

I M P A C T S O F N A F T A O N S U S T A I N A B L E A G R I C U L T U R E

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Impacts of NAFTA on Sustainable Agriculture

Sustainable agriculture is one which depletes neither the people nor the land. Wendell Berry, Author

Two competing visions have emerged concerning the future of agriculture. One approach, often referred to as sustainable agriculture, calls for social and economic initiatives to protect the environment and family farms. This approach emphasizes the uses of public policy to preserve our soil, water and biodiversity, and to promote economically secure family farms and rural communities.

Sustainable agriculture emphasizes farming practices which are less chemical and energy-intensive, and marketing practices which place a high priority on reducing the time, distance, and resources used to move food between production and consumption. Another goal is to maximize freshness, quality and nutrition by minimizing processing, packaging, transportation and preservatives.

The rival approach, often referred to as the free trade, free market, or de-regulation approach, pursues "economic efficiency" aimed at delivering crops and livestock to agri-processing and industrial buyers at the lowest possible price. Almost all social, environmental and health costs are "externalized" under this approach, ultimately to be paid for by today's taxpayers or by future generations. Based on neo-classical economic theories dating back hundreds of years, proponents of this approach argue that any government intervention in the day to day activities of business diminishes economic efficiency. Free market and free trade policies are heavily promoted by the agribusiness corporations involved in the trading and processing of farm commodities who want to pay as low a price as possible and those supplying farm inputs who want to sell a maximum amount of chemicals, fertilizers, etc.

Supporters of this approach often gather under the rallying cry of "get the government out of agriculture." They seek to scale back or eliminate farm programs such as price supports, supply management, and land-use provisions designed for environmental protection. In world trade, they support the opening of state and national borders to unlimited, deregulated imports and exports.

Debate between these two conflicting views has become the central argument over modern agriculture policy. Agricultural trade negotiations taking place under the auspices of both the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT) have pushed this controversy into the headlines of the world's leading newspapers.

Early History

Debates over agricultural trade and the environment go back to beginning of recorded history. For example, a book entitled Grain Through the Ages, published by Quaker Oats

1. For additional views on sustainable agriculture see; Jackson, W., W. Berry and B. Coleman, eds. "Meeting the Expectations of the Land" San Francisco: North Point Press 1984 and Benson, J.M., and H. Yogtmann, eds. "Towards a Sustainable Agriculture." Oberwill, Switzerland: Verlag Wirz AG, 1978.

2. For additional views on free trade from the perspective of corporate agribusiness see; Runge, C. Ford, H. von Witzke, S. Thompson "Liberal Agricultural Trade as a Public Good: Free Trade Versus Free Riding Under GATT," Center for International Food and Agriculture Policy, University of MN, June 1987.

Company, describes this debate in the first and second century B.C. in the Roman Empire. It states:

"One reason for the decline of grain farming in Italy was the importation of grain into Rome from the rich grain lands of Sicily and Egypt. In Sicily these grain lands had been appropriated by rich men and scheming politicians who farmed them with slave labor. As a result the markets of Rome were flooded with cheap grain. Grain became so cheap that the farmers who still owned small pieces of land could not get enough money for the grain they raised to support their families and pay their taxes. They were forced to turn their farms over to rich landowners. On the land of Italy slave gangs working under overseers took the place of the old Roman farmers, the very backbone of the state.

The farmers, after their land had been lost, went into the city walls, leaving the scythe and the plough. They worked now and then at a small wage. They ate mostly bread made of wheat which was distributed to them by any politician who wanted their votes at an election. They live in great lodging houses three or four stories high.

The land itself became poor...The use of slaves meant that the land was badly worked because usually the slaves did as little as they possibly could unless they were under the eye of the overseer."

This example from ancient Italy highlights many of the concerns we still face today. Importing grain into Italy from Sicily and Egypt, where it was produced at lower costs due to slavery, drove down market prices, eventually pushing small farmers off their land. They moved into the cities, where they lived off welfare manipulated by politicians. Their small farms were consolidated into huge estates, operated by absentee owners and slaves. In the end, the land itself was destroyed by this economic process.

Although these inter-relationships between agricultural trade and the environment were noted as far back as early Roman history, the ideological debate over "free trade" is relatively recent, dating back to the 18th and 19th century. Perhaps the defining moment of this debate was in 1846, when the free trade advocates in the British parliament voted to repeal their so-called Corn Laws. These laws regulated imports of wheat in order to protect British farmers from sudden drops in prices. In calling for the repeal of the Corn Laws, free trade theorist Richard Cobden was quite aware of the environmental implications of his free trade proposals. In one of his most famous speeches before Parliament he proudly explained that free trade would lead to a dramatic intensification of British agriculture, including "draining, extending the length of fields, knocking down of hedgerows, clearing away trees which now shield the corn." He went on to extoll the virtues and benefits of forcing farmers to "grub up hedges, grub up thorns, drain, and ditch."

