state of agriculture

EEC Livestock and Dairy Crisis Mounts

July 22 (IPS) — The two new policies adopted by the European Economic Community July 17 to resolve the beef surplus crisis — a ban on beef imports and a slaughter premium for beef production — will mean the accelerated destruction of European farmers, the continued reduction of working class consumption, the exacerbation of the current glut on the market, and the cutting off of Eastern European exports.

The move to ban beef imports comes in the midst of burgeoning peasant rebellion. Throughout Europe, peasants are engaged in anarchic revolt against the wave of bankruptcy engulfing them and heaving them into the recycling mill. Small farmers are being forced off their land and into the cities to compete for non-existent jobs or "relocated" to labor-intensive "development" projects like those in the Mezzogiorno. Ironically, the import ban, which appears to be a "solution" to the backward, chauvinistic small peasant, will only hasten that devastating process, taking the consumption level of the entire working class with it.

The import ban begins immediately and is scheduled until November 1. The slaughter premiums begin for the whole Market November 1. Britain is instituting the slaughter premium earlier (August 1) and at its own cost. After November 1, both the traditional Common Agriculture Policy price support intervention and the new slaughter premium will continue side by side with 50 per cent funding from the Common Agricultural Fund for the latter up to a total of $330 million. Each head of cattle is to be treated in one category or another only and is not to be covered by both.

Although farmers will try to calculate which system provides the highest profit margin, neither system will improve their profits. Consumers are cutting their consumption of meat in order to meet more essential expenses, especially heating oil and gasoline. Meanwhile, wholesale prices paid to farmers for their beef have declined 11-15 per cent from last year's high and from the level which the EEC re-established as a guidance price in March. The guidance price is now $484 per head for live cattle.

Support buying and stockpiling by the government is activated when wholesale prices decline seven per cent or more below the guidance price. The current wholesale price, or reference price in EEC terminology, received by farmers for their beef is $432 per head. Thus farmers are taking losses of 11-15 per cent per head, or $44-$72 in money value. This compares to the 30 per cent collapse

Farmers' Losses Under New EEC Policy

Month	Wholesale price per head	Wholesale price plus premium	Guidance price	Feed costs (1)	Losses per head
August	$432	—	$484	0	$52
November	432	$465	484	0	19
February	432	509	484	$60	35
March	432	520	484	20	44

(1) Feed costs calculated at $20 per month per head. Thus, during winter and spring this cost must be added as expenses to counterweight premium increments. Calculations indicate the largest loss occurs at the end of the summer, when most livestock will be sent to market from grazing land, so that the farmer will not have to pay for costly grain.

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in prices for the American livestock farmer and losses of $100-$150 per head.

With wholesale prices down and sales declining as retail prices remain at their all-time high, farmers' income has declined ten per cent since the first of the year. Coupled with rising costs of energy, farmers are also paying high prices for feed grains (see accompanying chart).

Beef Glut Expected

In the Fall, when cattle and cows will be brought in from grazing lands, the glut of beef will naturally shoot up more suddenly, even without the new EEC regulations. With the promise of slaughter premiums increasing through the winter months to a high for early Spring 1975, farmers will calculate carefully the difference in cost of feed and the expected market price. Since an increase in cost of grains over the winter is anticipated, farmers will be eager to slaughter their cattle — although the original stated intent behind the British proposal was that it be a "non-slaughter" premium to keep livestock on the farm and not on a hook in a meat locker at government expense.

In fact, the very structure of the slaughter premium will encourage the slaughter of every steer, cow, and calf farmers can get their hands on. The premium is paid as a flat subsidy per head, so that the more a farmer can reduce his costs of feeding and maintaining livestock, the more benefit he can draw from the slaughter premium. Thus the sooner he will market young animals, as well as reproductive and underfed adults.

Imports Ban a Hoax

Imports are not the cause of the glut, nor will the import ban do anything over the next months to ease consumer prices. The majority of beef planned for importation for the year has already entered the EEC because the major influx is always at the beginning of the year. Also import contracts already signed will still be allowed to completion. More important, beef imports under the General Agreement on Tariff and Trade (GATT) agreements with non-Market members will be allowed to continue.

The import ban accomplishes two needs of the capitalist. One, it closes off beef imports from Eastern Europe and Yugoslavia. Second, it gives the bourgeoisie a provocative propaganda headline to inflame working class resentment against the farmers who are given protectionist measures, while their own situation is rapidly deteriorating. Thus, workers are given a convenient scapegoat for the capitalist-managed inflation taking the food off their table.

By cutting off Eastern Europe and Yugoslav beef exports to the EEC, the workers' states will be starved of their main means of trade with Western Europe — thus the further purchase of industrial goods and products needed to expand their economies. Their exports at present account for 37 per cent of the EEC's beef imports. In the same way, Uruguay and Argentina, major beef exporting nations, will suffer even worse unemployment and famine than currently imposed by their fascist governments.

Beef Pile-Up Persists

Various measures adopted by the EEC since the first of the year have been unable to reverse the pile-up of beef surplus or increase farmers' income, because overall inflation is forcing consumers to cut their purchases of meat. Following the 1973 massive beef imports and the 1972 dairy surplus with the sale of butter to the U.S.S.R., the EEC encouraged dairy farmers to switch to beef production. The EEC upped its production 20 per cent this year, making it, with the exception of Italy, self-sufficient. Therefore, the amounts of imports scheduled for 1974 were down anyway! Increased import tariffs reduced the number of imports and protected the market for EEC beef producers. Export subsidies increased by 25 per cent could not diminish the pile-up of beef as retail prices European- and world-wide accelerated, contracting the market.

"Sorry, but there are people starving in India."

The distribution of the beef excess among EEC members is 50 per cent — over 133,000 metric tons — in France, and 36 per cent in Germany. The remainder of the members have approximately equal shares of the rest, with the exception of Britain which has only 200 metric tons of surplus. Furthermore, British producers do not fear a wave of member countries dumping their surplus on the Island since Britain has strict veterinary laws which only Ireland meets.

EEC Self-destructs

The EEC, once protective of farmers during the Gaullist rule, must now carry out capitalist needs originally outlined in the 1968 Mansholt plan — drive one-half of Europe's ten million farmers off the land. In fact, the newly adopted EEC policy was originally proposed by Great Britain's Labourite Minister of the Treasury Callaghan to encourage the rationalization of agriculture.

The next stage in peasant rebellion is for the now sporadic slaughter of young animals and dumping of eggs and milk to turn into the insane wholesale destruction of the herds and reproductive adult animals before the hungered eyes of Europe's working class.

The only immediate measures to assist the farmers would be a cut in the taxes on consumption which have accumulated over the years to finance the EEC's agricultural program, and a raising of workers' wages to afford meat purchases and a generally higher standard of living.

The mass-based workers' parties must offer enraged farmers a clear path out: utilize their productive capacity in the United Front to back up a moratorium on international debts in Italy and end the insanity of capitalist debt collection — or millions will starve in the advanced sector by next year. [See IPS No. 11 for details of the United Front proposal.]