

## Food cartels run the show at GATT talks

by Marcia Merry

After extended haggling at the General Agreement on Tariffs and Trade talks in Montreal, Canada, an "agreement to disagree" was announced on Dec. 9, by the 892 delegates to GATT's "Uruguay Round" of agricultural and other trade negotiations. The final communiqué was a diplomatic feint, to conclude a staged brawl that had dragged out all week between the United States and the European Community (EC), Canada, Australia, and, in between, other food exporting nations.

Despite the theatrics of the feud in the conference hall, and whatever the final wording of the Montreal texts, the process is well under way to dismantle the traditional Western system of agriculture based on the independent farmer-producer, and to pave the way for neo-feudalist agriculture, cartel control of food supplies, and famine. GATT is being positioned to serve as the "trade police" to prevent opposition to this transformation. The sovereign right of a nation to develop its own agro-industrial sectors as it chooses, is being denied by GATT.

And representatives of the international food cartel companies, like Cargill and Ferruzzi, were on hand to make sure that their marching orders were carried out by the assembled nations.

The chief beneficiary of the agricultural trade feud between the United States and the EC is the Soviet Union, as food trade war widens the breaches among the North Atlantic nations. While acrimony pervaded the GATT talks, new bilateral agreements between GATT nations and Russia are committing huge grain, dairy, and meat flows to the East.

It was obvious throughout the Dec. 5-9 Montreal proceedings, that the respective delegations of the United States and the EC were fully aware of this underlying strategic process, and were feuding only on the surface, in order to

"play back" agriculture trade war into their respective home populations. On the first day of the conference, there was even a demonstration of 4,000 farmers and representatives of Third World Non-Government Organizations (NGOs), coordinated as a "photo opportunity" outside the Palais des Congrès conference center, in order to appear as "friendly" opposition.

### A phony conflict

Inside the conference halls, the real issue was whether to slit the farmer's throat from right to left, or from left to right.

The U. S. delegation presented the position that all agricultural subsidies among GATT nations should be eliminated by the year 2000, and any short-term reductions in subsidies should be undertaken only on condition that this timetable is agreed on in advance.

The EC took the position that agricultural subsidies should be gradual, and begin right away, for the short term, and that no long-term pledge should be made in advance.

This deadlock prepared the stage for hours of name-calling, threats, and counter-threats, orchestrated for the benefit of the 617-person international media contingent.

The head of the U.S. delegation, Trade Ambassador Clayton Yeutter, said: "No agreement is better than a weak, watered-down agreement." He was joined by the chairmen of the congressional Agriculture Committees, Sen. Patrick Leahy (D-Vt.) and Rep. Kiki de la Garza (D-Tex.) on the eve of the Montreal conference, to threaten that, if there was no agreement with the U.S. position at GATT, then the United States would institute agriculture export subsidies of its own in 1989.

Frans Andriessen, European Commissioner for Agriculture, retorted: "We will never find a solution for complicated

agriculture issues, if we are not prepared to compromise. . . . The U.S. administration are free traders by definition." French Agriculture Minister Henri Nallet called the words of Senator Leahy "ignorant and insolent."

### Ending national sovereignty

Since the origin of the current GATT round of negotiations at Punta del Este, Uruguay in September 1986, multi-lateral negotiations began on 15 main areas, including services (banking, construction, labor), tariffs, "intellectual property" (trade secrets, pharmaceuticals), tropical products, and the expanded Functioning of GATT System (FOGS). The foremost issue among these is that of agricultural trade, which GATT, since its inception in 1948, has done the least about. The "Uruguay Round," which was scheduled to end in 1990 with a completed set of agreements, was dedicated to "liberalizing" world agricultural trade, by attempting to reduce tariff and non-tariff restrictions to trade, and further, to reduce subsidies to farmers. The rationale for this was the same as the disgraced arguments of Adam Smith for free trade, developed over 150 years ago on behalf of the British East India Company, which desired unlimited access, to control trade around the world.