Many, if not most, of Cobden's free trade colleagues understood that free trade proposals would put enormous economic pressure on British farmers, just as the cheap imports from slave estates had done to the farmers in Italy, and that in their struggle to survive British farmers would intensify their methods of production, including the draining of wetlands, cutting hedgerows and deforestation.

Modern History

The modern "free trade vs. sustainable agriculture" debate sharpened in the early 1980s. During those years, President Reagan, with the help of the Republican-controlled Senate, implemented the most free-market oriented US farm bill since the 1920s. Much of this policy was contained in the 1981 and 1985 Farm Bills.

There are two central economic elements in every farm bill. First, Congress sets minimum prices that must be paid to farmers by domestic and foreign buyers. This is accomplished through a government administered price-support mechanism called the Commodity Credit Corporation non-recourse loan program. This minimum price, often called the "loan rate," has been set at roughly one-half to two-thirds the average cost of production wheat, corn and other major crops during most of the 1980s.

Second, Congress sets a "target" price for farmers. This target price, while above the minimum price, is still below the average cost of production. Farmers receive government payments, called deficiency payments, to bridge the gap between the loan rate and the target price. Although these payments are often called "farm subsidies," they primarily benefit domestic and overseas buyers by holding prices at very low levels. For many farmers, especially younger ones who are still buying their land and machinery, their total income, including the government payments, is not enough to cover all costs, leading them first to "cost cutting" in all aspects of their operations, including environmental protection and natural resource conservation measures. Many have been forced into bankruptcy and foreclosure.

Reagan aggressively pursued what he called "market-oriented" policies, including the dramatic lowering of farm prices. There were at least four major effects of these policies. First, a huge number of farmers were forced out of business. It is worth noting that while record numbers of farmers went into bankruptcy, food processors earned record profits.

Second, government costs soared. Low prices meant huge deficiency payment costs. At the same time, the broader rural economic crisis caused by farm bankruptcies forced the government to bail out thousands of rural businesses, banks, and ultimately the entire Farm Credit System.

Third, many farmers reacted to falling farm prices by further intensifying their production methods. They hoped to make up in higher volume for the lower prices, but the increased use of chemicals and fertilizers only added to environmental and public health problems. To make matters worse, this intensification created enormous surpluses, forcing the Reagan administration in 1983 to impose one of the largest, most expensive, and most environmentally damaging land set-aside programs in U.S. farm history, called the Payment in Kind (PIK) program.

Fourth, the total value of U.S. farm exports declined sharply. A number of farm policy analysts had warned that elasticity in world food markets would mean that demand for food would remain relatively constant despite sharp drops in prices. Lower farm prices, they argued, would reduce the total value of US farm exports, especially in the grains sector. But agribusiness economists convinced Congress that lower prices would "drive other exporting countries out of the world market." Former Senator Boschwitz, a ranking Republican on the Agriculture Committee, stated this as an explicit goal in a 1985 letter to Time Magazine. "If we do not act 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 our foremost goals of our

agricultural policy and the Farm Bill." Economists promised huge growth in export volume, enough to offset losses due to low prices.

Contrary to the computer projections made by the agribusiness economists, the value of US farm exports fell. Although the volume of exports rose, lower prices meant that their value fell from the late 1970s level of \$40 billion per year to less than \$30 billion by 1985. In constant dollars, farm exports in 1990 reached only half the 1981 level, even though the number of bushels shipped was higher. This low price/high volume policy required a significant increase in our imports of oil, fertilizer, tires and machinery imports, all of which became more costly over the same period, ultimately increasing our trade deficit. Reagan's free trade farm policies made the US trade deficit significantly worse.

What happened to the optimistic computer projections? The flaw in the agribusiness logic was that other countries cannot simply stop producing or exporting farm products just because the U.S. corporations want them to or because our government sets the world prices at extremely low levels. Many countries desperately need the earnings they receive from farm exports to pay their foreign debts and cannot simply quit. The United States controls the lion's share of many of the world's farm-commodity markets, up to 70 percent in some crops. When the US dropped its prices, other countries simply lowered their prices to match. Other major exporting countries, such as Brazil, Thailand and Argentina, could not stop exporting no matter how low the price, as their debt servicing obligations make them dependent on food exports for hard currency earnings. Some of these countries, facing lower prices, tried to boost the volume of their exports in hopes of making up for the lower prices. Economic behavior in the real world stubbornly refuses to conform to academic theories.

