They bleat about the free market, then hold out their begging bowls

It's not just the common agricultural policy: the entire corporate sector relies on state handouts that dwarf their profits

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Tuesday December 13, 2005

Guardian

Never underestimate the self-pity of the ruling classes. Since Labour took office in 1997 the Confederation of British Industry has been engaged in one long whinge. It doesn't matter that our taxes are among the lowest and our regulations among the weakest in the developed world. It doesn't matter that the rich are richer than they have ever been. The CBI is the monster with a thousand stomachs that will never be satisfied.

In the submission it made to the chancellor's pre-budget report, it demanded that the government spend less on everything except business. The state should cut its planned spending on health, social security and local authorities, and use some of the savings to protect and enhance its "support and advisory services for trade and businesses". Our higher-education budget should be used to supply free research for corporations. The regional development agencies should "expand their activities to support more extensive business-to-business networking and collaboration". Further road taxes should be abandoned, and the climate-change levy "should be frozen", but the government should help businesses by building more roads and airports. This is what the CBI means by free enterprise.

I mention it to provide some context for the extraordinary revelations published by the Guardian last week. Felicity Lawrence used the Freedom of Information Act to discover who has been receiving the EU's farm subsidies. The biggest beneficiaries, she found, were not farmers but food manufacturers. In 2003 and 2004, the sugar company Tate & Lyle was given £227m of taxpayers' money. Nestlé was paid by you and me to export milk: I wouldn't be surprised if this includes its ever-popular sales of powdered milk to the third world. Gate Gourmet, the airline-catering company, took half a million pounds from us for the little sachets of milk and sugar it puts on passengers' food trays: because they leave British airspace, they qualify for export subsidies. KLM received a farm subsidy for "rural restructuring": turning part of the Dutch countryside into a runway. GlaxoSmithKline, Boots, Eton College, Heineken, Grolsch, Shell and the tobacco company Philip Morris have been given millions of pounds of farm subsidies, and at least one of them (Eton) doesn't even know why.

The British government can't be blamed for this. Tony Blair has been trying for years to cut the money handed out under the common agricultural policy (CAP), and for years has been thwarted, principally by France and Germany. At the European summit this week, France and Germany will doubtless ensure that nothing changes until at least 2013, undermining everything they claim to be striving for at the simultaneous trade talks in Hong Kong. But what bothers our government is not that the poor are giving to the rich, but that the CAP represents an unnecessary drain on state resources. How do I know? Because when Britain provides its own agricultural aid, the same thing happens.

On Thursday the research organisation SpinWatch published a report on the outcome of the government's Curry commission, which was supposed to help farmers recover from the foot and mouth epidemic. When the commission released its findings in January 2002, it claimed that the measures would help to reconnect farmers with their market, reconnect food production "with a healthy and attractive countryside" and reconnect consumers "with what they eat and where it has come from". The government put aside £500m to make this happen, then used the money to make sure it didn't.

It spent £2.3m on setting up the Food Chain Centre, which would "help build more effective and efficient supply chains". The centre is run by the Institute of Grocery Distribution, a research group working for the food manufacturers and superstores. All but one of the IGD's board of trustees come from companies that could be accused of helping to break the connections between farmers and the market, the market and the countryside, and consumers and the food they eat: Tesco, Sainsbury, Asda, Compass, Nestlé, Heinz, Procter & Gamble, Bernard Matthews, Kraft and Unilever. The Food Chain Centre helps companies to reduce their costs and enhance their profits, and we pay for it.

A further £1.4m has gone to the Cereals Industry Forum, which is run by the food industry's big lobby groups. The government has given £6.8m to the Red Meat Industry Forum, which, among other public services, has been helping Tesco to find cheaper ways of producing pork sausages. So it goes on. But when the National Association of Farmers' Markets, which did exactly what the Curry commission recommended, applied for £150,000 from the government, it was told to get lost. It collapsed soon afterwards. Doubtless the money had already been spent on helping Tesco find new ways of destroying its competitors.

There is nothing unusual about these handouts for private companies. In his book Perverse Subsidies, published in 2001, Professor Norman Myers estimates that when you add the direct payments US corporations receive to the wider costs they oblige society to carry, you come up with a figure of $2.6 trillion, or roughly five times as much as the profits they make. As well as the $362bn the OECD countries were paying for farming when his book was published (or rather, as we have seen, for activities masquerading as farming) they were shelling out about $71bn on fossil fuels and nuclear power and a staggering $1.1 trillion on road transport. Worldwide, governments pay companies $25bn a year to destroy the Earth's fisheries, and $14bn to wreck our forests.

The energy policy bill the Bush administration drove through Congress this summer handed a further $2.9bn to the coal industry, $4.3bn to nuclear power and $1.5bn to oil and gas firms. According to the Democratic congressman Henry Waxman, the oil subsidy "was mysteriously inserted in the final energy legislation after the legislation was closed to further amendment ... Obviously, it would be a serious abuse to secretly slip [in] such a costly and controversial provision." Most of the money, he discovered, would be administered by "a private consortium located in the district of majority leader Tom DeLay ... The leading contender for this contract appears to be the Research Partnership to Secure Energy for America consortium", whose board members include Marathon Oil and Halliburton. "There is no conceivable rationale for this extraordinary largesse. The oil and gas industry is reporting record income and profits ... the net income of the top oil companies will total $230bn in 2005." It would be tempting to hold Bush responsible for this, but the oil firms were scooping up taxpayers' money long before they put their robot in the White House: Myers reports that between 1993 and mid-1996 "American oil and gas companies gave $10.3m to political campaigns and received tax breaks worth $4bn".

This week the rich countries gathering for the World Trade Organisation meeting in Hong Kong will tell the poor ones to open their economies to the free market. But the free market does not exist. In every nation the corporations hold out their begging bowls and tax-payers line up to fill them. We are the ragged-trousered philanthropists of the 21st century, the comparatively poor obliged to sponsor the rich.

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