

INSTITUTE FOR AGRICULTURE AND TRADE POLICY

Impact of GATT on World Hunger

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IMPACT OF PAST GATT RULES ON FOOD SELF-RELIANCE

GATT, the General Agreement on Tariffs and Trade, was the first attempt by nation states to establish a "code of conduct" for regulating the activities of multinational trading enterprises. Its purpose was to establish specific rules for the companies engaged in importing and exporting, and to regulate government intervention in international trade. Founded in 1947, GATT was created to temper the chaos of unregulated world trade which existed before and after the First World War, chaos which contributed to the outbreak of World War II.

The original goal of GATT was to establish rules for world trade in order to increase its volume, an objective which would tend to decrease local food self-reliance in favor of increased global interdependence. However, a number of the negotiators who wrote the original GATT agreement, especially representatives from the U.S. Department of Agriculture (USDA), argued forcefully that the food security needs of each nation made the goal of unlimited expansion in world food trade not necessarily appropriate for agriculture. They were able to incorporate special provisions in the original GATT treaty to protect each member nation's domestic agricultural systems and food security.

Perhaps the most important of these special food security provisions was included in Article XI of the GATT treaty. This provision recognizes the right of each country to limit the quantity of imports of agricultural products. Without this authority to regulate imports, USDA negotiators argued, nations tending toward under-production would not be able to build up their own food producing capacity, while those nations who tend towards over-production would be unable to balance supplies with demand. Without import controls, they argued, "over-producing" countries would build up ever larger surplus stocks, which would eventually have to be dumped onto world markets either as food aid or as heavily subsidized exports. The disastrous impacts of this food dumping, especially on food self-reliance in the Third World, has been documented for over a hundred years.

Unfortunately, those positive elements of Article XI have been far out-weighted by the negative elements of current GATT policies and practices.

First, the general operation of GATT, (as well as that of most other multilateral institutions such as the World Bank and the International Monetary Fund), has helped to create a highly monopolized world trading environment. For example, a dozen grain corporations now control over 90 percent of world grain trade, dangerously compromising the food self-reliance of all nations, both rich and poor.

Perhaps the most damaging GATT policy, however, has been participants' refusal to prohibit the exporting of agricultural products at prices below their cost of production, a predatory trading practice technically referred to as "dumping." Although the dumping of manufactured goods is strictly prohibited under GATT, food exporting corporations are permitted to export grains, dairy products, and other food items at prices which are sometimes as low as half the cost of production.

This dumping of surpluses onto world markets has been disastrous for all poor countries, especially those attempting to achieve food self-reliance.

Their farmers simply cannot compete in local markets flooded with heavily subsidized, food exports from the U.S., Europe, Canada, Australia or New Zealand. Unable to sell their crops for a reasonable price in local markets, these farmers cannot earn enough income to pay their bills. Those who cannot survive this kind of unfair competition eventually lose their land. Those who can survive often are unable to earn enough to reinvest to improve their long-term productivity. Some nations food production capacity has stagnated or declined through this process which the Washington Post has called "agricultural imperialism."

POTENTIAL IMPACT OF NEH GATT PROPOSALS ON FOOD SELF-RELIANCE

Although original GATT rules were strictly limited to matters of international trade, the new round of negotiations has been expanded far beyond these boundaries. Member nations have agreed to include their domestic farm and food programs in the negotiations, with far-reaching implications for food self-reliance and food security. Thus far, two sharply conflicting proposals have emerged as the major items of debate in the negotiations.

The first proposal, presented by the United States and generally supported by the Cairns Group of smaller exporting nations, is often referred to as "Global Decoupling" or "Global Deregulation" because its major thrust is the phasing out of all agricultural programs worldwide. The second proposal, made by Europe and generally supported by the Nordic countries and Japan, calls for an end to "export dumping" through marketshare negotiations and the establishment of minimum "reference" prices for basic commodities. •

GLOBAL DECOUPLING: THE U.S. PLAN

The U.S. proposal calls for a 10-year timeline for total deregulation of global agricultural trade, including the phase-out of almost all domestic farm programs, the elimination of import controls, and a ban on all direct and indirect export subsidies such as deficiency payments, export restitutions, and export enhancement programs. In a press release, President Reagan summarized his proposal as "the elimination, over a 10-year period, of all export subsidies, all barriers to each other's markets (including tariffs and quotas), and all domestic subsidies that affect trade."

