

Agriculture in the crossfire : what should a farmer cost?

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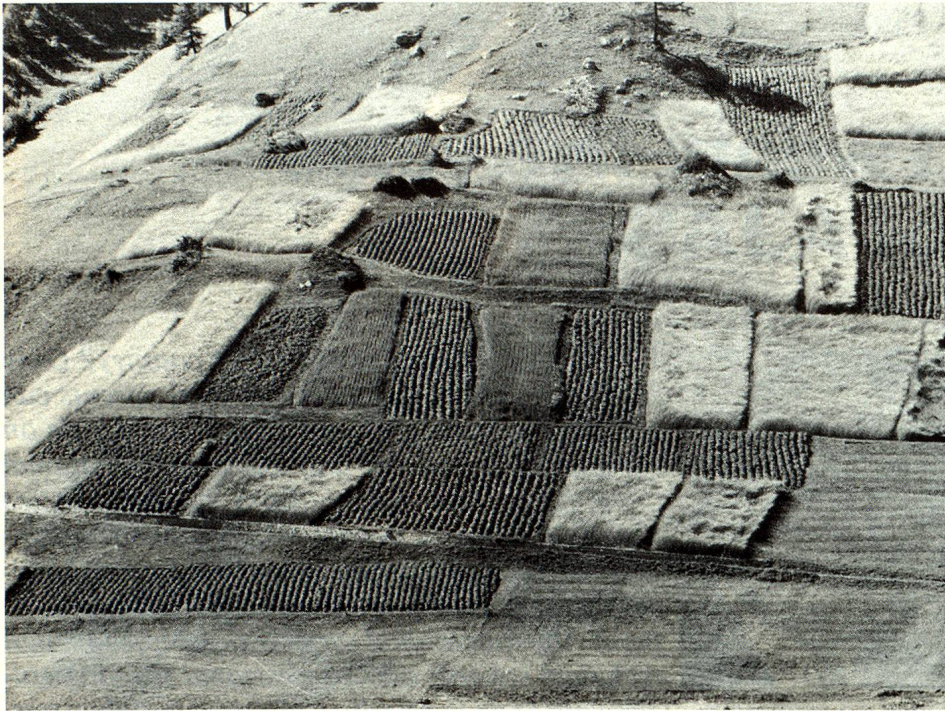
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Mountain farmers work their fields in more arduous conditions: near Ulrichen in Goms (VS).

Agriculture in the crossfire

What should a farmer cost?

For the average Swiss farmer things are going well; for the majority, relatively badly. This is the summing-up of Erwin R. Müller, editor of the economic magazine Politik & Wirtschaft, who explains in this article what catchwords like milk lake, butter mountain, discontented farmers and animal factories are supposed to mean.

In the post-war years, Swiss farmers – above all by comparison with their opposite numbers abroad – seldom had to complain of any lack of understanding on the part of the public. All the more bitter, then, the disappointment when in September last year the voters again turned down an agricultural bill, for the first time in thirty years. Commentators from all camps were agreed: the massive 61 per cent of noes to the Sugar Motion was not aimed at the cultivation of a couple of extra tonnes of sugar beet but was an expression of the pent-up discontent *vis-à-vis* the official agricultural policy. Yet people were already forewarned by, for example, the stir caused at an observation of Fritz Leutwiler, former chairman of the

Swiss National Bank, who had reckoned that the protection of Swiss agriculture was costing, indirectly, five billion Swiss francs a year. That much could in fact be saved if Switzerland were to abandon completely an agriculture of its own and to import all foodstuffs at world market prices.

No one, however, would seriously entertain such dependence on imports of food from abroad. Yet the monies that flow, in the form of subsidies, direct into agriculture, hit the taxpayer, and price supplements still hit the consumer hard enough – to the extent of some SFr. 2.5 billion. The vexation is caused above all by the fact that a large part of this money is swallowed up by agricultural overproduction. Even just the «ex-

ploitation» of the surplus milk, i. e. its sale and export (as cheese) at below the production price, costs almost a billion francs a year.

«Parity wage» not achieved

Vexation is just as rife, however, on the farmers' side. In the agricultural act of 1951 it is confirmed that the prices of farm products of good quality should cover the average production costs of efficiently-run agricultural enterprises. The level of wages of skilled workers in industry is applied for the calculation of these production costs. From this it emerges that in 1986 the farmer had a «parity wage claim» of SFr. 162 for a working day. In fact, the lowland farmers earned only 128 francs, and mountain farmers even only 84 francs, a working day.

As estimated by the Farmers' Union, Swiss farmers thus took in about SFr. 500 million too little. And the shortfall in revenue will certainly not turn out less in 1987. In the meantime the government cannot raise prices (as indeed the law provides) because higher prices – at least 20 per cent would be needed – are no longer realistic for the market. The surpluses would be even bigger and even more expensive.

We have gotten ourselves into this dilemma because until quite recently the unshakable dogma of Swiss agrarian policy held that the farmers should in principle obtain their revenue from the sale of their products, i. e. with prices that cover costs. At the same time, however, the movement of prices should also influence the market. At practically guaranteed prices, the farmers naturally produce as much as possible. So production grew ever greater thanks to improved training, scientific advances in high-yield crop cultivation and intensive breeding, more productive animals, and modern farm machinery, plant-protection agents and fertilizers.

