Trade war and free trade: two sides of the coin

by Marcia Merry

Since the Bush administration announced on Nov. 5 that the United States would impose punitive tariffs on European imports if the European Community (EC) didn't comply in 30 days with U.S. farm trade demands, there has been a frenzy of official activity to bridge the transatlantic rift—meetings, letters, accusations, resignations, reinstatements, and most of all, news releases. But little is really new. In fact, the outbreak of U.S.-EC trade war is just a riper, uglier phase of "free trade" policy that has been spreading for the past two decades.

What is kept out of the news are the behind-the-scenes players in this trade warfare, such as soybean mogul Dwayne Andreas, Archer Daniels Midland (ADM), and Cargill, Inc., all of whom have been active in the drive to enforce "free trade," with or without the trappings of the U.N. General Agreement on Tariffs and Trade (GATT), the North American Free Trade Agreement (NAFTA), and other such treaties.

What should be uppermost in the minds of the citizens of the respective nations watching the trade war spectacle, is that both the free traders and the trade warriors are swindlers. The real issue is the collapse of national and world tonnage output of food and other essentials. Instead of either "free" trade or trade warfare, the world sorely needs emergency production and food relief policies. First, look at the specifics of the trade war issues, and then the crisis in world production and trade.

The issue is looting rights, not soybeans

On Nov. 3, GATT talks in Chicago broke down between EC agriculture negotiator Ray MacSharry and U.S. Agriculture Secretary Edward Madigan on resolving differences over how much the EC will agree to cut farm output and supports to its 9 million farmers. The U.S. position is that EC farm supports (such as minimum prices) must be lowered; quotas on European farm output must be lowered, especially for cereals and oilseeds (rapeseed, soybeans, etc.); and European markets must be made wide open to commodities from outside Europe. The two sides differed on how deeply to cut, although MacSharry and the EC Commission have already imposed drastic hardship and ruination on EC farmers.

After the Nov. 3 breakdown in GATT talks, the United States announced on Nov. 5 that it would impose 200% duties on $300 million worth of imports from Europe—mainly white wine, rapeseed oil, and some other commodities—as of Dec. 5, unless Europe complied with U.S. demands on U.S. soybean exports to Europe.

The nub of the matter is that about 30 years ago, European leaders agreed that U.S. soybean exports would be allowed into Europe duty-free. This was mainly a concession to the demands of the grain cartel giants Cargill and ADM. ADM, whose head Dwayne Andreas was a top Cargill vice president in the 1950s, is the world's largest soybean broker and processor. Cargill executive Robin Johnson personally attends the top free trade negotiating session of the GATT Uruguay Round. And former Cargill vice president Daniel Amstutz was a top U.S. Department of Agriculture official in the 1980s, and following that, a U.S. GATT negotiator.

At the time the original U.S.-EC soybean deal was struck, Europe was still building up its agricultural productivity after the devastation from World War II. Since then, under the EC Common Agriculture Program, European output potential grew strongly until, by the 1980s, the EC not only had the potential to be self-sufficient in all categories, including oilseeds, but had the potential to be a leading food exporter. European food capabilities would be critical for food relief and for nation-building assistance, if the International Monetary Fund (IMF) austerity policies were ever jettisoned in the former Soviet bloc, Africa, and in Europe itself, especially the Balkans.

It is this potential physical and political independence of continental Europe that current U.S. policy opposes. In 1986, the Uruguay Round of GATT was initiated by Anglo-American financial and food cartel interests bent on forcing through a world treaty arrangement whereby they would have free trade rights to move into any nation and trample on their domestic policies, not only in food, but in labor, banking, medical, and many other areas.

Trade war benefits no farmer or eater

The U.S. demand on soybeans is that the EC must reduce its oilseed production and guarantee entrance to large amounts of U.S. soybeans. This is frequently presented as a matter of fair play and benefit to U.S. farmers. But that's pure cover story.