Political Reaction to Free Market Farm Policies

Political reaction to Reagan's free market policies in the US was sharp. Farmers and small-town residents blocked foreclosure auctions and occupied government offices and banks. In 1984 and 1986, voters threw out numerous incumbent Senators and Representatives, including Republican Senators in the farm states of Iowa, North Dakota, South Dakota, Georgia, and Illinois. Rural America demanded an end to the destruction of their farms, families, livelihoods and communities.

The protests came not only from farmers and small town residents. Consumer and environmental groups also began to express concern over the safety of food and the ecological impact of chemical and energy-intensive production methods being encouraged by free market policies. The National Toxics Campaign, for example, launched a nationwide effort to change federal farm policies in ways that would reduce the use of chemical and energy-intensive methods of production. They advocated farm programs which would set farm prices at levels equal to the full cost of production, including all the environmental costs, while limiting production to the amount needed to balance supply with demand. A number of family farm groups and rural citizens' organizations also advocated this approach, often called quantitative supply management, seeing it as a way to restore economic vitality to rural America.

Agrichemical companies became concerned about many of these new proposals, fearing

³. O'Connor, J.T., "Shadow on the Land," National Toxics Campaign, Cambridge Massachusetts, 1988.

that they could lead to ever stricter pesticide regulations. Laws were being passed that greatly increased companies' financial liability for harm to workers, farmers and communities that happened during the production, storage or application of their products. To avoid these regulations and liabilities, many chemical companies began to move the production of their most dangerous products overseas. Corporate farm operators also moved their most chemical and labor-intensive farming, such as cotton and vegetables, overseas for the same reasons -- to avoid regulation and liability.

Reacting to this sharp increase in overseas production of US food supplies, a number of states and the federal government imposed increasingly stricter pesticide residue regulations on imported foods. By 1989, as much as 40 percent of imported food items inspected by the Food and Drug Administration were rejected for reasons of unsafe chemical residues, contaminate levels or other violations of US standards according to the House Committee on Energy and Commerce.⁴ Nonetheless, due to budget cuts, the FDA now inspects only 2% of all the imports. This has prompted a number of states, including California, Minnesota and Wisconsin, to implement additional food safety regulations at the state-level in response to intense consumer lobbying.

The problems created by these "free-market" policies generated a rebellion in both the countryside and in the cities. Corporate agribusiness and the agrichemical companies who had benefited the most from Reagan free trade approach began to fear that a political backlash might result in its dismantling especially if a Democrat were elected to the White House.

Countering the Backlash

Agribusiness began to explore ways to counter the backlash. Food companies and exporters wanted to ensure that farm prices would not be raised back up to cost-of-production levels. They wanted to make sure that it would continue to be easy to import cheap food from abroad. Agrichemical companies wanted to block any new local, state or federal pesticide regulations and they opposed quantitative supply management programs designed to reduce production by setting aside land which would reduce the use of fertilizers and other yield-enhancing chemicals.

One of the most creative strategies designed by agribusiness to counter the backlash was the decision to move policymaking on these issues out of the hands of state legislatures and Congress and into the arena of international trade negotiations. Using this strategy, social or environmental regulations in the form of farm policy reforms or food safety standards could be termed "trade barriers" and then dismantled under the guise of "liberalizing trade". New rules for international trade could even roll back pesticide and other environmental regulations, while prohibiting restrictions on imported foods.

In US trade policy, the executive branch has the opportunity to overrule Congress and preempt local and state governments. Trade negotiations, for example, are conducted in secret by the White House. It is extremely difficult, even for most members of Congress, to get information about what is being negotiated until it is too late to analyze implications or to affect the outcome. Further, special rules govern the approval of trade agreements. Under the "fast track" approval process, Congress cannot amend in any way the proposed agreement. Time for

⁴ Hard to Swallow: FDA Enforcement Program for Imported Food," Staff Report by the Subcommittee on Oversight and Investigations of the Committee on Energy and Commerce, U.S. House of Representatives, July 1989.

debate is very limited. Congress can only rubberstamp the final text, either yes or no.

US- Canada Free Trade Negotiations

Bi-national talks between the US and Canada, concluded in 1989, were the first of the modern trade talks to be used extensively to promote the free trade agenda of agribusiness. The final agreement opened the US-Canada border to greatly increased shipments by multinational food companies in both directions. These talks were used to weaken or repeal food safety and farm security laws historically opposed by agribusiness on both sides of the border.

Canada, for example, had to loosen its stricter regulations on pesticides and food irradiation. And there have been moves to weaken the Canadian Wheat Board and to drastically alter the system of supply management used to protect Canadian family farmers in the poultry, egg and dairy businesses. All of these policies or programs were seen as a "bad example" by agribusiness who feared that US consumers and farmers would begin to demand similar programs in the same way that many US citizens now are demanding Canadian style health insurance.