This plan was originally drafted by Daniel Amstutz, a former head of Cargill Corporation's commodity trading division who now serves as Reagan's chief agricultural trade negotiator at GATT. The plan contains at least three major components with serious implications for food self-reliance, especially in the Third World.

First, the U.S. plan requires all countries to phase out their agricultural support programs within 10 years, without regard to food security considerations. Programs to be phased out include extension services research, credit assistance, storage programs and all price stabilization programs. This portion of the U.S. plan has been strongly criticized by many

- The full text of both proposals are available from their respective embassies.

Third World governments, along with a number of farm, church, and development organizations from around the world. For example, Mexico's Agriculture Minister and President of the World Food Council, Eduardo Pesquera condemned this plan, saying that "the U.S. proposal to end trade-distorting farm subsidies throughout the world by the year 2000 isn't viable because of basic differences in economic development."¹ In response to some of these criticisms, the U.S. has "clarified" their proposal, indicating that direct, welfare-type farm income supports, as long as they were only for a limited period of time, would be permissible. Of course, only the wealthiest nations can afford to put their farmers on welfare, so this clarification has done little to change the negative reactions of many Third World nations.

Second, the U.S. is demanding a global phase-out of all agricultural import controls. This would be a disaster for food self-sufficiency for two reasons. First, many food-deficit nations depend on import controls to ensure that cheap, subsidized imports do not destroy their local farmers. At the same time, import controls are absolutely necessary in over-producing countries, such as the U.S. and Europe, to allow effective supply management programs needed to prevent export dumping.

In a recent elaboration on this element of the U.S. proposal, Amstutz stated his goal this way:

"Governments, state trading and other entities should not institute or maintain any policy, program or practice which would lead to a level of imports lower than would be obtained in the absence of such measures."²

The third element of the U.S. proposal with broad implications for food self-reliance is the demand that nations be prohibited from limiting exports of foodstuffs, even in times of food shortages in their countries. The U.S. has demanded that member nations:

"Agree to modify the GATT specifically in order to remove the ability of countries to restrict exports in times of critical food shortages."³

This blatant attempt to put the financial interests of food exporting corporations ahead of the needs of hungry people in a country facing shortages would be a disaster for drought-prone nations on every continent.

BALANCING PRODUCTION WITH DEMAND: THE EUROPEAN PLAN

The plan presented by the European Community (EC) calls for a sharp reduction in export dumping through establishment of minimum export "reference" prices, -and through negotiations on marketshares. The EC plan specifically recognizes the right of nations to maintain their own domestic farm policies.

Specifics of the European proposal include:

"As regards cereals, the situation can be improved only if the export subsidies war is ended. To this end, the main cereal-exporting countries should undertake not to charge prices below reference prices to be agreed for comparable qualities and delivery terms. Such undertakings might be supplemented by undertakings on marketshares to be agreed taking into account on the one hand of each party's exports in a recent representative period and on the other of world market forecasts.

However, for the Community to agree to an undertaking on marketshares, its partners would have to accept certain limitations on imports of cereal substitutes.

As regards international sugar trade, the main exporting countries should agree on a reduction of quantities exported during the following marketing year. At the same time, main importing countries participating in the negotiations should undertake to maintain during the following marketing year their sugar imports at least at present levels. This discipline could be extended annually until a broader and more permanent agreement is found.

As regards trade in dairy products, all the major exporting countries, including those Contracting Parties not signatories to the International Dairy Arrangement, should undertake to comply with the disciplines which that arrangement lays down."

