

## World grain output falls, as free-traders push GATT

by Marcia Merry

The managing director of the World Bank, Attila Karaosmanoglu, told participants in a U.N. trade conference in Colombia on Feb. 13, that it was urgent to reach agreement in the Uruguay Round of trade talks by the 108 member nations of the General Agreement on Tariffs and Trade (GATT). "Failure at this critical juncture to make significant progress could postpone by many years much needed benefits," he intoned. "It could also degenerate into greater discord and further restrictions, which at worst could stifle growth in industrial and developing countries alike. Nothing is more urgent now than an agreement which significantly benefits all participants."

U.S. Vice President Dan Quayle was touring Europe that week with the same message, and with the threat that if the European Community nations don't agree to the U.S. demands on a GATT treaty, then Washington will retaliate.

Karaosmanoglu, using the typical doublespeak of the World Bank and the International Monetary Fund, gave as the reason to agree to a GATT treaty, the "challenge" of the 1990s, the need to take collective efforts to reduce poverty. "A billion people continue to live in stark poverty," he said. "Such stark poverty threatens the very environment on which sustainable development depends." (See *Feature*, pages 44-47, for an analysis of what this really means.)

What are the "much needed benefits" which, according to Karaosmanoglu, we are losing out on by the failure to ram through the GATT treaty? The gist of the Anglo-Americans' demands is that other member nations slash subsidies to farming. The idea is that the free-traders will then move in; the smaller, independent farmers will be driven out of business; the multinational cartels will run whatever is left; and *agricultural production will be cut back*.

This, at a time when even the year-end 1991 reports

issued by two world food monitoring agencies—the U.N. Food and Agriculture Organization and the U.S. Department of Agriculture—document that we are not producing enough food to feed the world's people. Or, in the words of the FAO's December 1991 *Food Outlook* report, "It is now certain that global cereal output in 1991 will be well below trend, and short of consumption requirements in 1991-92."

In a word: More free trade means famine and genocide.

This is what underlies the continuing opposition to GATT from some national governments, which is being so loudly denounced by the Bush administration and World Bank officials.

### A deliberate policy

The GATT was established as part of the postwar triumvirate, with the International Monetary Fund and the World Bank, which has suppressed economic development in most of the world. Its job is to assist special, mostly Anglo-American interests, in exacting usurious debt service and terms of trade from subject nations. Decades of this process have now resulted in chronic food shortages and the recurrence of epidemics of once controlled diseases—for example, the cholera now plaguing South America and Africa.

Nevertheless, in 1986, the United States and Britain initiated a new round of the GATT—the "Uruguay Round"—intended to culminate in 1990 in a global treaty that would give free rein to select international companies to operate—and loot—freely across all national boundaries, in the areas of banking, labor relations, insurance, patents, and especially food production and sales. Any capability by sovereign nations to protect their economies against such looting is supposed to be made illegal, by international treaty arrangement.

The motto of the GATT Uruguay Round is, "One World,

One Market.” The official U.S. position papers submitted to the GATT state that no nation has a right to even attempt to produce enough food to be self-sufficient. Instead—goes the argument—citizens of all nations must rely on the “world market.” What this really means is that the food cartel companies (Cargill, Louis Dreyfus, Archer Daniels Midland/Töpfung, Continental, Bunge, André/Garnac and a few others) decide who eats, and who does not.

For example, Mexico, which was food self-sufficient in the 1960s, was coerced by the IMF to join the GATT, to give up self-sufficiency, and to import food at cartel prices and cartel discretion. Now one-third of the Mexican people are suffering from various forms of malnutrition.

### **Treaty is still bogged down**

Fortunately, resistance to this genocidal policy has been enough to stall any such treaty, up to the point that the final negotiations are now scheduled for April, and the talks are centered only on a last-ditch draft treaty text by GATT general director Arthur Dunkel, who has announced that he is resigning this year.

In late January, Dunkel gave a press conference in Geneva, to stress that the negotiations for concluding the Uruguay Round would continue over the next few months. “On the basis of talks I have held over Christmas and especially in the last week,” he said, “I see a real strong consensus on the part of governments to consider that we have reached the stage of the final sprint. But let’s face it. To tie up the loose ends is going to be a horrifying experience.”

As of the end of 1991, no other proposed text was even left standing, because of the impasse that exists between the United States and the European Community over agriculture policy. The United States demands that Europe give up backing its farm sector; the EC has refused, in particular in the face of the need for food exports to the former Soviet bloc.

There are continuing voices of opposition to the U.S. policy. French Trade Minister Jeanneney, speaking Feb. 17 at a Franco-Thai Chamber of Commerce meeting in Bangkok, condemned the Bush administration for demanding one-sided concessions, and ordering nations to give up their agriculture programs.

“We will not accept a bad agreement,” he said, “to beat a deadline set only by the American electoral timetable.”

Japan’s vice minister for international affairs at the Agriculture Ministry, Jiro Shiwaku, called the Dunkel draft proposal “unfair.” Shiwaku has requested an urgent meeting to modify the Dunkel draft. “I know this would reopen negotiations and might unravel them . . . but otherwise there will be major confusion, because not only Japan but others do not agree with the draft.” He complained that “if the draft were implemented, export subsidies would remain legal while import controls would become illegal.” Japan has remained self-sufficient in rice production, and is not intending to give up this sovereign right.

### **The world harvest picture**

Last year’s total harvest of grains of all types fell below average annual consumption requirements, as calculated by the FAO based upon prevailing “normal” consumption—not upon the level of consumption that is actually required for adequate human nutrition. An estimated 1.889 billion tons of grain was produced, according to the FAO. This harvest is at least 4% lower than the harvest of the year previous.

The FAO estimates for harvest totals in the past five years are, in billions of tons:

1991-92: 1.889

1991-90: 1.968

1989-90: 1.891

1988-89: 1.746

1987-88: 1.792

Note that the most recent harvest is lower than the past two years’ harvests.

Worldwide annual cereal aid is now about 8.8 million tons, down from 13 million tons in the mid-1980s.

Under the circumstance of harvest shortfalls, the draw-down of grain stocks has pulled grain reserves way below minimum security needs. The FAO views 17% as the minimum security level of grain carryover, as measured by grain stocks to annual consumption. However, on a global scale, stocks are way below this line.

In the United States, wheat stocks are so low, that even on the controlled Chicago Board of Trade, wheat futures prices (for March contract, in dollars per bushel) went up from Jan. 5 to Feb. 10 from \$4.00 to \$4.60. U.S. wheat reserves are now at about the same level as 1974.

The U.S. 1991 wheat harvest was down 28% from the year earlier, as a result of lowered plantings and bad weather. However, the plantings for the 1992 harvest (three-fourths of U.S. wheat is sown in the fall, and harvested around June) are at least 2% lower than that sown for 1991. The U.S. Department of Agriculture reports that farmers have seeded 50.2 million acres of winter wheat, compared with 51 million acres in 1990. Given the small size of the wheat reserves, the yields will be very important.

Much of the world harvest decline over the 1980s is accounted for by production cutbacks in the United States. As of 1990, the annual total grains harvest in the United States was little more than what it was 10 years earlier—about 275 million tons. In 1985, some 347 million tons of grain were produced, but that same year a raft of programs were initiated to take cropland out of food production, and to reduce meat and milk output.

The Conservation Reserve Program (CRP), which induces farmland owners to agree not to produce food on their land, in exchange for an annual government payment, has taken close to 40 million acres out of food production. At a yield of three tons per acre, this represents 120 million tons of grain—a loss of cereals for 360 million people in a hungry world.