

Let's hope the GATT 'Uruguay Round' will end in failure

by Marcia Merry

If the monkey wrenches continue to fly in Europe, there is hope that the "Uruguay Round" of the GATT agriculture trade talks will end in failure. This would be the best possible outcome for the four-year process, begun in 1986 in Punta del Este, Uruguay, which was an operation right from the start for the international commodities cartel to overturn the sovereign rights of nations to govern their own farm and food policies.

Certainly, the General Agreement on Tariffs and Trade negotiations have nothing to do with helping farmers to produce the food necessary to feed a hungry world.

In 1986, Clayton Yeutter, then U.S. Special Trade Representative (now agriculture secretary), launched an imperious campaign for the "liberalization" of national laws governing farm and food trade, calling for an end to farm subsidies, and for the elimination of tariffs and other restrictions on food trade. The 90-plus member nations of the GATT went along with this for a couple years, but then they balked. Now the Uruguay Round, meant to be completed in four years, is in trouble. The final talks are scheduled for Brussels Dec. 3-7, but the European Community (EC) has not come to a consensus on its position on reduction of agriculture subsidies and related questions, and time is running out. On Nov. 5, the European Council of Ministers will meet for the seventh time in recent weeks to attempt to reach a joint position.

The EC delay reflects the revolt in the ranks of European farmers. After the EC Common Agriculture Policy (CAP) built up European farm productivity out of the rubble of World War II, European farmers were not prepared to accept the cuts in farm output and farm prices and income dictated by the EC Brussels Secretariat in the last few years. So, beginning in early 1990, farmers took to the streets.

Farmers in other food-exporting nations—the United States, Canada, Australia, Argentina, Thailand—have been bludgeoned by their governments and media into submitting to low prices and financial hardship, and to the prospect of worse under any new GATT "Uruguay Round" treaty. Heavy propaganda has been used to confuse and demoralize farmers, using a warmed-over version of the old "free trade" rhetoric that the British East India Company once used against the new United States. Farmers are all told that it

would be more "fair" if all farm supports were cut around the world, and that then competition in the marketplace would govern trade.

In addition, the U.S. farmers have been told the lie that European farmers are well off, and that Australian farmers are thriving, despite low prices.

The cartel against the farmers

The reality is that the small group of companies that dominates all world trade in grains and key food commodities, is colluding to underpay all farmers. In the last three years, European farmers have been hit by price reductions and rising costs that have lowered their income at least 15%. Australian and New Zealand farmers are reeling under drastic price declines. Argentina is in chaos, with four-digit inflation rates.

Yet the U.S. proposal to the GATT calls for a 90% cut by all nations in subsidies for farm exports, a reduction in food import tariffs by 75%, and a cut in major farm support payments by 75%—all to occur over a 10-year period beginning in 1991. Even the U.S. Department of Agriculture estimates that 500,000 U.S. farmers, out of 2.3 million, would be bankrupted by this plan.

The most recent proposal from the Brussels bureaucrats of the European Community called instead for a 30% reduction in farm supports, to be calculated for a 10-year period beginning 1986. Since European farmers have already undergone approximately a 15% reduction in supports since that time, the new ratchet of cuts would be lessened.

However, even this "compromise" proffered by the European Commission has not been acceptable to many of the EC agriculture ministers, who are under fierce political heat from farmers. In particular, France and Germany have refused to ratify the plan.

This refusal rankled British Prime Minister Margaret Thatcher, who has been colluding with President Bush to force draconian agriculture commodities demands on the rest of the world. In this, they are representing the interests of the modern day imperialist trade companies—Cargill, ADM (Archer Daniels Midland, allied with Toepfer of Hamburg), ConAgra/Elders, Bunge and Born, Continental, Louis Dreyfus, André Garnac, Nestlé, Unilever, Central Soya/Ferruzzi, and the rest.

The original Anglo-American agriculture trade “reform” platform was written by the multinational grain cartel companies in concert with a 1984 Trilateral Commission Task Force on Liberalizing World Agriculture Trade, which first demanded an Adam Smith “free market” in world grain trade by slashing farm subsidies in the EC, United States, and Japan.

At the Houston Group of Seven economic summit in July, Bush issued an edict that the GATT nations must agree to his demands for farm support cuts. Now, Bush is getting a nose-thumb from Europe.

