Farm groups flub chance to nix NAFTA

by Suzanne Rose

Members of the Agriculture Committee of the U.S. House of Representatives convened on Sept. 16 and 23 to hear administration spokesmen present the draft text of the North American Free Trade Agreement, and argue for its contents. The hearings were characterized, unfortunately, by the lack of serious opposition on the committees to the proposed text, and by the demoralized state of the farm and industry representatives presenting their views. It is clear that the fight to derail NAFTA will not come from the "official" farm and commodity groups.

On Sept. 16, U.S. Trade Representative Carla Hills presented her theories on the recently signed agreement to a full panel of House Agriculture Committee members, who then subjected her to several hours of questioning. The following week, two academic spokesmen for the treaty, Dr. Robert Paarlberg of Harvard University's Center for International Affairs, and Dr. G. Edward Schuh, dean of the Hubert H. Humphrey Institute of Public Affairs, appeared before the committee to boost the 2,000-page text. They were followed by 25 panelists who expressed their views to the committee members who remained. These congressional hearings, which are scheduled to occur in many other committees over the coming weeks, constitute a 90-day review procedure, after which the document will be completed and submitted to Congress for another 90 days of review and a vote.

The only serious opposition to the treaty came from Sue Atkinson, independent candidate for U.S. Senate in Iowa and Food for Peace activist (see *Documentation*).

The representatives of commodity groups who testified at the second hearing gave up the high ground to the administration and academics sent forth to defend it. There was no mention of the growing world food shortage, which would mitigate against giving up national sovereignty over food production, or "food self-sufficiency." Despite the fact that evidence was presented by almost every commodity group that the agreement would gut their production, the spokesmen contented themselves with whining about their particular areas, demanding that the agreement give them more protection. This is impossible, said Hills and others, because the negotiations have concluded and the agreement cannot be changed. Spokesmen for the Florida fruit and vegetable growers complained bitterly that the negotiators, after promising to protect their produce, which supplies the U.S. population with 50% of its winter fruits and vegetables, had sacrificed them at the last minute in order to conclude an agreement by the administration's August deadline.

Ed Schuh of the Hubert Humphrey Institute (which is sponsored by the food cartel giant Cargill), brought in to defend the agreement for the administration, answered the objections of the various lobby groups by admonishing them to "look at the bigger picture." The agreement might harm any particular area of the economy, said Schuh, but it will help the *whole* economy.

Feeble objections

The knottiest questions posed by the congressmen and panelists to the administration revolved around the so-called rules of origin. Who is to tell whether an item which will now be allowed into the United States duty free from Mexico was really produced in Mexico? Under the agreement, won't Mexico become a platform for more cheaply priced goods to flood the U.S. market? Who will prevent meat from Australia or Brazil, or milk powder from the European Community, or peanuts from China from coming through Mexican ports into the United States? It was pointed out that less than 1% of goods coming into the U.S. are inspected at the border.

Where would the funds come from to police Mexican ports and all of the produce coming in? Can U.S. inspectors police Mexican ports? The contradictions were glaringly posed between the drive to reduce labor and tax costs—one of the purposes of the treaty—and the need for funds to meet objections raised about infrastructure, pollution, health and safety standards, inspections, etc. Hills promised to deal with these issues, but rejected proposals to fund that effort through a tax on companies moving to Mexico. Committee chairman Kika de la Garza (D-Tex.) pointed out that the revenues would not be available from general funds either, because of the deficit reduction drive. In fact, he said, the Bush administration has only come forward with $25 million of the promised $241 million for funding the agreement.

Throughout the Sept. 23 hearing, there were references in the testimony to the real economic nature of the treaty and the interests it would serve. Rep. Byron Dorgan from North Dakota, the first panelist, stated that the treaty was an "economic hoax," whose praises Wall Street could sing. He vowed to lead the opposition to it in the Congress. Schuh remarked that one of the essential features of the treaty would be to increase U.S. exports, which was needed to service our debt. Treaty advocate Paarlberg told committee members that the agreement is intended to "downsize Mexican agriculture." "They made a foolish attempt to become self-sufficient in food production," he said. But, the administration of Mexican President Carlos Salinas de Gortari has overcome this foolishness, he said, and developed a new vision. "They became outward oriented. He recognized that Mexico had no competitve advantage in agriculture." What Paarlberg didn't say, was that countries that are prevented from producing their own food turn into Ethiopias and Somalias.