ADM and the few other companies dominating soybean trade systematically underpay U.S. soybean and other farmers, regardless of circumstances. For example, the current farm price for U.S. soybeans is about $5.30 per bushel. A fair, or parity price, would be about $12 per bushel. The cartel forced the government to give up a national parity policy in the 1950s.

The cartel backs a group called the American Soybean Association, which voices cartel demands in the name of the farmer. Members of the group were present at the Chicago hotel where the Madigan-MacSharry talks took place, and the cartel-controlled farm group demanded trade war against Europe.

There are false friends of the farmer on the other side of the Atlantic as well. Once the U.S. trade warfare threat was announced, French politician Jacques Delors, who is now serving as head of the European Commission but has aspirations of succeeding François Mitterrand as President of France, moved to get EC members to vote for counter-retaliation against the United States. A list of which U.S. imports, for example corn gluten, would get slapped with tariffs was drawn up. Delors's anti-U.S. actions prompted EC negotiator Ray MacSharry to resign as negotiator for a few days, because he charged Delors was stabbing him in the back. MacSharry is known as Ray-the-Axe MacSharry for his cuts against EC farmers.

However, Delors is no friend of the French farmer. He is just on the hot-seat, and is occasionally forced to pay lip service to their interests. Because of EC actions undermining European farmers to date, whole areas of rural France have become depopulated, as large numbers of farmers have been dispossessed.

Despite Delors, on Nov. 6, the 12 nations of the European Community voted down counter-retaliation against the United States by 7-5. Voting with France were Spain, Ireland, Belgium, and Greece.

Since that time, conciliatory talk has ruled the day. Britain in particular has moved to align Germany against France, and against the interests of European farmers. The business sector in Germany, which has so far been unable to initiate economic development in eastern Germany or eastern Europe, has fallen for the Anglo-American free trade argument that it will cost less for food imports to come into Germany and the EC from abroad, than to foster domestic production. With opportunistic spokesmen for France, such as Delors, no French statesman has been able to counter the British pressure on Germany.

On Nov. 11, British Prime Minister John Major and German Chancellor Helmut Kohl issued a joint public welcome to the resumption of EC-U.S. GATT talks, in a news conference in Oxford.

U.S. trade officials also issued support for new GATT talks on Nov. 11, saying that the parameters of an eventual agreement would have to reflect "some production level that makes some sense" in terms of reducing EC farm output, and "bringing it down to a non-obtrusive level," the Nov. 12 London *Financial Times* reported in an article entitled "Optimism on Trade as EC, U.S. Agree to Fresh GATT Talks."

In mid-November, EC trade representative Frans Andriessen and MacSharry are returning to the United States to try to smooth things over on this and other issues. GATT Director Arthur Dunkel has been mandated by the EC Commission to devise some basis for resuming GATT talks with the United States.

Whatever happens on Dec. 5 ("Retailation Day"), the world will still be faced with the task of stamping out all of these trade control operations—themselves just practices of the decaying IMF system of private central banks—and instead, restoring production and feeding people as the goals of national economies and trade.

For the past five years, total global annual output of grains of all types has been 1.6-1.8 billion tons, which is below average annual consumption needs. Moreover, much of the cereals production for export or food relief has been concentrated in the Anglo-American bloc of food-exporting nations (Canada, the United States, and Australia) and otherwise controlled by Cargill and the food cartel. These countries determine where the 200 million tons traded each year goes. For example, the U.S. corn harvest in 1992 will be over half of all the world's grain output. Cargill, Louis Dreyfus, Continental, and one or two other companies currently monopolize all that grain potential, and they are permitting next to none for food relief purposes.

The same picture holds for all other categories of foodstuffs and feed. At present, over 53% of all soybean oil stocks in the world are located in the United States. As of September, there was a record 1.089 million metric tons of soybean oil in storage in the United States. Free trade advocates in cartel and government circles warn that unless their trade demands are met, there will be the biggest "soy oil lake" in history next year, with 1.300 million metric tons. There are other ways of disposing of food stocks than free trade and trade war.