In addition to setting back efforts to achieve a more sustainable agricultural system, the US-Canada agreement was a setback for environmental protection in general. It virtually eliminated Canadian government spending to support ecological efforts such as wetlands protection and forest replanting. These type of government subsidies were labeled "trade distorting" and essentially banned. In fact, only two types of government subsidies are allowed under the US-Canada deal: to help expand oil and gas exploration and to subsidize companies and factories producing military weapons. These are now the only "legal" government economic development programs allowed in Canada.

Another free trade measure imposed by the US-Canada agreement guarantees long-term, low-cost access to Canadian oil, gas and uranium resources, encouraging continued dependency on non-renewable fuels. The US also got access to Canadian water, which will likely stimulate, rather than restrict, reckless exploitation of the US's dwindling water supplies by encouraging practices such as the irrigation of fragile deserts and the harvesting of our groundwater in semi-arid areas.

Among the wide range of environmental protection measures that have been challenged as unfair trade barriers under this free trade deal are: US laws banning asbestos, Canadian rules to protect ocean fishery stocks from depletion, state-level laws in the US to encourage small-scale factories through tax incentives, and requirements that newsprint must contain recycled paper. In each case, the challenging country asserted the social or environmental policy of the other country places their domestic industry at a competitive disadvantage.

An important lesson that can be learned from the US-Canada Free Trade Agreement is that there were negative effects for family farmers and the environment on both sides of the border. Deregulated trade is not an equation that benefits either one country's interest or the

⁵ For comprehensive look at fast track see "The Consumer and Environmental Case Against Fast Track," L. Wallach and T. Hilliard, Public Citizen's Congress Watch, Washington DC 1991.

⁶ For more information see "Take Back the Nation" M. Barlow and B. Campbell, Key Porter Books, Toronto, and Review of European Community and International Environmental Law, "Environmental Impact of Canada-US Free Trade Agreement," M. Ritchie, March 1992.

⁷ Coop, J. "Free Trade and the Militarization of the Canadian Economy," Lawyers for Social Responsibility, Toronto, August 1988.

other's, determined by which side's negotiators were more clever. To the contrary, both countries' negotiators pursued the interests of their respective transnational corporations instead of the interest of the general public. The US-Canadian deal is a good example of how family farmers, consumers and the environment on both sides of the border can lose out under "free trade."

Expanding the US Canada Free Trade Deal to Mexico

Unfortunately for sustainable agriculture supporters, agribusiness and agrichemical companies still were not satisfied. They believed that the US-Canada agreement did not go far enough. Almost before the ink was dry on the final agreement, the very same corporations began to aggressively pursue the next step in their global deregulation strategy, extending the US-Canada Free Trade Agreement to Mexico through a North American Free Trade Agreement, or NAFTA. They saw this as the next step in their plan for a single Western Hemispheric zone, an "Enterprise of the Americas Initiative" as George Bush called it, or the "Americas" agreement as it is now called.

There are two overall challenges to sustainable agriculture in the final version of the North American Free Trade Agreement. The first is the overall objective (stated in early NAFTA drafts) of increasing the "scale of production," especially in Mexico. Most of the agriculture provisions in the final NAFTA were designed to both increase corporate concentration in the processing sector and the further expansion of large scale "factory farms" in all three countries.¹⁰

The second overall challenge is the stated goal of limiting or eliminating the power of governments to regulate the importing and exporting of goods. If local, state, and national governments can no longer regulate the flow of goods across their borders, as a result of the NAFTA talks, farmers, consumers, workers and the environment will suffer.

Destroying Mexican Family Farmers

One of the major NAFTA objectives of US-based multinational grain companies was unlimited access for their exports of corn and other grains to Mexico. At present, almost 3 million Mexican peasants grow corn and sell this crop at price levels set high enough by the government to insure that they have enough cash income to survive. This system requires that the Mexican government very carefully regulate imports to insure that this price level is not undermined.

Economists in both Mexico and the US predict that, if the grain companies are successful in their efforts to force open the Mexican corn market, the price that will be paid to Mexican peasants will fall dramatically, forcing one million or more families off their land. Most of these families have worked at some time in the United States, so it is assumed that many will head North in search of either farmworker jobs in the countryside or service sector work in the major cities. Others will head to Mexico's urban areas, such as Mexico City and Guadalajara,

⁸ For more information on the Enterprise of the Americas Initiative see statement by Stephen Hellinger of the Development Group for Alternative Policies before House Subcommittee on Western Hemisphere Affairs, February 27, 1991.

⁹ North American Free Trade Agreement, Draft Text Article 501, May 1992.

¹⁰ For a complete analysis of the NAFTA Draft Text see "North American Free Trade Agreement Draft Text: Preliminary Briefing Notes," Action Canada Network, Canadian Center for Policy Alternatives and Common Frontiers, Toronto, April 1992.

already dangerously polluted.