What to do with the surpluses?

The controllers of agriculture tried to resolve the surpluses problem by administrative quantity restrictions: in 1977 milk quotas were introduced and have since been constantly tightened up. As a result, however, the farmers produced more meat so that here, too, the market could no longer absorb deliveries. Mandatory permits to build cowsheds and, later, a ban on barn



building, the paying-out of over 100 million francs of «shutdown premiums» to the bigger producers (who were thus encouraged to stand down voluntarily), limitation of maximum livestock kept – all this was to have curbed the tireless energy of the farmers. It did not help much. Opposition to the policy grew – in the farming community too – for with so many restrictions and regulations the farmer is no longer a free entrepreneur. Since prices can no longer be adjusted to the development of the costs of production, they no longer suffice to safeguard revenue. Further, small and medium-size farmers had to realise that price rises could not help them anyway.

In fact, the yardstick for income policy is held to be the «average farmer». The average size of farm of the 3,200 agricultural holdings which, through their book-keeping, provide the basis for parity-wage computation and setting, and thus for price policy, is above 18 hectares (roughly 45 acres).

But the average is not the majority. Three-quarters of all full-time farmers work less than 18 hectares and almost every third even less than 10 hectares (25 acres). Across-the-board price increases therefore serve first the large farmers who produce a lot and whose production costs are often covered anyway. But, following the price increases, three-quarters of all farmers earn less well, comparatively, than in the previous year. Now as ever, every year some 2,000 farmers have to give up their business because of inadequate income. And by no means are these only the inefficient ones.

This agrarian policy is the product of the general economic development in the post-war period. It was expected that labour productivity on the farm should grow to the same degree as in the industrial and services sectors. The argument was often put forward that farmers abroad produced much more cheaply and efficiently. But in Switzerland the natural conditions of production (climate and topography) are less favourable, and land and manpower are scarcer and dearer, than in other countries. In spite of all this, food is much cheaper today than 40 years ago – in relation to the purchasing power of the consumer. An egg still costs practically the same as it did then. In 1947 the farmer got 3.86 francs for a kilo of pigmeat; in January 1987, 4 francs. Forty years ago the working man had to work for three hours to earn the butcher's retail price for the kilo; today he earns this in less than an hour.

The purchasing power of agricultural labour developed just to the contrary: around

1947 the farmer had to sell 5.8 kg of wheat or 9.5 litres of milk to buy a kilo of coffee. Today it costs him 11 kilos of wheat or 14 litres of milk.

The farmer pays ever more for his means of production – for farm machines, tractors, fuel, seed and plants, fertilizer, pesticides, insurance, renovations and new buildings, and for wages – but, relatively, the prices he obtains for his produce and products get worse and worse. Today his capital goods cost him 3.8 times more than 40 years ago but he can get only twice as much for what he produces as he did then.

The way out: still more

Whoever would offset the growing differential in this prices/costs stranglehold – would even maintain his income, let alone increase it as the rest of the population does – has, as a farmer, only one road to survival: to rationalise, mechanise, specialise, consolidate, intensify, produce more at cheaper prices, and to get out of the soil and his animals everything that they can yield against the deployment of more machines, more capital, more debts, more bought-in feedingstuffs, more fertilizer and more agricultural chemicals.

Nowadays, however, this is just what the farmer and the pressures behind the agricultural policy are blamed for. Modern, intensive farming has led to abuses in animal husbandry, particularly in the case of pigs and chickens. There are farmers who now run a highly-integrated, large-scale oper-



Ploughing in the Swiss Mittelland (photos: Peter Studer, SVZ).

ation with no, or very little, land of their own, and with bought-in feed for the animals that is for the most part imported from abroad. Quite apart from the animal-protection issue, critics also pose the question of why such «animal factories» should profit from the Swiss agricultural support policy. In conditions of crisis, with closed frontiers, they could contribute nothing to feeding the population.

Intensive fertilization and the use of pesticides and herbicides has led to a manifest impoverishment of nature. The Swiss nature conservancy league has compiled a long list of already wiped-out or endangered animals and plants. Their habitat is being destroyed – though not only through farming – because they do not belong to the category of useful plants or economic animals.

Consumers as well as food inspectors complain of veterinary-medicine residues in meat, of toxic plant-protective agents in vegetables and fruit, as well as of the excessive nitrate content of drinking water. Compared with conventional farmers, those agriculturalists who cultivate biologically-grown produce are held in ever-higher regard by the public. And though their produce is dearer, it faces no problems of surpluses or sales.

Lastly, our agricultural policy comes under fire from yet another quarter: Switzerland is an exporting country and its industry is dependent on free flows of goods and trade. Often those developing countries to which Swiss industry wants to export machines can only earn the necessary foreign exchange with their agricultural products. With Switzerland, however, developing countries come up against closed frontiers, except for those products that do not grow in our climate.

