Agriculture by Suzanne Rose

Wheat dispute is a boon for cartels

U.S. and Canadian farmers are overlooking the real issue in the fracas over grain imports across the border.

Some 500 farmers from North Dakota, Montana, and Minnesota demonstrated on Feb. 3 at two locations on the North Dakota border with Canada—Peace Gardens and Maida. The demonstrations followed smaller rallies of farmers in Montana at the Canadian border a month earlier. All of the protests were against the flood of grain imports across the border into the United States, which have been mounting each year since the signing of the U.S.-Canada Free Trade Agreement in 1988.

Prior to the free trade agreement, Canadian wheat shipments to the United States were virtually nonexistent. This year they are expected to reach 70 million bushels. Many other products are also flooding across the border to take advantage of price differentials, and to depress producer prices in the United States, such as for barley, pork, beef, live cattle, and hogs.

The Montana demonstrations blocked Canadian trucks unloading grain at elevators on the U.S. side of the border. The North Dakota demonstrations focused on the trade agreement itself. Although organized at the grassroots level, the demands reflected the policy of the official farm organizations such as the National Farmers Union: a call for an investigation of the situation, and an emergency enactment of Section 22, a provision of the Agriculture Adjustment Act of 1933 which authorizes the President to restrain imports by imposing quotas or fees if the imports interfere with federal farm price support programs, or reduce the U.S. production of processed farm commodities. In this case, the farmers are charging that the imports are interfering with programs that are supposed to support the price of farm products.

After the Montana farmers' demonstrations, state lawmakers called for an investigation, which is expected to take six months.

After the larger and noisier demonstrations in North Dakota, some North Dakota congressmen are reportedly in discussion about introducing legislation to pull the United States out of the agricultural part of the free trade accord.

Much of the clamor has focused on Canadian policies in pricing of farm commodities—which are not disclosed publicly—as well as charges that the Canadian government subsidizes the transport of Canadian grain, and the fact that Canadian grain coming into the United States is not required to have end-use certificates. This has led to speculation that the United States is becoming just a transshipment point for grain which is immediately shipped abroad, while becoming eligible for generous taxpayer-financed subsidies to the grain trading companies under the Export Enhancement Program.

In whose interest is the cross-border trading of agricultural produce, when the countries involved produce exportable surpluses of the commodities in question? The only interests served are those of the international food and commodity trading companies and agribusinesses.

Since the end of World War II, the multinational corporations which control world commodity flows for profit and political reasons, have turned the agricultural sectors of the United States, Canada, and Australia into granaries for the world. Instead of developing partnerships for food self-sufficiency and industrial development with the Third World, these nations, under the influence of the Anglo-American establishment, have dumped food exports on poorer nations, forcing them to become dependent on food imports. This dependence leads to political control as well. Now, as the worldwide depression deepens, the Third World and other economies, such as the newly freed former Soviet republics, can no longer afford these imports, and the grain traders lose their markets.

Now we have the spectacle of the dominant grain trading companies, such as Cargill, destroying their host farmers in the advanced sector. Cargill, which dominates the Canadian grain trade, has succeeded in eliminating price protection for Canadian farmers in the last few years. After the signing of the U.S.-Canadian Free Trade Agreement, the cheapened Canadian wheat and barley have been shipped to the United States for sale.

In the United States, Cargill and the other dominant grain traders buy the Canadian grain and use it to take advantage of generous export subsidies available in the United States. U.S. farmers, meanwhile, lose the market for their grain, while the traders buy the cheaper Canadian grain, which drives down the price.

The process leads to the destruction of farmers in both nations. Rather than calling for an investigation of the factory which is producing the gun pointed at their heads, farmers on both sides of the border should demand that their governments protect all producers from monopolies such as Cargill, which operate above the law and outside the jurisdiction of any government.