POTENTIAL OUTCOME OF THE GATT NEGOTIATIONS

Although it is impossible to predict which of these two competing concepts will win, it is possible to analyze the various forces which have lined up on both sides of this debate.

The U.S. proposal has received a very mixed reaction inside the U.S. and internationally. Although heavily supported by agribusiness and some members of Congress, the U.S. plan has had a difficult time generating support from some of the traditional supporters of Reagan Administration farm policies. For example, only a very few members of the House and Senate agriculture committees have publicly endorsed the plan. Among the farm organizations, only the American Farm Bureau Federation has publicly supported the overall domestic and global "decoupling" concepts, although they at first opposed "decoupling."

Opposition, on the other hand, has been quite intense. A majority of the general farm organizations, including the National Farmers Union, National Farmers Organization, and the American Agriculture Movement have come out strongly against it. The National Farmers Union has gone so far as to propose an alternative U.S. plan, called GAPP, General Agreement on Agricultural Production and Prices, quite similar to the EC plan.

In addition, widespread discontent with the U.S.-Canadian Trade Agreement has soured some of the most powerful U.S. farm commodity organizations on Reagan's overall U.S. government free trade policies. This has led to growing .opposition to the U.S. GATT plans, especially among wheat, sugar, corn and dairy producers.

A large number of churches, environmental groups and political leaders have also spoken out in strong opposition to Reagan's plan. Many Democratic leaders, including presidential nominee Gov. Michael Dukakis, have specifically rejected Reagan's proposal. In Gov. Dukakis' own words, "the Administration's initiative is neither realistic nor in the best interest of agriculture." He called for an alternative policy--based on cost of production prices, supply management and cooperation--instead of confrontation on the world market. The U.S. National Council of Churches has also condemned the Reagan plan, saying it "would significantly add to world food disorders."

Equally important to this negative domestic reaction has been growing international opposition. Although the U.S. received support initially from most of the smaller exporting countries, this support has begun to erode. For example, although the conservative Canadian government was a strong supporter of Reagan's plan, their near defeat in November 1988 elections has undercut this support.

While the U.S. proposal has lost momentum, the EC plan has been helped along by two key developments. The first was the proposal offered by Japan at GATT, which was generally supportive of the EC plan. With only three powerful forces in GATT--the U.S., Japan and Europe--cooperation between Japan and the EC could be decisive in these negotiations. Japan's proposal, although similar to Europe's, went even further in advocating the rights of food-deficit nations. Japan explicitly included the absolute right of nations to strive for a level of food self-sufficiency, which they believe is vital for their own food security.

The second significant development was the victory by President Francois Mitterand's Socialist Party in the French elections. With Michel Rocard as Prime Minister, the French government has become a much more vocal opponent of Reagan's "free market" positions. Just a few months before the French elections, Rocard published a book outlining his views on a wide range of policy matters, including GATT. He specifically addressed the GATT agricultural talks, calling for higher prices, supply management and international negotiations on market arrangements.

A global network of farm groups also is coming together around this issue. Farmers from the United States, Canada, Japan, Europe and a number of Third World countries have been working together for the past few years to develop a common GATT strategy. In December of 1987, for example, farm leaders from the United States, Europe and Japan met together in Geneva to draft a common position on the negotiations, focusing on two central demands. First, an end to any and all export dumping, and second, strengthening each country's ability to maintain effective import controls. Farm organizations around the world are now lobbying their governments to support these two demands. In December of 1988, a large group of farm leaders from around the world gathered in Montreal, Canada to present a united front against the U.S. "global decoupling" plan.

THE 1988 DROUGHT, GATT, AND FOOD SELF-RELIANCE

Although many political forces are lining up against global decoupling, it appears that the drought of 1988 will be the single most important factor working against the U.S. proposal. Significantly higher world prices and actual shortages caused by the drought have reinforced the arguments of those who reject decoupling, pointing out the need for continued government involvement in stabilizing food supplies and prices. Ironically, the anti-government, "free market" farm policies pursued by the Reagan Administration have ended up making the impact of the drought much worse than they would have been otherwise, thereby giving added weight to the arguments of their critics.

