Reagan's GATT 'free trade' plan endangers food supply

by Marcia Merry

On July 6 and 7 in Geneva, representatives of the 93-nation GATT group (General Agreement on Tariffs and Trade) received President Reagan's official proposal to end world farm subsidies within 10 years, and introduce the era of "free trade." Neither in wartime nor peacetime in the history of the United States, has there ever been such a sweeping proposal, short of the intended economic consequences of the Confederacy in the Civil War: plantation-based farm output, under the control of the banking and commodity cartel companies of London and Europe.

Today, some of the same commodity and banking-related networks are applauding President Reagan for his gullibility and subservience to their interests. Republican U.S. Senator Rudy Boschwitz, known as the "Cargill Boy" from Minnesota, praised Reagan's GATT plan as "visionary."

The President knows only the rhetoric, not the content of what he is proposing, and only the appearance, and not the content of the problem in world agriculture today. Fortunately, there is enough opposition, at home and abroad, that President Reagan's plans will not go into effect tomorrow. Yet the general public is no better informed than the President as to what is really going on.

The three essential points to understand as the trade talks proceed, are: 1) Farm subsidies—in the main—do not benefit the farmer and his family, but subsidize a small group of world food companies. 2) These very same companies intend to benefit even more by having the "subsidies" removed, while still retaining control of world food stocks. 3) There is no world food "glut," as President Reagan and most of the media assert.

Without proper emergency measures to deal with the worldwide food output crisis, famine and disease will spread. Reagan's proposal would undercut the very institutions of independent, family-based, high-technology agriculture that has taken centuries to develop. His plans, if implemented, would mean a drastic drop in food output in the short term, and concentration of control by privileged interests, unaccountable to nations or morality.

The Reagan plan calls for the United States to make sweeping cuts in agriculture outlays, and therefore for other nations to do the same. In Venice in June, President Reagan spoke of the need to end agriculture subsidies because of the "overproduction" of food.

What the Reagan plan would cut farm output price deficiency payments, land diversion incentives, herd reduction incentives, surplus dairy output purchase, and even the scrapping of the national agriculture extension service, which originated during Abraham Lincoln's administration, and increased U.S. agriculture productivity to unheard-of heights.

Trilateral blueprints

The blueprints for the Reagan plan can be found in documents such as the 1985 Trilateral Commission piece, "Agriculture Production and Trade Policy"; and the annual recommendations of the Heritage Foundation, called "Agenda" for government. Through these channels of influence, other government agencies and banking institutions are echoing Reagan's call. On July 7, the Senate voted up a resolution demanding that the World Bank refuse to make any loans to any nation that produces products for export that are regarded as "in excess."

European Community spokesmen associated with the Trilateral Commission also picked up on Reagan's cue. On July 7, in Washington, D.C., a response to Reagan was released on behalf of the EC by Willi DeClerq, EC External Affairs Director, and Franz Andrieesen, EC Agriculture Director. On July 8 they met with Capitol Hill leaders on the need to slash agriculture production and to let "market forces" rule. Their official statement said, "The U.S. government proposal for negotiations on agriculture, which was presented yesterday at the GATT in Geneva, needs careful consideration. The proposal calling for the elimination of all forms of government support and protection over a 10-year period, needs careful consideration. It raises, however, a number of practical questions. The EC agrees on the need for a progressive reduction of government support in agriculture, as stated in the OECD declaration and in the Communiqué of the Venice Summit. The EC, which is the largest importer of agriculture products in the world, has already shown the way by taking concrete steps in this direction. It has embarked on a major program of readjustment of the Common Agriculture Policy by: 1) Cutting milk production effectively and reducing the guaranteed support in this sector; 2) Reducing guaranteed support in the beef sector; and 3) Applying severe price cuts in cereals and oil seeds while introducing production ceilings for soybeans.

"We would like to see the U.S. government match its declarations of intent, with concrete measures having a comparable short-term effect"

In other words, these EC officials want both the EC and the United States to drastically reduce food output. However, the so-called world food "surpluses" do not exist. Under the years of International Monetary Fund debt policies, world food trade volume has begun to dramatically decline. Countries capable of producing exportable foodstuffs have seen food stocks "pile up"—both because of the drop in exports, and because, at the same time, of the lack of purchasing power of domestic households. Under these conditions, for example, the U.S. meat animal inventory has declined to 1960s levels. Farmers have gone out production; millions of households have poor diets. Under any nutrition-based foreign and domestic government policy, for example, such as the wartime and postwar food program based on meeting dietary needs, demand for food would soar.

At present, the small club of world food commodity companies that dominate world food trade, point to the existence of untraded foodstocks as "proof" of a food glut, and rationalization for paying farmers prices far below their costs of production. The prominent companies are Cargill, Continental, Bunge, Garnac/André, Louis Dreyfus, ADM, Nestlé, Unilever, and Toepfer. Policy documents backed by the families and private interests behind these companies state, the world is overpopulated, and current numbers of farmers and food stocks are "redundant" and should be eliminated.

How the subsidies maze grew

U.S. corn at $1.50 a bushel is at least four times under cost. Milk at $11 per hundred weight is less than half the true production cost. Therefore, in recent years, farm-district lawmakers, not knowing what to do, have taken farm program options that were originally designed as occasional stabilization measures, and expanded them into a maze of so-called farm subsidies, whose effect, however, has been to continue to benefit the cartel companies.

It is estimated that last year a record $25.3 billion in agriculture outlays were expended by the government. A comparable amount was expended by the EC. If you are a U.S. corn grower, this crop year, you could sign up to get loans and other payments if you idled at least 35% or more of your corn acreage. A dairy farmer, under the 15-month Dairy Herd Termination program, could get payments for exterminating his herd.

But though food output is decreasing, the farmer continues to get little, because the cartel companies pay little. Therefore, the subsidies keep a certain number of farmers in operation in order to permit the food cartels to acquire cheap commodities—at the expense of subsidies by taxpayers (farmers and average consumers)—while the cartels sell at whatever price they choose.

Moreover, under the infamous "export enhancement" program, in effect since 1985, the food cartel companies receive for free, grains and other foodstuffs, from government-owned "storage." Supposedly, this is to have a "trickle down" effect to further sales of U.S. crops. Under the recent discount Soviet grain purchase, Cargill and the other private exporters got about $50 a ton worth of free government grain, amounting to a windfall profit of millions. Farmers got nothing.

Finally, there are subsidies that are such swindles by the cartel companies, as to make a snake-oil salesman blush. The Archer Daniels Midland Corp., whose president, Dwayne Andreas, is the new Armand Hammer—the "business" liaison to the Soviet Union—in recent years set up stills to produce corn alcohol, or ethanol, under the banner of "energy independence," and get paid a government subsidy of 10-20¢ a gallon for every gallon of gasoline fortified with ethanol. ADM bought Hiram Walker's Peoria, Illinois plant, the largest distillery in the United States, and is making ethanol in order to obtain the government profits. The corn belt farmers get their pitiful $1.50 a bushel, but ADM gets its per-gallon government handout. A recent check showed that ADM was even welshing on putting the required amount of ethanol in the gas.

The alternative to the Reagan plan is to cancel all handouts to the private cartel companies, and to enact a package of emergency measures throughout nations of the Western alliance; to freeze farm sector debt, re-schedule it, contract for increased output, and offer low-interest credits for production loans and capital improvements. Anti-trust investigations and prosecutions are overdue against the well-known cartel firms. Without such actions, there will only be what the president of the German Farmers Association, Mr. Heereman, told 1,700 farmers on the July 4th weekend in Aachen: "a policy of euthanasia for farmers."