Documentation

From the testimony by Sue Atkinson, independent candidate for Senate in Iowa, before the House Agriculture Committee Hearings on Review of the Proposed Text of the North American Free Trade Agreement Sept. 23, 1992:

The North American Free Trade Agreement directly violates the intent of our Constitution by putting control of our economy into the hands of a few multinational businesses. The fact that people are going to suffer from this is evident from Chapter Eight, which is called "Emergency Action." It is already foreseen that economic injury is going to result as disparate economies attempt to merge. So, the obvious question becomes: "Why are we doing this?"

By examining the structure being put in place, the working of that structure, what that structure is controlling, and who is controlling that structure, the truth emerges: All of the countries who sign the agreement are handing over control of their economies. Article 105 says: "The Parties shall ensure that all necessary measures are taken in order to give effect to the provisions of this agreement, including their observance, except as otherwise provided in this Agreement, by state and provincial governments."

Appointees to a commission become the policymakers. Below this are committees and subcommittees for various areas, but all eventually report to the Commission. If there are disputes, then international laws apply. Under this Agreement, businesses are allowed to pursue their profit-oriented goals without interference from governments trying to protect their citizens. Article 1502 reads: "Nothing in this Agreement shall prevent a Party from designating a monopoly."

In our country's agriculture sector we have a close monopoly already. Six grain companies control over 80% of the grain trade, and three meatpackers (two of them owned by grain companies) dominate that market. Grains are viewed as raw materials which are used in value-added processing. Raising livestock is viewed as one of the value-added processes.

There have been studies done which show that the price of grains will fall in the move toward free trade. Farmers have been assured that this is good for livestock producers because it will give them cheap inputs, and thus more profits. What is not mentioned, of course, is that the cost of producing the grain must still be recovered somehow. Hiding the cost in the price of a value-added product simply allows the degradation of the value of the labor needed to produce the raw material. We've seen this done before in the production of cotton—it was called slavery. . . .

The fact that some people in this country are actively looking forward to expanding our market for corn by destroying Mexican production is an example of the moral decay in this country. At one time, our food producers took pride in the fact that they produced food to feed people. Now they have been reduced to cannibalizing each other as well as producers in other countries in an effort to survive—while a recent study shows that profits for food processors have increased.

Food processors have done more than increase their profits. A USDA [U.S. Department of Agriculture] report from this year shows that the food cartel companies have increased their presence in Mexico considerably. They are doing more processing, more transporting, and more distributing through their grocery stores. . . .

What is happening to food production in this country amounts to moral turpitude. The 1985 and 1990 farm bills did away with the reserve—not surplus, but a reserve. As land was taken out of production for various set-aside programs, producers had less on which to earn income. They, in turn, produced the crops with the higher return on investment.

Wheat was one of the crops with a low return, so less wheat was produced—in fact 30% less. What has been the result? The bonus programs which furnished flour to food banks, to schools, to prisons, to Indian reservations, etc. was stopped July 1 of this year. In fact, bonus programs have been almost eliminated both domestically and for exports. What has happened is that the commodities which exist have been transferred to entitlement programs where they are subsidized to the food cartel companies under the guise of protecting our market share. This makes less food available for charitable purposes at a time when the United Nations Food and Agriculture Organization says the numbers of malnourished and starving people have never been greater. Forty million people are considered at risk of death from starvation in southern Africa. Has our morality disappeared completely?

An Iowa State University study was done on the economic impact of just the Conservation Reserve Program to one Iowa county. The income lost from inputs not being used for production was in the millions just for one county. This does not show up in any of the studies I have seen concerning NAFTA. A job retraining program, even if it could be funded, is completely inadequate when the total economic impact is considered. . . .

NAFTA will only further the bankruptcy of our economy. What we need to be doing to save our economy is returning to the economic principles upon which our country was founded. Those economic policies, based on the principle of a national bank, protected our economy from private greed. Enough income was generated from the measures of our founding fathers to provide the basis for a growing population. We need more jobs and better paying jobs today, based on an improved infrastructure rather than this neo-colonial looting process proposed by NAFTA.