A disastrous U.S. export policy

The State Department and conglomerates are pursuing "food control" instead of expanded farm sales.

America's farm exports have fallen in volume for the past four years; they are estimated at 140 billion tons for 1984, down 15% since the 1979 all-time high of 163 billion tons. Despite the latest U.S. corn sale to the Russians of 400,000 tons, U.S. feed-grain exports have declined 22% since 1979, though a slight increase is reported for 1984.

Easy as it is to blame the strong dollar and the world "recession" for the decline of agricultural exports, if Congress or the administration were serious about reversing the decline in U.S. exports, they could take action to expand the markets by promoting agro-industrial growth abroad and supplying export credits. Instead, they are allowing the cartels to take advantage of the collapse and consolidate their control of the markets. This involves the increasing use of countertrade (an elaborate form of barter in which the corporate giants can often impose not only commodity prices but conditionalities).

Congress has dealt with three pieces of export-related legislation: the Export Administration Act, the Supplemental Appropriations Bill for Africa, and the Agricultural Amendment Act. The first passed the Senate March 1, and awaits conference committee action. The bill is aimed to encourage U.S. exports while attempting to limit exports of high technology products for national security reasons. The final version could give the special trade negotiator more control over embargos of farm exports, at the expense of the U.S. Department of Agriculture (USDA).

The second bill, signed by the President, provides a measly $90 million in food aid for Africa. It increases funding for the PL 480 program, Title II, the cruel and unproductive "food for work" program.

The third bill, HR4072, was passed March 22. It also increases funds available for PL 480 by $150 million in FY84, adds $500 million in guaranteed export loans from the Commodity Credit Corporation, and expands the direct-credit program by $100 million for FY85.

Mere expansion of export credits will not help much so long as the conglomerates and the IMF are running the system. Ninety percent of all PL 480 contracts are given to the seven "major" companies in the commodity cartel—Cargill, Continental, Nestlé, Bunge, Dreyfus, André, and Phibro. The program has been turned into a vehicle for the State Department, working with the International Monetary Fund, to provide scant amounts of food to "approved" nations in a combined blackmail and triage operation. The State Department's Agency for International Development is withholding food from famine-wracked Bolivia on the grounds that aid would discourage local farmers—who are starving and cannot plant crops.

What prevents many countries from importing is not only the lack of foreign exchange but the IMF/World Bank conditionalities which insist that they forego imports in order to pay debt. Thus their buying power has grossly deteriorated.

This situation has opened the door for 20th-century "East India Companies," such as Sears World Trade, Peabody World Trade, and Bank-America World Trade Corporations to increase their control of export markets, using barter and countertrade. For example, in 1983, the grain giant Cargill bartered to provide Ecuador with rice in exchange for barter rights on Ecuadoran output.

The U.S. government has only one barter agreement, an exchange of Commodity Credit Corporation nonfat dry milk for 1 million tons of Jamaican bauxite. If the administration has shied away from state-to-state barter and countertrade arrangements, it is encouraging the private sector to make such deals which are now said to account for nearly 40% of Third World trade and 30% of world trade.

Commerce Undersecretary for International Trade Lionel Olmer, speaking at a *Financial Times*-sponsored conference in January, noted that the government had considered a proposal to exchange U.S. butter for nickel from Russia and to trade agricultural products for Mexican petrochemicals.

There is growing pressure at the USDA and among farm organizations for reviving and funding the GSM-3011 program, which allows a PL 480 recipient to use the funds for food infrastructure development.

This would not only increase exports, but develop long-range markets through construction of grain elevators, roads, railways, and so forth, to improve importing and processing capabilities.

The last time the program was funded was in 1979 to enable Israel to build a grain storage facility. Why does Congress refuse to revive the one government program that could assist the underdeveloped sector to make large medium-term increases in its import capability?