In the past, the impact of crop failures in the U.S. has been softened by the maintenance of adequate food and feedgrain reserves. These emergency stocks, unlike the weather, are part of the overall supply and demand equation that can and should be controlled by the government. Unfortunately, the Reagan Administration pursued an aggressive export dumping policies, resulting in U.S. food reserves being drawn down. As a result, much of the world must face rising food prices and shortages of some grains over the next 6-18 months.

For example, the U.S. government has spent almost \$3 billion in recent years on direct export subsidies, including use of grain reserves to help exporting corporations expand the volume of their business. Even before the drought, export dumping policies had brought U.S. food stocks to dangerously low levels, especially for oats and soybeans.

IMPACT OF THE DROUGHT ON FOOD RELIEF

USDA officials have already warned food-aid agencies not to expect extra surplus grain for emergency famine assistance in 1989. At the same time, funding for most hunger relief programs has been cut, resulting in less money available to buy food at higher prices. The combination of lower funding and higher prices will significantly reduce the volume of grain distributed as famine relief. Although this may reduce some inappropriate "food aid," which has at times hurt local food production efforts, it will be quite negative for those countries needing emergency food assistance, such as the hurricane-ravaged nations of the Caribbean and Central America.

IMPACT OF THE DROUGHT ON FOOD EXPORTS

In addition to cuts in food aid purchases, there will also be significant reductions in the volume of U.S. and Canadian grain exports due to short supplies. The USDA has already cut their projections of soybean exports by over 25 percent. These reductions will be a serious disruption for countries dependent on cheap U.S. food and feedgrain imports.

For the rich countries who buy the vast majority of the world's food exports--primarily Japan, Europe, the Soviet Union and Saudi Arabia--the lack of U.S. reserves large enough to cover 1988 export shortfalls will put them in a difficult, but not dangerous position. They will be forced to pay higher prices and possibly face some shortages before the next crop can be harvested. In the end, these supply shortfalls and skyrocketing prices could do more damage to the U.S. reputation as a reliable, long-term supplier than the Nixon, Ford, and Carter embargoes combined.

Although the richer nations will survive this situation, poorer countries, many dangerously "hooked" on food aid and cheap food imports, will find themselves in the most desperate situations. Most of these countries lack foreign currency reserves needed to pay for food even at lower prices. The higher prices they now face is a real emergency.

Unfortunately, the lure of cheap food imports has encouraged many to abandon efforts to boost their domestic food production capacity, leaving few options for alternative sources of food. Some governments have been pressured by the United States or the World Bank to abandon or reduce efforts to increase their nations' own food-producing capacity. Former U.S. Agriculture Secretary John Block, for example, argued that "the push by some developing nations to become more self-sufficient in food production may be reminiscent of a by-gone era. Those countries could save money by importing more of their food from the U.S. Modern trade practices may mean that the world's major food producing nations, especially the U.S., are the best source of food for some developing countries."5

Perhaps even more damaging have been conscious attempts by the U.S. government to discourage the development of food-producing capacity in Third World exporting nations. Sen. Rudy Boschwitz (R-MN), one of the most vocal proponents of U.S. action to slow food productivity growth in other countries, argued in Time magazine, "If we do not [lower our farm prices] to discourage these countries now, our worldwide competitive position will continue to slide and be much more difficult to regain. This should be one of the foremost goals of our agricultural policy."6

U.S. RESPONSIBILITY TO FOOD DEFICIT NATIONS

The U.S. has a responsibility to warn export customers and countries needing food aid of the true supply situation. Further, there should be an emergency meeting of the international food aid community, both government and private, to find ways to cover shortages caused by U.S. cutbacks, and to find ways to cover financial shortfalls many poor nations will face due to higher prices.