The peasant rebellion in Chiapas, Mexico was timed to coincide with the first day of NAFTA implementation. Although there were many aspects of exploitation and repression that this rebellion was aimed at addressing, it is clear that the NAFTA accord was seen as the last straw. Some are calling this the first war against the global trading system. It is too soon to judge all of the ramifications, but it is clear that the dictatorship of the PRI party in Mexico is badly shaken, and that they will pour money into rural areas all over Mexico in hopes of holding onto power in the upcoming elections.

Destroying Family Farms in the US

The United States, too, has used import regulations to sustain a domestic agricultural sector. For example, Congress has established strict controls on the level of beef imports allowed into this country in the Meat Import Act of 1979. But fast-food hamburger retailers have pushed the Bush Administration hard to make sure that any NAFTA agreement will abolish or weaken these controls, allowing them to import more hamburger meat. Since beef can be produced most cheaply on cleared rainforest land in southern Mexico, a sharp increase in US beef imports from this region would cause an acceleration in the destruction of the rainforest. Further worry is that Mexico would be used to trans-ship beef grown on destroyed rainforest regions in Central and South America, a practice that has already begun.

Unlimited beef imports would also lower the income of family-sized cattle producers in the US. These producers have to sell at prices low enough to compete with rainforest beef. With more beef coming from overseas, there would also be a smaller market for US-grown hay, corn and other feedstuffs. Replacing US beef with rainforest-fed beef not only devastates US beef farmers, but also those who produce feedgrains fed to US cattle.

If beef imports are not regulated, there would be serious environmental problems created in the United States, in addition to those affecting Mexico's rainforests. Currently, many US beef cattle graze on the hillsides and meadows of the Upper Midwest. The State of Minnesota, for example, has generally poor soil in the northern region, with the exception of the Red River Valley. It is often hilly with thin topsoil, and quite fragile. The only agriculture production suited for this land, and indeed needed to maintain this land, is beef and dairy cattle grazing. If beef from rainforest land comes across the border from Mexico and drives down US beef prices, Minnesota's diversified, small, family beef operations will be put out of business. Their fragile land would most likely be put into row crops, soybeans or corn, in hopes of getting enough income to at least pay taxes and expenses. On these hillsides, it only takes one or two growing seasons before these crops cause topsoil erosion at a non-sustainable rate, ultimately destroying the soil's productivity.

Beyond the two objectives stated in the early NAFTA drafts--increasing the size of farms and de-regulating imports and exports--there are other specific measures that would interfere with efforts to achieve economic and ecological sustainability of agriculture in all three countries.

11. For more information see Natural Resources Defense Council Issue Paper, "GATT, Tropical Timber Trade and the Decline of the World's Tropical Forests," November 1990.

Eliminating Winter Produce in the US

US fruit and vegetable production is seriously threatened by free trade. US producers currently operate under strict regulations concerning chemicals and worker rights. They pay higher taxes and extend more worker benefits than producers in Mexico. Even if US and Mexican produce growers had the same pesticide regulations on paper, since the Food and Drug Administration inspects only 2 percent of the food coming across the border, there is little chance that violators of food safety regulations would be caught. Consumer confidence could easily be damaged by a few isolated incidents of poisoning, like the Chilean grape incident a few years ago.

The entire winter-produce industry could be threatened. If farmers in Florida, Texas and California are to take the enormous risks inherent in wintertime crop production, they must be confident of steady markets, profitable enough in good years to cover the occasional crop failures due to weather, disease, and pests. Unlimited imports would make markets and profits unpredictable. These risks would be unacceptably high. Eventually, our domestic winter fruit and vegetable production could disappear. The consequent dependence on imported fruits and vegetables could have dire effects on US food safety and security, again, as demonstrated by the Chilean grape scare.

Furthermore, importing fruits, vegetables, and other food items which can be efficiently grown here in the United States unnecessarily increases our trade deficit. The more items we import that can be grown or produced by farmers or workers in the U.S., the greater our overall deficit.

Edward Angstead, president of the Growers and Shippers Association of Central California, reported that total production costs for frozen broccoli in Mexico are less than pre-harvest costs in California. The biggest difference is the cost of labor. Angstead estimates the cost of farm labor in Mexico at \$3 per day, compared with \$5-15 per hour in California. Pillsbury Company's Green Giant division has moved a frozen-food packing factory from Watsonville, California to Mexico to take advantage of the NAFTA. They believe that this agreement will allow them to bring products formerly produced in Watsonville back into the US without tariffs and with few food safety controls. Low wages, weaker environmental laws and the lack of workplace safety regulations makes the short term economic advantage obvious.

The loss of Watsonville's Green Giant factory means that the farmers in the area who grew crops for the plant lost their market, farmworkers who picked those crops lost their jobs and the workers in the cannery also lost jobs. The impacts on the surrounding town are devastating.

Similarly, there is a shift taking place in the textile and apparel industry, with factories closing and moving to Mexico, reducing markets for US produced cotton. The closing of textile mills has secondary impact, too. They often are a source of off-farm employment for many farm families, providing additional income to supplement low farm prices. As such they serve as the economic backbone of many small towns, their loss will further destroy rural

12. For more information about the Watsonville situation see, The Nation, Nov.5, 1990, p.514.

communities.

The same is happening in the US meatpacking industry, already hit by plummeting wages. Beef and pork slaughter is moving to Mexico to take advantage of lower wages, weaker occupational-health regulations and less strict environmental standards. Cargill Corporation, for example, has already relocated part of its meatpacking operations to Mexico. Over time, cattle and hog production will move closer to these meatpacking facilities, since livestock cannot be shipped over long distances without serious loss. Again, workers, their communities, and the environment will suffer.

Making Organic Farming Economically Sustainable

Free trade between the US and Mexico may deliver a "double-whammy" to organic farmers on both sides of the border. First, the general lowering of prices on commercially grown fruits and vegetables will make it hard to charge the prices needed to cover organic growers' additional costs.

Second, expansion of fruit and vegetable production in Mexico will increase the overall use of chemicals, further disrupting and interfering with natural pest-control patterns. Organic farmers cannot apply pesticides to control pests driven to their fields by their neighbors' spray. Since they are dependent on natural predators for their own biological pest management, any increase in chemical spraying on neighboring farms will negatively impact their efforts to use biological pest management.

Internationally recognized organic farming advocate Colin Hines, in the July 1991 edition of The Living Earth journal, summarized his concerns as follows "round the corner lurks a gleaming new engine for accelerating free trade, which if unleashed will make the idea that there is any future for organic agriculture the mere stuff of dreams."

Reducing Consumer Confidence

Increased food trade between the US, Mexico and Canada is likely to have a negative impact on consumer confidence in the safety and quality of food. Food processors will need to genetically alter, over-process and over-package their products in order to survive long trips and periods of storage. Quality, taste and nutritional value will be diminished. In the absence of uniform food-safety laws or country-of-origin labeling regulations, consumers cannot be sure about their food. Efforts to "harmonize" such regulations in the US-Mexico trade agreement are likely to be simply an underhanded attempt to weaken them.

For example, some Mexican milk now comes from cows treated with Bovine Growth Hormone (BGH), a milk-production drug until recently banned in a number of states in response to consumer and dairy farmer demands. US consumers have expressed their grave concerns about this product's potential human health effects, especially when they found out that experimental milk from BGH test-herds here in the US was being mixed with commercial milk. A number of states are looking at laws to permit labeling of milk products to inform consumers about the presence or absence of artificial BGH. Under the NAFTA accord, such labeling requirements can be challenged and overturned as "trade barriers", keeping consumers from knowing for certain about the nature of the products they are buying. Over a dozen surveys have shown that consumers will buy less milk and fewer dairy products if those products might

contain BGH¹³ US dairy farmers face the potential loss of markets and lower prices if BGH-milk seriously undermines consumer confidence in a pure and wholesome product.

This erosion of consumer confidence has already occurred as a result of the US-Canada Free Trade Agreement, which sharply reduced the inspection of meat products coming across the border. Public testimony about the serious problems posed by the lack of proper regulations by US government inspectors set off a storm of negative publicity and press coverage which increased consumer fears about the safety of meat.

Higher Petroleum Consumption Adds to Global Warming and Acid Rain

Three elements of the US-Mexico-Canada free trade agreement will lead to increased petroleum use, adding more CO₂ to the atmosphere and therefore increasing global warming. First, food products will be transported over longer distances. The average US chicken already travels 2,000 miles before it is consumed. Second, more energy will be required to process and package foods for long-distance shipping and long-term storage. Third, farmers will intensify their production methods to boost yields in response to lower prices, leading to higher doses of petrochemical fertilizer and pesticide, and increased use of petroleum-fueled machinery.

The US, Mexican and Canadian governments have begun laying plans to accommodate the sharp increase in truck and rail shipping that they believe will take place under the free trade agreement. Some of their plans could significantly raise the costs of farming. At a meeting of transportation ministers from all three countries, for example, US Secretary of Transportation Samuel Skinner praised Mexico's recent encouragement of private ownership of formerly public roads. Calling toll-roads "the way of the future," Skinner predicted that they would become more common in the US, too, substantially raising the cost of transporting food products, an added burden for farmers.

Threats to Genetic Diversity

In an overview of environmental dangers posed by NAFTA, the National Wildlife Federation (NWF) highlighted the dangers to biological resource conservation and genetic diversity¹⁴. Modern agricultural production depends on the continued evolution of crop varieties that not only yield high output but also resist disease, pests and drought. NWF warned that NAFTA threatens the survival of diverse genetic resources, leaving society without the genetic materials needed to protect food security.

Another look at the potential impacts on biological resources can be found in a recent publication called "Rise of the Global Exchange Economy and the Loss of Biological Diversity" written by University of California professor of agricultural and resource economics, Dr. Richard Norgaard. In this piece, Dr. Norgaard argues that "During the past century, world agriculture has been transformed from a patchwork quilt of nearly independent regions to a global exchange economy. This change in social organization also contributes to the loss of diversity."

The resulting mass displacement of small Mexican farmers anticipated under this

13. "Consumer Reactions to the Use of BST in Dairy cows" National Dairy Promotion and Research Board, April 1990.

14. National Wildlife Federation Study, "Environmental Concerns Related to a United States-Mexico-Canada Trade Agreement" November 1990.

agreement will be the loss of their care for and cultivation of the many thousands of diverse species of corn, chiles, and other crops and animals that are the basis for much of the world's future genetic diversity for plant and animal breeding.

Creating Conflicts Between Farmers and Consumers

Allowing imported products to escape domestic standards creates antagonism and division between US farmers and consumers. If US farmers cannot use DDT or Alar while imports with residues of these chemicals are allowed, their competitiveness, and thus survival, will be threatened, forcing them to support a weakening of domestic standards. At a time when serious cooperation is needed to solve major environmental problems, the NAFTA talks created new and unnecessary conflicts between farmers, environmentalists and consumers.

Monitoring the Impacts

Now that NAFTA is signed and being implemented it will be possible to determine, over time, if the concerns expressed by most environmental and farm groups were in fact justified or not. Monitoring procedures are being established by a number of organizations, including the Institute for Agriculture and Trade Policy in Minneapolis. The following list, summarizes the key indicators that will be examined as part of the Institute's effort.

- a) A number of agriculture-related businesses and organizations were promised special favors or considerations by the Clinton Administration in regards to NAFTA. These special promises will be monitored to determine any impacts on sustainable agriculture.
- b) Elements of the NAFTA outside of the specific agriculture sections, like intellectual property rights and subsidy codes, may have major impacts on agriculture. These provisions will be monitored for impacts on sustainable and organic farming.
- c) Capital flight from agriculture will be tracked, including where it goes and where it is coming from, and the impacts on sustainable and organic farming.
- d) Impacts of currency shifts and devaluation/revaluation on sustainable agriculture will be tracked and analyzed.
- e) Impacts on employment in agriculture will be tracked, including the impact on overall employment and internal migration.
- f) Links between agriculture impacts and cross-border immigration will be analyzed, including impacts on population shifts.
- g) Overall environmental impacts created by changes brought about in agriculture by these deals, including impacts on natural resource conservation such as ground and surface water protection, soil erosion, wind erosion and the preservation of genetic diversity. In addition, the impacts of NAFTA on efforts by industrial farmers to move to more sustainable or organic agriculture will be examined.
- h) Currency devaluation in relation to tariff cuts, farm program cuts and import increases.
- i) Financial impacts of tariff cuts on agriculture products will be analyzed for impacts on sustainable or organic farming.
- j) Suggestions for how farmers and other rural businesses negatively affected can cope with the changes imposed by NAFTA will be collected, analyzed and publicized. At the same time, suggestions for changes will also be collected, analyzed and publicized.
- k) Community and organization responses to impacts.

- l) Impacts of discussions about extending NAFTA to the rest of Latin America.
- m) Impacts on farmworkers, including wages, work availability, conditions, social benefits, contract negotiations, etc.
- n) Disputes arising under the deal and how these are handled and resolved in relation to sustainable and organic agriculture.
- o) Suggestions for improvements and other changes and how these are responded to by the governments.
- p) Impacts on agricultural transportation, storage, and distribution of work, structure, contract negotiations, wages and other employment issues.
- q) Impacts on state and local laws affecting sustainable agriculture, including , regulation authority, taxing authority and base, organic labeling,¹⁵ etc.

Towards Sustainable Trade and Sustainable Agriculture

On both the world scale and among the three nations of North America, there is much that needs to be reformed in both commercial and political relations. The debates surrounding both NAFTA and GATT (General Agreement on Tariffs and Trade, soon to be the World Trade Organization) are unique opportunities to begin addressing these concerns. Obviously, in order to have a chance to promote a positive outcome it is necessary to defeat the concept of global deregulation and the "new world order" currently being promoted by the White House. However, as advocates for sustainable development in general, and sustainable agriculture specifically, we must go beyond mere opposition. We must forge our own positive vision for economic, political, and trading relations among nations.

There are real problems in the current trading regimes that need to be addressed as part of these talks. Varying food-safety standards need to be addressed. A positive "trade and development agreement" would set minimum standards or "floors" for regulations, rather than the "ceilings" proposed by the Bush Administration. Any comprehensive development treaty must explicitly outlaw export "dumping," the exporting of goods by corporations at prices below the cost of production. US and European grain-trading corporations regularly dump grain and dairy products at half the cost of production. This practice, which is destroying food self-sufficiency in poor countries and ruining family farmers everywhere, must be stopped.

Advocates of sustainable agriculture, across America and around the world, are beginning to look carefully at a wide range of trade-related policy issues. They can see the urgent need to ban food product dumping in order to protect small farmers in both the North and the South. They can see the need to ensure that the full costs of production, including environmental costs, are considered in the setting of farm prices. If these things are not done, we will almost certainly wake up one day to find that global food stocks are no longer sufficient to handle the emergencies which will inevitably occur.

As a consensus evolves, we must accelerate our organizing in order to turn these ideas into policies. Agriculture groups from the US must work with their colleagues from around the world with the goal of establishing a common set of basic demands and solutions. This common agenda must then be promoted aggressively to all governments and to the public at large.

During the last decade there have been two breakthroughs in our understanding of the

¹⁵ Taken from internal workplans of the Institute for Agriculture and Trade Policy.

interrelationships between economy and ecology. The first is the inseparable connection between the environmental balance of the natural world and the modern industrial economy. Agriculture is at the center of this connection. Our relationship to the land--how we treat it and who shares in its fruits--are central issues in our quest for a sustainable future. Close coordination between economic policy and environmental policy is a fundamental requirement for sustainability, both ecological and financial.

The second breakthrough is the acknowledgment that most ecological issues are global, respecting no boundaries. International cooperation and coordination in addressing ecological dangers is becoming an absolute necessity for human survival. It is not enough to build a sustainable agriculture system in one state or region. Indeed it is not possible. We need global agricultural policies that support, enhance, and enable the development of ecologically and economically sustainable agriculture in each and every region of the planet. This means that we must have both regional and global trade agreements that go beyond outdated theories of free trade to embrace the policies necessary for a sustainable future, for sustainable development, for sustainable progress.

The controversy and debate created by the current trade negotiations must be translated into momentum for establishing new and more just relations among all nations. Nothing less can be accepted if we are serious about the survival of the planet.

Conclusion

Over half the inhabitants of our fragile planet are farmers, producing food, fiber and, increasingly, the fuel needed for themselves and for city dwellers.

Agriculture is the primary occupation on Earth. Agriculture is also the number one influence on our planet's ecology. DDT sprayed in Mexico shows up in Canadian fish. Destroying rainforests to produce hamburger eliminates habitat for thousands of endangered species. More than 80% of the water in many desert regions, including California and Saudi Arabia, is used for agriculture.

World market forces since WWII have turned much of agriculture upside-down--from life giving to life threatening. By consciously driving down crop prices, agribusiness has driven 30 million farmers off the land since 1940, forcing the 5 million who are left to become increasingly dependent on poisonous chemicals and giant machinery. Overcrowded cities, polluted water supplies, and overburdened tax systems are just a few of the many serious by-products of this massive dislocation.

We must forge entirely new policies in order to re-generate a sustainable, family-based system, including "carrots" to accelerate the transition back to sustainability and "sticks" making the most deadly practices illegal or uneconomic. Most important, we will need to pay fair prices to our farmers, enough to cover the full environmental costs of production. But this will be a minuscule cost compared to the benefits of sustainable, family farm agriculture such as increased employment, de-urbanization, protecting water and air quality, more nutritious food, conservation of natural resources and wildlife and greater food security for all nations, both rich and poor. Less chemical intensive, more sustainable farming will also mean far less health risk for consumers and for everyone who handles these chemicals, especially the farmers.

Such dramatic shifts in policy, however, require that we change the underlying assumptions that shape our nation's trade policies, especially the idea that the Earth and its natural resources can be used and abused endlessly.

For several thousand years, a similar assumption was made about human beings: that they could be used and abused endlessly through slavery. At the end of the 19th century, after a hundred years of intense political organizing, slavery was finally outlawed in most countries.

Now, we face a task much like that of these 19th century abolitionists. We must lay to rest the idea that the Earth's resources can be enslaved. Yes, there will be economic consequences, as there were with the abolition of slavery, but these cannot justify delay. The very survival of future generations depends upon our success today at achieving a sustainable agriculture, one that balances the economic and ecological relationships between people and the land.