

DEPARTMENT OF EXTERNAL AFFAIRS
MINISTÈRE DES AFFAIRES EXTÉRIEURES

Subject
Sujet

Date MAY 22 Publication NEW YORK TIMES

Tackling the Global Farm Ripoff

A new international report says it plainly: The industrial countries currently waste \$100 billion a year on farm subsidies. Three-quarters of the benefits go to a prosperous top quarter of farmers. These numbers won't shock anyone familiar with farm issues. What's surprising is that the Governments of Japan and West Germany, previously unwilling to brook criticism of their farm lobbies, endorse that analysis.

These Governments might now begin to challenge the powerful agricultural interests. That would save consumers and taxpayers billions of dollars, and make a significant dent in trade imbalances.

Crops vary, but the forces driving farm policies are depressingly similar in most industrialized economies. Rapid technological change has sharply cut the demand for unskilled rural labor and given the edge to wealthier family farmers with access to capital. Meanwhile, cheap international transportation and the growth of commercial agriculture in poor countries has left all farmers vulnerable to new sources of competition.

Well-off farmers protect their interests by lobbying their governments for subsidies and import barriers. They often cast their appeal in high moral tones — the need to help small farmers or to defend rural values. But benefits are almost always proportional to crop sales or to the amount of land farmed, and the real winners are the largest producers.

Efficient agricultural producers, including

America, play this subsidy game. But the worst offenders are Japan and Western Europe, where agriculture is inherently uncompetitive. Japan remains self-sufficient in rice only by paying its farmers five or six times the world price and by denying the use of crop land for desperately needed housing. The Common Market is dumping surplus sugar on the world market at just one-fourth of production costs, impoverishing producers in the Caribbean, Central America and the Philippines.

Happily, the power of the farm lobbies seems on the wane. In Europe, subsidies to maintain the "butter mountain" have become so expensive that taxpayers are becoming restless. In America, farmers are themselves divided. Sugar and dairy lobbies cling to protection; grain producers see the greater risk in losing exports. In Japan, city dwellers are coming to understand that farm protection is both a drain on living standards and a threat to ability to export cars and computers.

That explains why the major economic powers have agreed to reassert their commitment to farm reform at the Venice summit conference in June, and then give the reforms first priority in ongoing global trade negotiations. Washington wants to cap everyone's supports at current levels, and cut them by 10 percent annually after 1988.

Five years ago that would have been unthinkable. Today, the folly of farm supports is so obvious that the unthinkable has become plausible. That's not success — but it's a start.