

Agriculture by Susan B. Cohen

The food weapon by any other name

The administration's suspension of agricultural negotiations confirms America's reputation as an unreliable supplier.

President Reagan's April lifting of the hated Carter grain embargo notwithstanding, no food producer is convinced that the food weapon is gone. Henry Kissinger's Jan. 18 public promotion of all-out economic warfare against the East bloc should underscore their suspicions. The "father of the food weapon," stated his preference for shutting down American agriculture rather than abandoning this type of economic warfare. "Our farmers this year take satisfaction in the sale of 23 million tons of food to the Soviet Union," Kissinger ranted. "But what will happen when all our plantings and our entire agriculture economy become permanently geared to this level of Soviet imports?"

In the view of many producers, the President's imposition of sanctions against the Soviet Union in response to the Polish crisis has already had the effect of imposing a de facto embargo. Of the seven sanctions, two affect agriculture: the suspension of negotiations for a new long-term grain trade agreement, and the suspension of negotiations for a new U.S.-Soviet maritime agreement.

Talks for a new long-term grain agreement had been postponed once, a year ago. The new suspension simply confirms to the Soviets that the U.S. administration has no commitment to being a reliable supplier. The lack of a maritime agreement (the previous pact expired on Dec. 31) makes it more

difficult for the Soviet Union to send Russian ships into U.S. ports to pick up grain, and opens the way for disruptive action by the International Longshoremens Association which has refused to handle Soviet cargo in the past.

Michael Hall of the National Corn Growers Association told the *Journal of Commerce* that these two actions taken together might give President Reagan "the same results as if he had declared an embargo or total trade sanctions." Already, Hall points out, the uncertainty surrounding the sanctions and the possibility of an official embargo have pulled down grain markets.

While Agriculture Secretary Block, who has been brought into National Security Council deliberations on East-West matters, defensively insists that the Soviets are still free to purchase up to 23 million tons of grain from the U.S. during the 1981-82 year, the fact of the matter is that so far they haven't bothered to buy more than half their quota, about 10 million tons. Many traders insist that the U.S.S.R. now will only trade with the United States as a "last resort."

Indeed, as Secretary Block would undoubtedly prefer to forget, the damage done by the 1980 embargo was not "undone" in April. The Soviets greatly diversified their suppliers during the Carter embargo, renamed by at least one political observer, the Argentina Business Promotion Act of 1980. Argentina has boosted its

grain production and export significantly, and last year sold 90 percent of its 7.8 million ton wheat crop to the Soviet Union. Australia, which has announced that it will not heed the current round of sanctions, has multi-year grain agreements with the Soviets, who were major buyers of Australian grain last year.

Recent reports indicate further that the Soviets will not be purchasing the 43 million tons originally estimated as their import requirement, but more like the 34 million tons imported from non-U.S. sources during the embargo.

Legislation protects producers against an agriculture-only embargo, but that doesn't mean much when you consider that an "across-the-board" trade embargo against the Soviet Union is 80 percent agriculture anyway!

The joke is still all on the American producer, as dairymen too have learned recently. Remember last August when the U.S. government sold 220 million pounds of those much-maligned surplus stocks of butter to the New Zealand Dairy Board because Secretary of State Haig did not want it to fall into the hands of the Soviets? Remember that in addition to a cut-rate price of 70 cents per pound, Secretary Haig gave the New Zealand Dairy Board veto power over any further U.S. dairy sales?

This past week the USDA confirmed that the New Zealand Dairy Board has signed a four-year agreement with the Soviet Union to provide it with at least \$90 million of butter and dry milk annually. The Soviets will pay New Zealand \$1.02 per pound for the butter—about what the U.S. administration turned down last August.