

Farming Out or Slopping Agricultural Protectionism Out

The support of western countries for farmers is the core problem confronting trade negotiators struggling to complete multilateral trade negotiations started in Doha in 2001. Agriculture plays a derisory part in western economies compared with manufacturing and services, but is of huge significance to developing countries. Even in China, widely regarded as the emerging global factory, with its breathtaking average annual growth rates of 9 percent, some 800 million live out in the rural areas, and an estimated one-sixth do not have work.

Developing countries are, therefore, adamant that they will not make concessions benefiting for instance utilities in the US and EU, until these two trade giants stop protecting their cotton growers and dairy farmers respectively. Brussels and Washington bear much of the onus for a significant move. After all while the Uruguay round harvested much favouring their interests, as well as those of other developed countries, especially through the conclusion of the GATS and the TRIPs agreements, the present negotiations were billed as the “Doha development round” based on the pledge that the mentioned previous pro-western bias be remedied in the course of this round. Although concessions were made in areas such as export subsidies which allow European farmers to dump produce, developing countries still fear they will face considerable obstacles to gaining market access to western markets in the critical areas. Pascal Lamy, the WTO’s Director General, thinks that ‘agriculture’ is the deal maker or – breaker in the sense that a deal on agriculture would unlock others, with countries able to agree on lowering industrial tariffs, on services and on special treatment for the world’s poorest countries. But this would require the recalcitrant trade giants to roll over as it were, to move further on agriculture, freeing themselves of traditional sectoral farming lobbies in the process. The preponderant arguments of economic efficiency and welfare creation in favour of comparative advantage and attendant liberalization have not changed and have, moreover, been rehearsed ‘faithfully’ and successfully tested empirically since their inception almost two hundred years ago (See David Ricardo’s *The Principles of Political Economy and Taxation*, 1817). Economists, moreover, seem, on the whole, to agree that it can work and that nobody has yet succeeded – no more than with respect to Einstein’s relativity theory – to falsify, refute and thereby debunk the theory altogether.

Yet the (domestic) politics of protectionism, if only as an undying habit, is alive and kicking. For instance, the EC has yet to demonstrate how, in full compliance with all WTO rulings and obligations (including those of WTO

From The Board

panels and of the WTO Appellate Body, a Ministerial Decision of 2001 and a couple of Arbitration Awards) it will uphold MFN rights for the developing country banana suppliers of Latin America from 2006 onwards. However, moving beyond bananas and further on agriculture may be too much for George W. Bush and Jacques Chirac to contemplate, two somewhat politically embattled presidents whose poll ratings are low.

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