

Trade agreements: Not sufficient for gains to outweigh losses

One of the surprise issues of the 2016 election was trade policy. For decades Republicans and some Democrats have supported a succession of bilateral and multilateral trade agreements including the pending Trans-Pacific Partnership (TPP) agreement which includes the US and 11 other Pacific Rim nations. Opposition to these agreements traditionally was concentrated among Democrats who represented areas with significant union membership.

This time around, both major candidates for president opposed trade agreements arguing that they did not adequately protect those whose employment was negatively affected by these agreements. When the TPP was signed in October 2015, it was expected that it would be ratified by the US in early 2016.

After experiencing resistance in the first part of the year, conventional wisdom held that it would be brought up and ratified during the lame duck session between the election and the swearing in of the new President and Congress. Given the opposition to the TPP by both presidential candidates, the TPP was off the table during the lame duck session of Congress.

In agriculture, as in the industrial sector, there have been winners and losers and the winners have not compensated the losers.

With NAFTA, we saw US corn flood across the Mexican border undercutting limited resource Mexican farmers who depended on the sale of corn-for-human-consumption for their livelihood. With few opportunities for local employment, many of these farmers and their family members crossed the border looking for employment and a better life in the US.

Ironically, the US-Mexican corn trade did not result in lower tortilla prices in Mexico. For the US, it also did not result in increased total corn exports. Corn exports remained below the 1979/1981 peak. In addition, the US balance of trade for primary agricultural products with Canada and Mexico has averaged -\$3.5 billion per year between 2006 and 2015. If manufactured food products are added into the calculation, the balance of trade for all agriculture averaged -\$2.2 billion per year over the same period.

In particular, trade negotiators often put grain producers front-and-center to help promote trade agreements but, when put into effect, the agreements seldom improve grains' contribution to a positive US balance of payments.

In our discussion of agricultural trade, we are not talking about items that a country cannot produce or cannot produce in quantities sufficient to meet domestic demand. In the US we need to import agricultural products like bananas, mangos, cocoa, coffee, and tea. But, it doesn't take a trade agreement to open the market for those products; importing countries usually don't put tariffs on products they cannot produce.

Our concern about agricultural trade policy centers around the issue of timely market adjustment in crop (not simply grain) production in the US and around the world. How do you make free trade policies for a sector that does not make the timely adjustments in the quantities supplied and demanded that are central to the free market rationale? In addition, what should agricultural trade policies look like in countries where agriculture provides employment for a large portion of the population and industrial employment is not sufficient to provide a livelihood for those moving off the land?

It seems to us that once we agree that aggregate agriculture is characterized by market failure, it makes little sense to impose the same trading rules on agriculture as for other economic

sectors. It makes even less sense to expect for farmers of a nation to be told that we will give them access to markets in developed countries in exchange for accepting developed country rules for intellectual property rights.

Agriculture was once placed outside the General Agreement on Tariffs and Trade because world leaders understood that agriculture was distinct from other economic sectors and required different rules. Over the years, many began to believe that agriculture was no longer as distinct as it once was and it should be governed by the same rules as other products. As a result, the Agreement on Agriculture, which brought agriculture into the same trade agreement structure as other products, was negotiated as a part of the process that brought about the World Trade Organization in 1995.

We are of the opinion that agriculture is different and agricultural trade should be negotiated separately from other sectors that do not face the kind of market adjustment problems that characterize agriculture.

The cheapest agricultural production in the world may be the most environmentally damaging. And because agriculture is a major user of land, the need to protect the environment should be taken into account in establishing trade policies.

As we have seen with Mexico, changes in agricultural policy can have a dramatic impact on local employment in importing countries. Certainly countries will want to consider the employment factor in any agricultural agreement they sign.

Free trade may make cheap food widely available, but for a billion or more people food is still too costly. What they need is a) access to land on which they can produce their own food, b) access to stable employment that will enable them to purchase the food they need for themselves and their families, or c) policies that directly provide them with the food they need. Agricultural trade policies must take employment consequences into consideration and recognize the right to food as a basic human right.

To help deal with these issues, Via Campesina has argued for food sovereignty. According to the February 27, 2007 Declaration of Nyéléni, "Food sovereignty is the right of peoples to healthy and culturally appropriate food produced through ecologically sound and sustainable methods, and their right to define their own food and agriculture systems."

We believe that national governments need to take the livelihood of their citizens into consideration in any trade agreement, agricultural or otherwise. If we heard right, that issue was at the heart of the anti-trade sentiment expressed in the last presidential campaign.

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