

## Agriculture by Marcia Merry

### Food trade warfare is food reduction

*The rhetoric over the trade measures hides a reality that could mean stricter diets everywhere.*

While Dec. 31, 1986 was the announced deadline for the United States to institute food trade retaliation measures against Western Europe, nevertheless, on both food-exporting continents, almost identical programs are under way to drastically cut food output. If the American and European public and policy makers fall for the trade-war rhetoric, and ignore the overall crisis, they may find themselves on a stricter diet than the doctor ordered.

On Dec. 30, President Reagan issued tariff duty orders, to go into effect Jan. 30, on European imports to the United States, including gin, brandy, white wine, and cheese. The tariff will almost triple the cost of these products.

Reagan considers his action just retaliation for lower purchases of U.S. feedgrains (corn, corn gluten, and sorghum) over the past year, since Spain and Portugal joined the Common Market and began to acquire these feeds from EC sources. For the six months up to Dec. 31, trade negotiators attempted to find a solution to the trade impasse, but, in the absence of this, a policy of mutual retaliation was announced at year's end by the respective national leaders.

"It is a pity that we did not find a solution for this problem in negotiations in the framework of the General Agreement on Tariffs and Trade," said Paul De Keersmaeker, the Belgian official who, on Jan. 1, took over as president of the EC council of ministers for six years. But, Keersmaeker said, in response to Reagan's hostile

announcement, "The European Community has also prepared its own ammunition, including tariffs on corn gluten feed."

The trade war may be dramatic, and it threatens to fracture NATO and other Western Alliance relations, but it bears no relationship to reality. World trade flows are already so disrupted that the United States has become food-dependent for much of its meat and other staples. The monthly U.S. trade deficit for November was \$19.2 billion.

The problem is that trade volume worldwide has shrunk, under the policy direction of the International Monetary Fund, whose loan conditionalities and other directives have made it impossible for food-short nations to import foodstuffs or the means to produce food, forcing them to export food to gain foreign exchange for debt payments.

The volume of the world grain traded annually has shrunk from over 200 million tons a year to less than 164 million tons. The United States, which in recent years accounted for over half of the grain trade, is now exporting at a rate of 30 million tons less per year.

Only fools, or worse, propose trade war as the "solution" to markets that are shrinking because of shrinking economies. Even worse, these fools are saying that since there is little "effective demand" in Third World nations, who are starving but cannot afford to import (according to the IMF), then food production should be scaled back in North America and Western

Europe, which will meantime engage in trade war.

In December, the European Community agriculture offices in Brussels announced unprecedented production cutbacks. A dairy output cutback plan will be implemented, to eliminate 2.5 million milk cows. In addition, penalties will be imposed for imputed production-over-quota of various grains. Other farm income-guarantee programs which have helped develop European agriculture productivity will be eliminated.

The USDA has announced maximum land set-aside programs for the 1987 crop season. Millions of acres will be idled through these actions, and, in addition, millions more will go unplanted because of the rate of farm bankruptcy and dispossession. So far, Congress has refused to take effective action to halt the disintegration of the giant Farm Credit System, which holds about \$69 billion, or one-third of the national U.S. farm debt. A new "Chapter 12" code of the standing federal bankruptcy laws has been enacted to help farmers, but nothing exists to preserve and expand the basic farm and agriculture infrastructure of the nation, because of the prevailing policy myth that the problem is "over-production."

If U.S. farm output is cut back, this means automatic catastrophe for world food supplies. There were an estimated 1,662 million metric tons of grains of all types produced in the world in 1986-87, of which U.S. production accounts for 312 million tons. Worldwide, at present the annual reserve stocks are only an estimated 387 million metric tons of grain. Of that amount, 221 million metric tons are in the United States—built up because both exports and U.S. domestic livestock consumption are falling drastically.