The rhetoric used today is that the population of any nation must have the "right" to buy food from anywhere in the world, and be "free" of any restrictions their own government might impose. In turn, farmers anywhere in the world must have the "right" to access markets anywhere in the world. Taking this to the fullest implication, the United States has presented a food security proposal to GATT, which says that nations have no right to be self-sufficient in food—no right to grow their own food!

The U.S. proposal reads:

"Food security and self-sufficiency are not one and the same objective or goal. Food security is the ability to acquire the food you need, when you need it. Food self-sufficiency means producing some portion of one's own food supply from domestic resources, regardless of market forces, with deliberate intent of displacing imports or reducing import dependence. However, food security does not demand food self-sufficiency. In some cases, in fact, self-sufficiency can actually work against food security goals.

"Self-sufficiency, as distinct from food security, is no longer justified by the possibility of massive global food shortages. Throughout human history, up until the technological advances of the green revolution, a global food shortage due to crop failures was a conceivable, and often real, threat. Today, due to the greatly diversified sources of agricultural products and the worldwide integration of agricultural trade, it is highly improbable that food shortages caused by shortfalls in agricultural production would have a lasting or harmful impact."

There has been no mention at the GATT proceedings of the present crisis in world food stocks, despite the call of the

U.N. Food and Agriculture Organization for a 13% increase in world cereals output this year to begin to restore depleted world food stocks. On the contrary, all the talk at GATT is about controlling "surpluses"! Typical is the view expressed by John MacGregor, U.K. minister of agriculture, who told *EIR*, "We need to have the Uruguay agreements, because if you look beyond next year—unless you think we will have a drought every year—we may move back into surpluses. I am very conscious of the movement of land back into production in the United States. We had 30 million tons of surplus grains this year in Europe. We will still have surpluses."

There was no dispute at all between the European Community and the U.S. delegation on this issue of ending the right to food self-sufficiency, despite all the supposed ill-feeling between the delegations. French Agriculture Minister Nallet said that national food self-sufficiency should be contingent on "the level of development" of a nation. "A nation sufficiently rich and powerful should open up to food flows. There are other countries that need to develop, not food sufficiency, but develop somewhat . . . some degree of food self-sufficiency."

U.S. agricultural trade negotiator Daniel Amstutz said: "We would not endorse any kind of production-incentive program of farm production for food security reasons. We would permit governments to have their own storage facilities, and to enter the market and to buy food. But we must stop the kind of programs that *force* farmers to produce," he said with emphasis.

No opposition to this view of ending the sovereign right of nations to produce their own food was formally raised at the plenary sessions, or at press briefings, except under specific questioning by the media. The GATT member nations are going along with the tide. When pressed, however, the Scandinavian nations, India, Japan, Austria, and some others indicated that they do not agree with the idea.

Indian Commerce Minister Dinesh Singh told reporters, "We have food sufficiency now in India. Depending on the climate, soils, and weather. . . . I think it would be good for a country to have food self-sufficiency. A country should be able to feed its population if it has the resources. . . . If they want to go into a commercial crop, that should be their national decision."

Gunnar Soder, director general of Sweden's National Board of Trade, said that 83% sufficiency in food is the current goal of his government. "Normally, of course, all of us buy food from the world market. But food security is needed in the Scandinavian countries. And that means also that we must have our own land to produce food, not forests everywhere and so on."

Whether or not GATT concludes a Uruguay Round set of agreements to reduce agriculture subsidies and food trade restrictions around the world, the bilateral trade process is producing huge commitments of Western food to the Soviet Union. One week before the GATT talks, the United States

signed a two-year grain pact with Moscow. France announced a 2 million-ton cereals sale to the Soviet Union for January 1989. The GATT Australian delegation head, Michael Duffy, reported that a commodities agreement is under negotiation between Australia and the U.S.S.R. U.S. agricultural trade negotiator Amstutz said that the Soviet-Western food trade will continue, regardless of GATT, and "with or without treaties."

