

Sowing the seeds of discontent

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It's tough-love time for Iraq's 600,000 farmers. Sitting cross-legged on a straw mat inside a mud farmhouse, Harteef Ardawi ticks off the things he needs to make his farming operation a success. There's seed for wheat, corn, vegetables and sunflowers. Then he'll need cut-rate fertiliser, pesticides and herbicides. And perhaps most important: a guaranteed price for his harvest. Risk isn't on the list. "We would prefer that the government run such a project," Ardawi says. Allied authorities have something else in mind.

In rural communities across Iraq, representatives of the US-led coalition and the Iraqi Agriculture Ministry are trying to convince wary farmers they should expect less government support and place more faith in market forces.

"Literally everywhere we've turned, we find state intervention," said Lee Schatz, a senior U.S. Agriculture Department official who is helping shape agricultural policy in post-war Iraq. "The reason you planted summer crops is because you got on your subsidised tractor, you started it up with subsidised fuel, and you sprayed your subsidised insecticide so you could get your government-supported final payment."

In the initial phase of Iraq's reconstruction, attention has been focused on the coal-

Coalition officials also acknowledge that Iraq isn't the only place where farming is subsidised. According to the Organisation for Economic Cooperation and Development, farm subsidies by its 30 member nations increased to \$318 billion last year, up \$13 billion. "We have to be sure not to be too moralistic when we talk about subsidies," said Peter McPherson, the Treasury Department's top official in Iraq. Perhaps more important, reforms that would make Iraqi farmers more competitive could prove devastating to rural communities.

In the short term, the coalition is trying to keep farmers on sound footing by using about \$150 million confiscated from Saddam Hussein's regime to buy this year's winter wheat and barley harvest, which is in full swing in parts of central and northern Iraq. The U.S. is paying about \$105 a tonne, or \$2.86 a bushel. Last year, Saddam's government paid farmers \$80 to \$90 a tonne, U.S. officials said.

But there appear to be some bugs in the grain-buying programme. Wheat growers who lease land on the government-owned Al Nay farm north of Baghdad said they finished their harvest about 10 days ago, but have been unable to sell their grain because local authorities have not been told how to hand out the payments.

The big question is what the central government decides they want to do for agriculture, because agriculture here probably wouldn't stand up against the Western world," said former Australian Wheat Board chairman Trevor Flugge, another senior reconstruction adviser in Iraq. "Some of the broad-acre wheat might be competitive, and certainly some of the vegetables and perishables. But a lot of stuff wouldn't make it." Flugge and other advisers believe Iraq's agricultural output can be increased substantially, perhaps doubled, with the introduction of modern farming practices. But some potential changes could prove controversial.

Western agriculture officials have talked about the potential benefits of building feedlots for Iraqi sheep and using genetically modified seed to increase grain yields. Coalition officials say they will only make suggestions and will leave it up to Iraqis to decide what is best. The Western world hasn't always been the Iraqi farmer's best friend, even when its intentions were good.

The UN put so much flour in the food baskets distributed to 60 per cent of Iraqi households that some people began selling a portion of their monthly allotments to peddlers, saturating the market and prompting some wheat farmers to plant animal feed and other crops instead.

Generous subsidies provided to farmers in the U.S. and Europe and the competitive practices of big food processors have contributed to surpluses that push prices below the true cost of production in sun-parched, water-starved Iraq, experts say. Sajed Dabbagh, a wholesale food importer in Baghdad, said one of his big-volume products is Tyson chicken legs, shipped to the Middle East at bargain-basement prices because Americans prefer white meat to dark. "Chicken legs from America are cheaper than Iraqi chicken," he said.

payment. "The bank did not get instructions."

Getting instructions appears to be part of the farming dynamic here. In south-central Iraq, the wheat fields were golden and the grain ripe for harvest, but farmers were reluctant to begin cutting until coalition authorities issued orders to do so, according to Buck Walters, U.S. administrator for the area. Ardawi, the farmer in Khukriya, acknowledges that he, too, would like a little guidance. "It's bad if the government takes its hands off us," he says. "With no government, we don't know what we should do with our crops."

The 40-year-old farmer and two partners tend 74 acres of irrigated land about 30 miles southwest of Baghdad. They grow wheat, corn, tomatoes and other crops, and harvest dates from the towering palm trees on their property. The three farmers don't regret the departure of Saddam, but they miss the security once provided by his agriculture ministry. They welcome the opportunity to improve their farming practices with Western assistance, but they find the concept of free markets hard to fathom.

"Who's going to deliver to us these seeds?" Ardawi asks. Despite his apprehension, Ardawi is curious. He wants to know how American farmers get their seed and chemicals, how much they receive for their crops, how much machinery they own, how big their houses are.

"Is the American farmer living in such a simple place?" he asks, gesturing around the bare, breezeless interior of the little mud farmhouse, packed with neighbouring farmers and their sons. Would he like to trade places with an American farmer? Ardawi smiles broadly beneath his white scarf, and nods yes. Then he adds one more item to his list of requests: a king-cab pickup. "Any colour."