# Agriculture talks kick off world trade scramble

by Marcia Merry

While grain, steel, and other basics of world production are declining per capita, various parties are scrambling to get better positions to control world trade, and to profit from scarcity rather than remedy it. The watchword of the new decade, carried over from the 1980s, is "world marketplace"—a euphemism for the process whereby the commodities cartel companies are maneuvering through their assets in various national capitals and in the United Nations General Agreement on Tariffs and Trade (GATT) to eliminate national sovereignty barriers to any and all trade practices the cartel chooses to employ. At the same time, Washington officials are encouraging East-West business ventures, which they mistakenly believe are an antidote to the economic slowdown in the West.

As the year opened, the saddest example of the privation that occurs from being in "the world market" was the nation of Poland. On Jan. 1, the Polish currency was devalued by 31.5%—the twelfth devaluation since September, bringing the exchange rate from 1,441 zlotys to the dollar, to 9,500 zlotys to the dollar. For the average Polish consumer, food prices are impossible. Unemployment may hit 3 million people.

The International Monetary Fund and the international trade and banking giants state that such austerity is necessary for "opening up" the Polish economy to the "free" world market. Behind this doubletalk, Poland continues to be looted by such companies as the U.S.-based food cartel Archer Daniels Midland. ADM, through its German associate Toepfer of Hamburg, makes guaranteed profits off selling Polish grain and oilseeds to the West, and brokering subsidized Western grain into Poland.

Agricultural trade was the subject of the year's first world trade gathering on Jan. 3-4, when officials from the United States, the European Community, Australia, Canada, and Japan met in Orlando, Florida. Designed as an informal get-together of the five food powers, called "Quint," the conference agenda was dedicated to how to "liberalize" world agriculture trade—which means how to further the perceived interests of the small number of mega-food companies: Cargill, Continental, Louis Dreyfus, Archer Daniels Midland/Toepfer, Bunge, Andre/Garnac, Nestlé, Ferruzzi, and a few others. These companies have worked on agricultural trade through the deliberations of the 97 nations in the GATT group in the "Uruguay Round" of talks, which began in Punta del Este, Uruguay in 1986. The plan is that by December 1990 there will be a new GATT world agriculture treaty, whose advance proposals make no mention of the world food scarcities.

## Collapse of food aid

World per capita grain production has dropped from 370 kilograms per capita in 1983 down to below 330 kilograms per capita in the last couple years. At least 500 million people in the world lack basic nutrition. In December, Edouard Saouma, the head of the U.N. Food and Agriculture Organization issued an emergency call for food for Ethiopia and other Africa nations suffering famine. He said, "Millions are in danger, unless there is a relief effort of major proportions."

Pledges of food aid from the "Quint" food powers and others have declined drastically, from a high of 13 million tons in 1987, down to 8.4 million tons this year.

Yet the January agriculture meeting took up no questions on increasing food output and targeting exports to points of need. Instead, the ministers talked of "crisis management" of food supplies in terms of potential food safety—not food quantity. The safety issue refers to incidents such as the 1989 scare over cyanide in Chilean grapes imported into the United States—a case where the presence of cyanide on two grapes was used to ruin the entire season's sales of the Chilean grape crop. A U.S. spokesman at the Florida meeting said that food safety has now become a "front-burner issue."

Present were Agriculture Secretary Clayton Yeutter, EC Agriculture Commissioner Ray MacSharry, and the agriculture ministers of Canada, Australia, and Japan. They are committed to shipping huge amounts of scarce Western food to the Soviet Union and China for political reasons, and selectively denying food to other areas, such as Africa.

Since last November, Soviet and U.S. officials have been negotiating a new Long-Term Grain Agreement between the United States and the U.S.S.R., involving unprecedented amounts of grain and soybean products. On Feb. 15 there will be a day-long seminar in Washington, D.C. co-sponsored by the Soviet Embassy and the American Farm Bureau, and Jaenke and Associates, on perestroika and the impact on American agriculture.

