries, how much we will produce. An example: I sign a contract with my dairy processor for 100,000 liters of milk, which I will supply this year at a fixed price, say 30 cents per liter. But I only deliver 90,000 liters, because of production problems. Cows are not industrial machines, so this can happen!

Now the dairy says: “Hey, listen, you signed a contract



A demonstration at the European Parliament in Brussels, May 4, 2011.

for 100,000 liters. We're 10,000 liters short!" And we are forced to pay a penalty for the milk that we did not deliver. But now we deliver 110,000 liters of milk, because the cows have given a little more; and the dairy says: "We had a contract for 100,000 liters, but now you are delivering us 10,000 liters too much. We have to sell it on the world market." So then we have to pay another penalty for these 10,000 liters. It's always easy for industry to get hold of cheap milk, because we are bound by contract to guarantee it. And they can export this milk, which they buy cheaply. They can use it for speculation again.

Farmers and Consumers

Who will end up paying this bill? Many farmers are going to go out of business. You can see it already: More and more are giving up. I'm even mulling over whether I should pass on our farm to my son, because he will then have to go deeper into debt and deeper into dependency, and in the end, nothing will belong to us. Many farmers are going to disappear.

"Okay, so there are fewer farmers around; the main thing is that the food will be produced," people say. But the fact is—it's certain and it's intentional: The consumer is the one who will foot the bill. Because if the corporations control food, the first thing that will happen is that the consumer will have to pay more, regardless of what the product is, and the producer will get less and less. These industrialists are making big money, and the consumer will blame us: "Just look at what we have to pay for your products!" And we won't

be able to convince them that we are getting nothing out of it. I think it is really important that the farmers and the consumers act together, to defy these industrialists.

An Agricultural Revolution!

So how do we get out of this situation? I think that just to criticize, to say: "Yeah, this is shit," whining, moaning—we have done that long enough, we farmers. We need to really give some serious thought now to how we get out of this. Our position at the European Milk Board is very clear: We need a change of the system; we need an agricultural revolution!

It was important to take vigorous actions to make our organization known. It is also important to be serious as an organization. A non-serious organization will have no political effect. It is, of course, important to do lobbying these days, and I have recently been lobbying. I met with 20-30 EU parliamentarians; I spoke with EU Commissioner Dacian Ciolos, and with Karel De Gucht, who is responsible for trade.

I ask myself how it is possible: Lobbying is the worst thing a person can do in life. It is simply ass-kissing. People promise you everything; they give you their word: "Yes, yes, you're right. This is important." You have not even closed the door behind you, when someone from the dairy industry or some bank shows up, loaded with dough. I heard about it this morning, and I didn't like it. They have so much money to throw around, but we have none. We can only convince these politicians if we come up with reasonable arguments.

And now we have a clear concept. We need flexible regulation of volume. Supply has to correspond to demand. It does no good to produce goods that are not needed and are then sold at dumping prices. To regulate the quantity, we need a right of delivery on a company-by-company basis. How do we hope to regulate a large quantity of milk, 1.35 billion liters of milk, without a specified quantity per farm, which can be adjusted every three to four months? If there is too much milk, produce half a percent less; if there is too little milk, then increase your production by 1%.

We absolutely need a uniform system in Europe. The EU politicians want each country to have whatever system it wants. Each country is supposed to decide whether it is going to have a totally liberal system. The Germans say: “Our German farmers can deliver as much as they want. We will sell it all anyway.” The French want contract farming; the Belgians don’t yet know what they want; the Dutch also say, “We’ll produce as much as we want.” Others want regulation of volume.

But if we in Europe don’t have a uniform volume control system, we’ll end up again with a battle among the German farmers and the Dutch farmers and the French farmers. We will wreck one another’s prices, and when push comes to shove, we won’t need Europe any more. In that case, Europe should be abolished. If every country in Europe can make its own policy, I think we will destroy Europe, and that is absolutely not the intention.

How can we regulate this? We need a monitoring agency, an umbrella organization. We farmers would have to be represented on it. We have to set our price there so that our costs are covered. It is entirely feasible for Europe to calculate the minimum price that farmers need to cover their costs. We also need the dairy processors to participate, to say how much milk is needed. The dairy processors must determine when there is too much, and tell us farmers: “You’re producing too much, guys. We’ve got to lower the quantity a bit (or raise it a bit).”

Fairebel: A New Cooperative

It is absolutely essential to have the consumers represented there too, so that we don’t end up with a cartel between the farmers and dairy processors, in which the consumer has to pay the bill because we raise the prices.

But the politicians should also not be kept out. They have to create the legal framework for us to function. It is essential that food production not fall into the hands of industry, big capital, and the banks. That must absolutely be prevented. . . .

Another point we make when we put pressure on the politicians, is that we farmers—all of us—want to take our fate into our own hands again. I think everyone knows how to whine and criticize. That’s the easiest thing in the world. But it is much more difficult to become really active, to come up with new ideas.

So we in Belgium have now decided to form a new cooperative, with 450 farmers from all over Belgium. This cooperative is called FAIRCOOP. We have created our own brand, our own label, called FAIREBEL. This is a play on words: FAIR is for fair, but also for *faire* [to do]; BEL is for Belgium as well as for *belle* [beautiful]; and FAIREBEL is for *faire rebel* [to rebel]. It is absolutely essential that we get this Fairebel brand on the market, to produce milk such that for every liter that is sold, 10 cents goes to the farmers, and this will be distributed afterwards to all the farmers in the cooperative.

Our farmers, too, have to rethink things. And once again, we must seek contact with consumers. . . .

We’ve slowly begun rethinking things, and that means we have to take action, serious action, aggressive action. Not to become thugs, not to use violence, but we do need to put pressure on people to get them to rethink. We will not change policy just by giving louder speeches and running around waving the flag. . . .

I see so many young people here, and I want to encourage these youth to have real courage, to get involved. It’s worth it! It’s a hard road, a difficult road. It takes a lot of energy, stirs up many emotions. But I really want to encourage these young people who are here now—and of course, also all the older ones—to have the courage to keep on fighting. But especially the youth. Fight for your future, because the future belongs to you! And if we let the banks, big business, have control over the future, then not only you, but also your children, will be the ones to pay the bill. I think we owe it to our children, our parents, our grandparents, to make sure that this cannot happen.

Thank you.

