

## Agriculture by Rosa Tennenbaum

### EU expands—at farmers' expense

*Austria's jubilation at being admitted into the European Union will soon turn to disillusionment.*

**T**he European Union, the latest form of what began as the European Common Market in the 1950s, underwent a growth spurt at the turn of the year: Austria, Finland, and Sweden are now members of the community, which stretches from Lapland to the Aegean. These are gigantic dimensions, which bring with them no less gigantic problems for the older members, but especially for the newly enrolled countries which will have to face unprecedented changes in a very short time-span, as we will show for the case of Austria.

On Jan. 2, many customers in the supermarkets of Graz or Salzburg were rubbing their eyes with bewilderment: Hundreds of articles had gotten much cheaper than just two days before, literally overnight. For example, the discount chain Billa boasted at the beginning of the year that the prices of 800 products had been slashed between 20% and 70%. Particularly drastic was the drop in the price of milk, dairy products, and flour, where some prices skidded over 50%. Flour, which used to cost 12-13 shillings, suddenly was going for 3.9 shillings. Fresh milk was now marked at under 8 shillings—much cheaper than in the other countries of Europe.

The chain stores passed these price cuts on to their suppliers. So overnight, the Austrian farmers were facing prices that no one would have thought possible before they joined the European Union. On Dec. 31, the farmers still were getting 6.20 shillings for a liter of milk, and two days

later, only 4.10 shillings. Wheat prices stood in December at 421 shillings per deciton, but in January they stood at 200. The producers' prices for these two pillars of farm income were suddenly below even those paid to their fleeced colleagues in Italy, or in Bavaria, next door in Germany. Thus the entire price structure began to quake, with consequences which will only really be seen in the course of the year. For many farmers, overnight, their very existence was at risk.

Obviously the stores are fearful over their market position and are gearing up for a price war. The battle for market share is always waged at the expense of the producers. The big retail chains want to create the best possible starting position for themselves for the coming battles against the giant European stores, which are putting massive pressure on the market. Their foolish managers have thereby played into the hands of the cooperatives, which scandalously offered the chains underpricing, and thus unleashed the devastating price collapse. Such things are familiar enough in the older European Union countries.

But this is just a mild foretaste of what is going to hit Austria now, blow after blow. For example, the flour mills have been bullied into such ruinous price reductions by the stores, that it is calculated that not one of them will be open if the business year goes on this way. Many of the 274 mills which were still running at the time of Austria's entry into the EU, will soon

have to cease activity.

Moreover, if they are able to exact higher rates during the coming months, the German mills will move in for the kill. Starting at 4.20 shillings, a Chamber of Commerce spokesman told the Vienna *Kurier*, the German mills, which have lost their export markets to the French, would put pressure on the Austrian markets. Thus, Austria has now been exposed to the free market's ruthless Darwinian fight for survival.

The farmers and their representatives do not want to stand idly by and watch this happen. The Austrian Farmers' Association has announced a three-step plan of action to teach manners to the dairies and the chain stores. On Jan. 7, their members at the supermarkets in all the district capitals and Graz were distributing leaflets to inform consumers about the current situation.

For the following week, step two was announced, which called for tractorcades and protest marches in all the regional capitals. And finally, in the last week of January, step three was to be activated, which is aimed at "shutting down the flow of commodities." Dairies and chain stores, "which are carrying out their price war on the backs of the farmers," must be blockaded. At the same time there will be an appeal to the agriculture minister, to call a halt to the ruinous actions of the cooperatives and cartels.

The farmers are not just defending their own interests, but those of the whole middle-level sector, which is the backbone of the economy, and, indeed, the whole country. Because if these machinations are not promptly halted, then the country will be on its way to cartelization and "vertical integration," and hundreds of thousands of jobs will be lost. We wish the Austrian farmers success in their mobilization on their nation's behalf.