

Farming the taxpayer



A MAJOR discovery by the National Academy of Sciences would have deep-seated consequences for the industrial economy, if the politicians follow through with appropriate shifts in policies. The Academy has concluded that farmers who apply little or no chemicals to crops can be as productive as those who use pesticides and synthetic fertilizers.

In a study, the Academy's Board of Agriculture recommends a change in the Federal subsidy programs which encourage the overuse of chemicals. For at least the last forty years, US farm policy has sought to raise productivity by increasingly intensive use of chemicals.

Ecologists have now demonstrated that the soil has been severely damaged by this policy to producing food — much of which has been stockpiled as surplus to requirements, or given away at knock-down prices to the Soviet Union.

But this contradictory policy — a reflection of politics, not economics — has also been pursued throughout Europe, leading to nitrate-filled rivers, the uprooting of hedgerow habitats and the wind-blown erosion of the soil as farming becomes increasingly extensive in its approach.

The total cost of farm subsidies to taxpayers and consumers in the US and EEC is now put at \$200 bn a year, according to the latest estimates by the Paris-based Organisation for Economic Cooperation and Development, which represents the industrialised countries. This burden has caused unquantifiable damage to these economies.

- Living standards — particularly for those at the lowest income levels — were reduced because they had to pay prices that were raised to levels above those ruling in the world markets.

- Manufacturers suffered; for families would have spent a great deal of that \$200 bn on consumer durable goods. The scope for raising industrial output in Europe can be

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imagined from the fact that farm subsidies diverted \$119.4 bn from people's pockets last year.

- Employment levels (30 bn people were without work for much of the 1980s) were lower than would have been the case, if the free market had been allowed to flourish. For example, people with higher incomes (because of lower exactions levied in favour of farmers) would have been able to pursue alternative lifestyles, which create jobs as well as raising the quality of life.

- Most damagingly of all, perhaps, is the fact that this distortion in the food sector has destroyed jobs in the Third World. Farmers who could have earned incomes and fed their families have become dependent on food-aid hand-outs from western producers.

THE BUSH Administration now says it wants a cut-back in subsidies: it is talking of "liberalisation" in the farm sector, and is directing its diplomatic pressure against Brussels.

But it has failed to consider the consequences of a serious cut-back in the flow of funds into agriculture. This money has not gone into the wages of farm labourers, or into the incomes of working farmers. Much of it has slushed its way into the land. The greatest proportion of the asset value of farmland rests on these subsidies. Take away the subsidies — as some EEC farmers have recently discovered, as a result of the quotas imposed on milk production — and the price of land will crash.

When the farmers of the Mid-West and California realise the implications, the Bush Administration will find the streets of Washington clogged up with protesting farmers astride their tractors.