To hardly the same extent as in any other country, Switzerland has built a rampart for the benefit of its own agriculture. It also claims a great many exemptions in the trade and tariff agreement, GATT. Fritz Leutwiler, now chairman of the board of Brown Boveri in Baden, has criticised this agrarian protection which handicaps the export trade and industry.

This standpoint coincides in turn with the interests of the wholesale distributors and consumer representatives. With the argument: «We don't want our menu dictated to us», they also criticise agricultural protection. It is indeed a vexation that foreign cheeses, for example, are made dearer at the Swiss borders, that import quotas are fixed on wine from abroad and that the Swiss Farmers' Union is now also demanding import restrictions on game, fish and fowl, so

that home-produced meat can be sold better.

There are at least as many recipes for a better agricultural policy as there are criticisms of it and they contradict each other just as much. In its sixth voluminous agricultural report published in 1984, the government described its policy as effective and successful. With a glance at the EEC it pointed to the fact that problems are nowhere smaller than in Switzerland. In principle the government would therefore not want to change its agricultural policy.

In the meantime, however, developments took place which heralded a change in outlook in Berne as well as in Brugg (at the HQ of the Swiss Farmers' Union). For two years in succession farmers were not able to make new demands for increases in the prices of their main products: milk and meat. There would anyway have been no chance of this from the start owing to the surpluses situation. Since price increases as well as the widening of product ranges, even in the long term, are no longer possible, the safeguard-

ing of the farmer's revenue must now be sought by another road.

Direct payments – a way out?

Up to now, the Swiss Farmers' Union (under the influence of the big farmers who profit from the ruling price-income policy) has flatly refused to accept the introduction of so-called direct payments. Subsidies that the postman brings to the door and that are not dependent on any production efficiency of farmers would, it is argued, be tantamount to charity handouts.

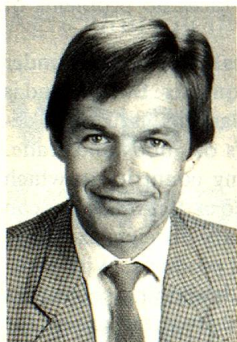
Yet direct revenue payments already exist for the mountain farming economy in the shape of farmland-utilisation and livestock-keeping allowances, and there these are not looked upon as alms but as legitimate payments for a service rendered. Mountain farmers cultivate the hilly slopes, help to clear the land of detritus, prevent hillsides from becoming scree slopes and maintain, under arduous conditions, alpine farming productivity ready for times of crisis.

This spring, the Farmers' Union demanded,

for the first time, the introduction of direct payments also to farmers in valley areas. It thus completed a turn in its policy that had already long been recommended in non-farming circles. It is hoped that the change will allow prices to resume their function of production control – to enable the surpluses to be reduced.

If, by means of direct revenue payments, farmers are relieved of the pressures of production – this is the hope – they will produce not only less but also less intensively. This could allow more agricultural products to be imported, open up better prospects for the exports of Swiss industry and relieve the environment, nature and food of the residual traces of agrochemicals.

The Federal Council (the government) which, like the Swiss Farmers' Union, still does not seem to be persuaded of all these beneficial effects, none the less holds out the promise of 90 million francs a year, from 1988, for the direct-payment measures. However, by the end of this year, a 21-member commission of experts is to investigate the consequences of direct payments and their legal implementation. *E. R. M.*



Melchior Ehrler

The reorientation of agricultural policy coincides with a change at the top of the Swiss Farmers' Union: on 1st July this year Melchior Ehrler, 39 years old, succeeded René Juri as head of the Farmers' Union in Brugg. Ehrler gives the impression of not being very typical of a farmers' leader: he does not come from a family of large-scale, well-equipped farmers; his father had a small leasehold farm in the mountain zone II in Ibach. Nor is he a trained agronomist; he graduated with a degree in Greek and Latin from the catholic college of Schwyz and then studied philosophy in Louvain, Belgium. After that he read jurisprudence in Zurich and gained his second degree.

Ehrler cites Socrates (although not at farmers' meetings); he has concerned himself with logic and with Sir Karl Raimund Popper's *The Logic of Scientific Discovery*; he is

fascinated by the linguistic philosophy of Wittgenstein, by Freudian psychoanalysis, and is fond of Kant, Kierkegaard and Sartre. He says that this leads him automatically to other attitudes in agricultural policy. But as a savant of philosophy he does not hold the view that he «must proclaim the definitive answers in farming policy».

So there is now the paradox of thousands of experts who claim to have the patent recipe for agrarian policy and who, were they in the position of the farmers' boss in Brugg, would know exactly what should now be done, while the new leader himself, of all people, admits to having no patent remedy for solving all the problems.

As a «fast reactor» with a quick faculty of perception, an open mind and a wide horizon, Melchior Ehrler anyhow feels he is up to his main task: as representative of the interests of 120,000 Swiss farmers, to make individual, group as well as the Union's interests intelligible; to bundle them up into a common interest; and to mobilise the parties concerned in united march formation.

In so doing, it will stand him in good stead that as a schoolboy he cleaned out the cowshed in the early morning, and at haymaking time clambered with hayfork up the steep hillsides: «Today, I'm not frightened when there's work to be done». *E. M.*



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