AVOIDING FUTURE SHORTAGES

To avoid future shortages, the U.S. should rebuild food and feedgrain reserves, perhaps recreating the "Ever Normal Granary" program that worked to alleviate the impact of severe drought of the 1930s. The U.S. needs grain reserves large enough to moderate production shortfalls to control food price increases in times of shortage. In addition, there may be a need for a separate "export reserve" to ensure foreign customers that the quantity and the quality of grain they need will be available, even in years of difficult weather or other emergencies. Equally important, cooperatively managed global food reserves must be established to avoid this dilemma in the future.

Food reserves need to be replenished as quickly as possible. But this must be --done carefully, ensuring that the protection of our soil, water and wildlife resources is a primary consideration. Although this may mean that it will take a little bit longer to rebuild stocks, the long-term sustainability of our natural resources must be protected. Farmers around the world need assistance to maximize their productive capacity with the most environmentally safe methods. Once adequate reserves are reached, effective supply management programs are needed in the U.S. and Europe to reduce the possibility of further export dumping.

Finally, this drought must be taken as a reminder of the inevitability of natural cycles and as a warning about the difficulties we can expect if we fail to control the unnatural disasters we are creating, such as the greenhouse effect, ozone damage and acid rain.

CAN GATT BE A TOOL FOR FOOD SELF-RELIANCE? THE ROLE FOR INTERNATIONAL COMMODITY AGREEMENTS

If the GATT secretariat and negotiators were instructed to support food self-reliance, a great deal could be done. If staff and negotiators in Geneva are instructed to place the interests of their own nations' exporting and importing corporations above food self-reliance, the outcome will be an ever greater crisis in the world food situation.

Although many people around the globe are working hard to end or alleviate hunger, very few are lobbying at GATT as part of their efforts. Unless those people who support greater food self-reliance organize to influence the current round of GATT negotiations, importers and exporters favoring a decrease in food self-reliance will prevail. Fortunately, some churches, trade unions and farmers organizations are beginning to see the connections and getting active. But much more is needed.

One contribution GATT could make to ward bringing order to the world agricultural situation would be to facilitate international commodity agreements among the major grain importing and exporting nations. The grain corporations who now have a tight grip on world agricultural trade obviously do not want such international agreements. They have produced an endless array of reports and documents to "prove" that commodity agreements cannot work in order to try to prevent such agreements from being negotiated. These corporations argue, for example, that setting minimum prices and negotiating on marketshares will foster inefficient, high-cost producers insulated from the rigors of price competition in the marketplace.

In a clear repudiation of these arguments, the USDA itself has made a solid case for the need to negotiate multilateral agricultural agreements.⁷ Near the end of World War II, the U.S. State Department launched an all-out propaganda campaign to promote a postwar agricultural trade policy based on elimination of all barriers to farm trade and on phasing out all U.S. agricultural price support programs. The USDA's Office of Foreign Agricultural Relations (OFAR), now known as the Foreign Agricultural Service, pointed out that the State Department's "free-trade" theories were in total conflict with the farm policies enacted by Congress, including our strong price support and import control provisions. The USDA argued that ./.international commodity agreements could be a solution that would enable the United States to pursue general trade liberalization without sacrificing the economic interests of U.S. farmers or the nation's food security in the process.

The USDA cited two major problems with the State Department's "free-trade" arguments. First, the policy was politically unrealistic. The experience of the 1930s depression and the war had led governments around the world to take a more active role in managing agricultural and trade policies. Such intervention was not likely to be abandoned no matter how much the State Department preached about the wisdom of "free trade." Second, they argued that the State Department's policy was economically unsound. According to

USDA's own analysts, surplus production conditions would return in the postwar period and short-term demand would fall because of reduced purchasing power in many war-torn countries. Under such circumstances, dumping excess production on world market would cause a price collapse. The USDA therefore, came to three major conclusions: 1) domestic price support programs are an economic necessity, but need to be coordinated internationally; 2) "free trade" theory is flawed when applied to agricultural production and trade; and 3) international commodity agreements will promote the expansion of agricultural trade without fostering inefficient production.