So far, the Cairns group has sided with the U.S. and Britain, because the Australian, New Zealand, and other trade representatives who formulate the group’s policy are part of a holdover network of Anglo-Saxon colonialist types. However, Korea and Japan are going their own way, and sympathize with the political protest faction in Europe. Japan has refused to give up on its right to national self-sufficiency in rice, no matter how much Yeutter or Bush complain.

Negotiations a shambles

Whatever the twists and turns in negotiating may be during the month of November, the GATT “rules of the game” are in shambles. On Nov. 4 and 5, at the GATT Secretariat in Geneva, there will be “crisis talks” by 13 GATT food-exporting nations, to decide whether to abandon the four-year-long negotiations on trade liberalization. Brazil is talking of a walkout. This may be only intended to pressure the EC, but that could blow up GATT for good. Canadian Trade Minister John Crosbie, dutifully aligned until now with Washington and London, threatened, “The situation now is a lot worse than anyone ever contemplated that it could be, and the responsibility is firmly on the EC, especially Germany and France.” U.S. Trade Representative Carla Hills is in a tizzy, and as of Halloween on Oct. 31, could not decide whether to get on her broom and fly to Geneva or not.

The Geneva meeting was called after Germany’s Chancellor Helmut Kohl took the surprising eleventh-hour initiative of refusing to accede to the plans for farm cuts, at an EC ministers meeting in Rome in late October. He was backed by France and several other EC countries.

Kohl is under strong electoral pressure from farmers—an important part of his Christian Democratic Union party. According to German Agriculture Minister Ignaz Kiechle, an estimated 10 million European farmers (out of only 12 million) stand to be wiped out if the U.S. GATT proposals are implemented.

European farmers are threatening to hit the streets again before the Dec. 3-7 GATT meeting in Brussels. Last April, thousands of European farmers staged demonstrations in opposition to the GATT, and against low prices and declining farm support from the EC. Tractor brigades blocked highways in and out of Brussels. From Denmark to Italy, protesters swarmed through the streets.

A question of national sovereignty

Since the start of the Uruguay Round in 1986, the proposals made by Washington to the GATT negotiating groups have been outrageous, in their calls for ending sovereignty over food questions.

In a U.S. proposal titled “Proposal With Respect to Food Security,” made June 6, 1988 for the “mid-term review” Uruguay Round in Montreal, the incredible argument was made that there will never again be global food shortages and that a nation is wrong if it even attempts to be self-sufficient in food output.

The document states:

“We recognize that food security is a concern of all GATT member countries. . . . However, food security need not imply food self-sufficiency pursued behind restrictive trade barriers.

“Food security and self-sufficiency are not one and the same objective or goal. Food security is the ability to acquire the food you need, when you need it. Food self-sufficiency means producing some portion of one’s own food supply from domestic resources, regardless of market forces, with deliberate intent of displacing imports or reducing import dependence. . . .

“Self-sufficiency, as distinct from food security, is no longer justified by the possibility of massive global food shortages. . . . Today, due to the greatly diversified sources of agricultural products and the worldwide integration of agricultural trade, it is highly improbable that food shortages caused by shortfalls in agricultural production would have a lasting or harmful impact. . . . Thus, the world market has been a dependable, stable source of food.”

Within months of the U.S. making this proposal to the GATT, Washington, D.C. itself proved how fickle and unreliable the so-called “free” market forces are, when the Agriculture Department arbitrarily held up delivery to Mexico of 20 million pounds of milk powder—previously contracted, over the winter of 1989-90. The world supply of milk powder was very short, and Washington channeled U.S. supplies for use by Nestlé and the rest of the chocolatier cartel. The children of Mexico were expected to take second place.

There are many other examples of denial of food by the so-called “reliable” world market forces. The latest example is the cutoff by Bush of grain relief shipments to Sudan, leaving millions desperate for food aid.

Simultaneous with the U.S. proposals to GATT, an international pro-GATT propaganda campaign has been conducted through universities, private foundations, and the media. New York’s Council on Foreign Relations and the Royal Institute of International Affairs in London teamed up this year to publish *Restructuring the GATT System* in order to give a blueprint on how to update GATT’s constitution for its intended new role in policing world trade.

But the best laid plans are now disintegrating.