There are similar discussions for East-West non-food trade and joint venture arrangements for the 1990s. The advocates of the "New Yalta" economic deals evade the issue of volume of industrial production, just as they evade the inadequate level of global agriculture output. In the 1980s, tons of crude steel output per capita have been steadily falling, on a world scale, from over 0.16 ton in 1970, down to less than 0.10 tons at present. However, these parameters are not being addressed in the discussion of the "free world market" at present.

Instead, ADM chairman Dwayne Andreas, who heads up the U.S.-U.S.S.R. Trade and Economic Council, shuttles back and forth between Moscow and Washington to promote East-West joint ventures and trade deals, based on hype, and on the idea of using cheap Soviet labor.

At the 1989 annual meeting of the trade group, Dwayne Andreas told interviewers, "Overall relations" between the U.S. and the U.S.S.R. "are at the highest point I have seen in the more than 35 years I have been traveling to the Soviet Union. With all the startling changes under way in the Soviet Union, both in the political and the economic sphere, there is more genuine cause for optimism than I can ever recall."

President Bush and President Gorbachov agreed at their December Malta summit that by June 1990, there should be a new trade pact to sign. Negotiations could begin as early as next month, covering taxes, export finance, investments, and the question of granting Most Favored Nation status to the U.S.S.R.

By Jan. 15, the National Foreign Trade Council, a Washington-based group that reflects such companies as General Electric, General Motors, Caterpillar, and Johnson & Johnson, is expected to release its list of "priorities" for the new East-West trade deals.

Like the pot of gold at the end of the rainbow, there are to be great benefits to come to those who get in on joint ventures with the Soviet Union and China, say the East-West trade advocates. At present, this is portrayed as the shining alternative to the 1980s binge of failed junk bond ventures, "restructuring," etc.

## Pie in the Russian sky

John J. Murphy of Dresser Industries, who is active in the U.S.-U.S.S.R. Trade Council, described perestroika last year as "stunning, particularly for someone who has been in the market for a long time. High on the list has to be joint ventures. The concept of foreign ownership representing more than 50% of a joint venture registered in the Soviet Union just a few years into the Gorbachov administration is a development that seemed unimaginable just a few years ago."

According to Murphy, the greatest opportunities are agribusiness, and "energy, the chemical and petrochemical industries, consumer goods and services, and technology and equipment for the retooling of Soviet industry."

However, the real potential for such projects is not what is promised. The decrepit condition of the Soviet economic and social infrastructure and impoverishment in China make such prospects impossible.

An ABC television program on Jan. 3 was downright laughable in its attempts to hype the new opportunities for East-West joint business ventures in 1990. Executives were interviewed from three companies who have trade deals with Moscow—soft drinks, vodka, blue jeans, sweatshop garment manufacture, and cosmetics. There was no one available to represent basic industry.

Pepsico has 15 bottling plants in the Soviet Union, and gets its money out of rubles by marketing Russian Stolichnaya Vodka in the West—a longstanding political deal.

Estée Lauder has recently opened a cosmetics shop in Moscow. To be able to get its rubles into Western hard currency, Lauder has been given the concession to market Russian sweet almond oil in the West.

Gitano Co. is opening up a jeans store in the Soviet Union, and plans to get its earnings into Western money by shipping Russian fabric and piece goods to sweatshops in South America, and selling the final garments in the United States.

While the media tout these pathetic examples as promise of a new era of joint-venture perestroika, the U.S. media are blacking out the fact that Soviet bigwigs declared Gorbachov's perestroika policy defunct back in December. Soviet Prime Minister Nikolai Ryzhkov, in a speech to the Congress of Deputies in Moscow Dec. 13 said, "If contrary to objective reason, we should try to introduce full-fledged market relations by 1991, it would bring us to serious socio-economic upheaval, a new stage of galloping inflation, falling production, mass unemployment, and aggravation of social tensions." This is a repudiation of the "free market" which was the essence of Gorbachov's program.