Based on this analysis, the USDA recommended that international commodity agreements be negotiated. Such agreements would efficiently distribute export marketshares, establish prices fair to both exporters and importers, and provide for stand-by production controls designed to bring supply and demand back into balance when needed.

The USDA's concept of international commodity agreements went well beyond the rudimentary commodity accords negotiated before World War II, which ignored consumer representation and were not oriented toward expanding consumption. This was due primarily to the fact that they were established during a period of sharply reduced consumer purchasing power and of burdensome commodity stock levels caused by the 1930s depression. This led critics to view the early commodity agreements as cartels, which encouraged use of government controls instead of acting as vehicles for expanding trade.

For the postwar period, however, the USDA proposed a new kind of international commodity agreement, which would foster the orderly expansion of production rather than being restrictive. While the proposal did include provisions for stand-by production controls in exporting countries, restricting supply was not their primary focus. They wanted the postwar agreements to include both producer and consumer countries, and to include provisions for expanding consumption through food aid programs, as well as through research into new uses of agricultural products.

If instructed, GATT could pick up today where the USDA left off after World War II, and move toward comprehensive global agreements. But this will only happen if concerned people around the globe begin to lobby actively to influence the direction of current negotiations.

IDEAL OUTCOME OF THE GATT TALKS

Although there is a great deal more debate and discussion to take place, general principles for an ideal GATT outcome are beginning to take shape. ✓ Perhaps the best articulated are statements coming from church organizations specifically addressing the impact of GATT on hunger and food self-reliance. The following resolution, adopted by church leaders from around the world at a meeting convened by the World Council of Churches, reflects the fundamental values and perspectives needed for a positive outcome in the GATT talks.

Under the direction of the World Council of Churches, the religious leaders recommended to the General Agreement on Tariffs and Trade (GATT) the following principles, based upon the fundamental right of all peoples and nations to pursue food self-reliance:

- 1) No trade agreement should have an overall negative impact on subsistence food producers, small-scale commercial producers, or on the poor in general.
- 2) Such agreements should support the self-determination of nations in matters of domestic agriculture and food policy, including their right to protect their domestic producers from cheap imports, and to establish their own environmental and health considerations and regulations. The only qualifying criteria is that all countries have the responsibility to avoid practices which impinge upon the well-being and economic security of other nations.
- 3) Trade agreements must not allow exporting below the cost of production in the exporting country, and importing nations must have the right and ability to impose anti-dumping provisions.
- 4) Such agreements should require that imports be purchased at the full cost of production, including compensation sufficient to maintain a reasonable standard of living for all producers and workers involved.
- 5) International negotiations on reference prices, marketshares, and market access should include consideration of preferential treatment of specific countries to enhance development policies designed to combat poverty.
- 6) In designing such policies, the international community should respect each nation's model of supply management, surplus control and food self-reliant development, which may include import controls and regulations of prices. Article XI of the GATT agreement must be retained and strengthened to insure that domestic supply management programs now in existence or those created in the future can properly function.
- 7) Countries should be assisted in eliminating existing surpluses in a non-disruptive way and should help to insure that surpluses cannot build up again in the future.
- 8) The international community should allow for the establishment of global food reserves, held in trust regionally and nationally, for food security.
- 9) The Technical Working Group emphasized that a nation's international debt obligations are secondary to that nation's obligation to provide for the basic necessities for a healthful physical existence. Countries should provide food for those in need in their domestic economies before being able to provide food for export.

Overall, these principles should be applied to ensure that trade agreements strengthen food self-reliance in the South, stopping the increase of food surpluses in the North that cause dumping. The following concrete proposals for changing GATT rules were also presented:

- 1) GATT rules applying to export dumping of manufactured goods should be extended to cover agricultural goods. These would include minimum reference prices, reflecting a fair return to producers and the costs of maintaining appropriate sustainable production practices.