The means by which "free trade" would be imposed over the sovereign rights of nations was indicated in several proposals made by the GATT secretariat from Geneva, and by the representatives of the International Monetary Fund (IMF) and World Bank. GATT director general Arthur Dunkel called for "closer collaboration between the GATT, the World Bank, and the International Monetary Fund." World Bank President Barber Conable and IMF chairman Michael Camdessus concurred with their view. Camdessus also castigated the developed nations as heartless toward the developing sector, if they did not agree to open their borders to unrestricted imports.

### Cartel practices free trade

The advance picture of what worldwide agriculture free trade would look like, is taking shape in Canada, the United States, Europe, Australia, and New Zealand, where farmers are being driven out of business. Farm income in England is at a postwar low. The milk quota system has forced down production and farm income throughout the EC. In New Zealand, over one-third of farms are being forced out of operation. In the United States, the drought, plus the credit squeeze and programs to reduce production, are dispossessing farms at disaster rates.

In the midst of this, the international food cartel companies are tightening their grip over farm production, processing, and trade. In Ontario, Canada, for example, the giant Cargill Corp. has bought 25 grain elevators. Cargill is building a huge hog facility in Alberta, and making other changes. The head of Cargill's Canada operations, Kerry Hawkins, said: "There's no doubt about it. The free-trade agreement enhances our ability to look at the U.S. market. The beef industry was very supportive of the free-trade agreement." In Europe, the Ferruzzi group is expanding in the same way, including extensive deals with Russia.

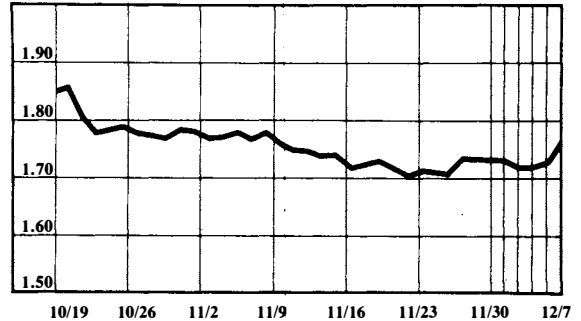
The reduction of food output which this cartelization entails is called necessary "adjustment" by the GATT free-market advocates.

Representatives of the food cartel were personally on hand in Montreal. Two Cargill executives, Robbin Johnson and Robert Pearce, participated in U.S. "private group" press conference on the opening day of the conference, to state their advocacy of eliminating all farm and food subsidies worldwide by the year 2000. And U.S. delegate Daniel Amstutz was a top Cargill international executive for 25 years, before joining government service in 1983.

## Currency Rates

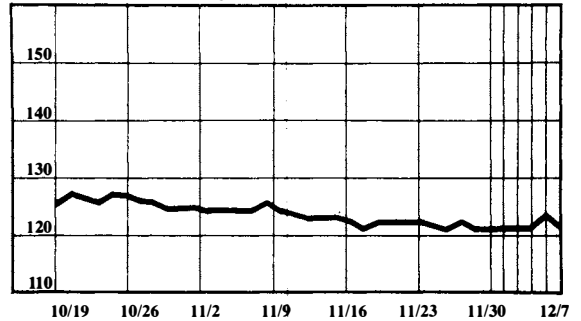
### The dollar in deutschemarks

New York late afternoon fixing



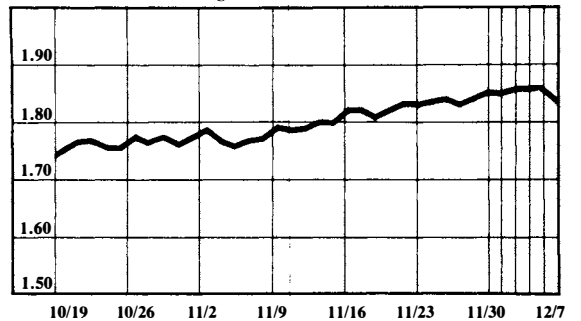
### The dollar in yen

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing

