

## Food Farce in the E.E.C.

**B**UT FOR THE BITTER COST to everyone involved, the agricultural policies of E.E.C. member countries would be a pantomime. The political and economic bonds have been shown up as flimsy in recent weeks and the alleged free market ethos of a tariff-protected community as a façade to be manipulated for the sake of short-term vested interests.

*Act 1:* In Brussels, belated alarm at the huge stock-piles of food surpluses has prompted Dr. Mansholt, vice-president of the Commission, to produce a ten year plan to deal with the problem. The basic idea is to amalgamate farms into more efficient units, retire the old farmers, and reduce farm acreage by 12,500,000 acres. Blame for the surpluses is heaped on the existing "structural" arrangement of agriculture. Rearranging that structure is hopefully seen as the solution.

But as Paul Fabra, economic editor of *Le Monde* (in *The Times*, September 16) points out, surpluses will still continue as an artificial phenomenon of a market if prices are maintained at abnormally high levels. This applies even if the total number of farms and acres are reduced; with improved production techniques, farmers simply intensify their efforts to produce even larger crops.

The Mansholt plan aims at achieving its targets by offering financial inducements to those who co-operate in the scheme to amalgamate/retire/reduce acreage. This bribery (at the taxpayer's expense) is inevitable; otherwise, why should uneconomic farmers producing surplus food desist while being bribed with subsidies?

*Act 2:* In Paris, hotfoot on the Mansholt plan, comes the report of a French Government commission. This goes further, however, and makes the controversial suggestion that 27 million acres should be withdrawn from production during the next fifteen years in France alone.

*Act 3:* In Bonn, the German government floated the Deutsche Mark, and, inevitably, decided that German farmers ought to be protected against "unfair competition" from their community partners. Any reduction of those mounting piles of butter and sugar would not be at *their* expense! And so they decided on a tax on agricultural imports.

*Act 4:* But back in Brussels the Commission was not wearing any such tax. Perceptive journalists noted, however, that opposition was not so much against the tax, as against the free floating DM. So, with the backing of the Court of Justice, the Commission withheld permission for the tax, thus trying to pressure Bonn into returning to a fixed parity.

*Act 5:* However, in Luxembourg, the Council Ministers decided that the tax could be levied at the German frontier—after being reassured that the DM would soon be back on a fixed exchange rate.

**The plans to reduce farm acreage are an admission that the margin of agricultural cultivation has been extended beyond the free market limits: guaranteed prices have brought into production land that would otherwise not be farmed, and by all accounts have not achieved one of the main purposes (certainly not in France) which was to elevate farm workers' incomes to a level equal with other industries.**

It is understandable that policy-makers would not confess that they were wrong: but they will not resolve the ludicrous position of stockpiled food by reducing farm acreage while simultaneously guaranteeing prices above the housewives' limits.

The Germans proved that floating a currency does not automatically mean economic chaos. We all know that theoretically the floating exchange rate is the means to ensure the adjustment in international trading that would eliminate the politician's bogey—"balance of payments problem." Disregarding the American experience in the last century, and the Canadians' decade-long experiment in the 50's, the EEC's political leaders have decided that the uncertainty of floating exchange rates is intolerable, and that the DM should return to a fixed parity.

Yet, ironically, the rest of the community can only benefit by revaluation of the DM, thus making German goods less competitive *vis a vis* their partners! This adjustment, we now know, has taken place in an orderly fashion, with no observable side-effects. But far from acknowledging this improved situation—an improvement for the other five partners — the

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Commission merely resorted to claiming that some unidentified organisations were somehow impeded in their business deals. Trade within the community, it seems, is not synonymous with freedom: it has to be “fixed by Mr. Big” in Brussels, as the American gangster would put it.

Neither the Germans nor the Community as a whole has come off well from this series of farces. Whatever happened to the brave new spirit allegedly being pioneered by the six European countries in the grand experiment of mutual understanding and co-operation?

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