2) GATT codes on quantity restrictions (under Article XI) should be improved by including provisions ensuring proper operation of supply management/surplus control programs.

In addition to the above, an immediate freeze on export subsidies and credits should be negotiated, taking into account the non-disruptive liquidation of existing surplus stores.**S

THINKING LOCALLY, ACTING GLOBALLY

In the 1960s and 70s there was a popular slogan in the anti-hunger movement - "Think globally, act locally." The message was that we should make ourselves aware of the problems facing others around the world, and then become active locally, in our schools, churches, and community organizations to contribute something towards solving these global problems.

In the 1980s we have continued to refine our understanding of these global concerns, gaining a new recognition of the connections between our local problems, which have grown much worse in the 1980s, and the global situation. For example, the connection between the loss of family farms here in the U.S., and the loss of family farms in Japan and Thailand is much clearer now than ever before.

We are learning that we must act globally in order to solve many of our local problems. At the government level, this means a new emphasis on international agreements to solve the global food trade crisis. At the personal and non-government level, this includes conferences, exchanges and coordinated lobbying to influence international agencies and negotiations, such as the current GATT talks.

People all over the world are speaking out and organizing to address the global food situation. However, there is not yet an overall campaign and strategy. Such a campaign will have to be designed with a multinational vision and structure. It **will** need to address the special responsibilities of the United States, Europe and Japan, while giving urgent attention to the situation in the Third World.

Leaders in both North and South must seek ways to establish an information-sharing network to better understand the crisis. We need global public education campaigns on the potential dangers of the situation. We need action campaigns to change corporate and governmental policies that harm producers, low-income people and the environment.

/ **The** greatest danger of current "free trade" policies is that they are destined to fail. And their failure could precipitate a deeper global economic crisis, just as the collapse of commodity prices in the 1930s led to a worldwide depression.

Many in the United States and other countries believe that military spending can solve economic problems. They have been told over and over that military spending creates jobs and that it took the Second World War to bring us out of the 1930s Depression. The real solutions to that depression--jobs programs and farm price supports--are never acknowledged.

Many, especially young people who feel the greatest effects of economic problems, are susceptible to the argument that we need more military spending to get the economy moving, or that we might just need a "little war" to get us out of the next depression. The "little war" in the Malvinas, used by the governments in Britain and Argentina to take the attention of their citizens away from their economic crisis at home, could be a model for tragedies to come.

In the Third World, the destruction of food security and the impoverishment created by "structural adjustment" policies and "free trade" cause social tensions, protests, and social revolution, such as we see now in El Salvador. Regional conflicts will likely lead to even greater militarization, and to potential East-West conflicts. He are caught in a deadly spiral. He cannot solve our economic problems if we do not understand the real solutions that have worked in the recent past, or if we believe that only military spending can bring economic prosperity. And if we cannot solve such economic problems as the budget and trade deficits, we will drag down much of the global economy. He cannot afford to postpone real solutions any longer.

The food crisis, like the environmental crisis, is global. Only global solutions can be found. GATT is one of the most important places to begin. The GATT negotiations can and must reform the current world trading system, but this reform must support the goals of food security and sustainable development for all nations.

- 1) Ottawa, (Canada) Citizen, September 1, 1987.
- 2) Report of Remarks by Amstutz to Morges Group, Geneva, October 13, 1988, p. 2.
- 3) Ibid, p. 2-3.
- 5) Capital Press Interview, April 18, 1983.
- 6) Letter to Editor, Time magazine, March 18, 1985.
- 7) For a complete review of this history see "The Conflict Between Free Trade and the New Deal Farm Program," Dr. Berton Henningsen, based on his doctoral thesis at the University of Arkansas. Available from the Institute for Agriculture and Trade Policy, 3255 Hennepin Avenue South, Minneapolis, MN 55409.
- 8) Full text of this statement "Churches Joint Action Strategy on Production and Trade" available from Interfaith Action on Economic Justice, 110 Maryland Avenue N.E., Washington, DC 20002.