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**FREE TRADE, FOOD & AGRICULTURE**

© Professor John Hodges

Email: [hodgesjohn@compuserve.com](mailto:hodgesjohn@compuserve.com)

Universal free trade, we are often told, will eliminate poverty. Actually, there is a real danger it will harm the poor. Undoubtedly, free trade based upon Adam Smith's Division of Labour and David Ricardo's Comparative Advantage creates more wealth and lowers consumer prices in industrial commodities and manufactured goods, although equity remains an issue as the greatest share often goes to those owning most capital. The proponents of free trade insist on including agriculture and food for participation in the World Trade Organization (WTO). But, there are huge dangers in treating agriculture and food only as economic resources.

This article presents the case that agriculture and food are unique in economic affairs and cannot be swept into the global free trade ideology without dire social consequences affecting quality of life of the poor and a sustainable world food supply. Deep issues of justice must be considered when seeking to feed the world, needing a special global policy that takes account of more than simple economic growth. In an earlier article in *The Difference* entitled "Free trade – the only rational option" Graeme Leach says: "Globally, free trade doesn't intensify poverty in the developing world, it reduces it. In total, free trade isn't destroying jobs in the developed world, it's helping create them. The tragedy of protectionism is that it is the poorest who stand to lose most".

Unfortunately this simplistic solution is advocated by politicians and business leaders who benefit from the Western economic model, but it fails to address the unique role of farming and food in human affairs. Readers need to be aware of the fearful consequences for the poor in the developing world resulting from a policy based only upon producing the cheapest possible food.

### **Global economics, the poor and food production**

In today's world of 6.5 billion people, only one billion are in the West. Of the 5 billion in developing countries, more than 3 billion are farmers or dependent upon a farming community in a rural setting. World population will grow by 2-3 billion by 2050, most being added to the poor in the developing world. Poverty is not the same as hunger. People close to land can usually feed themselves. But they want to move out of poverty. The urgent global socio-economic issue is how to empower small poor farmers to get a foot on the capitalist ladder. The first step to empowerment is opportunity to sell surplus food for cash in local and domestic markets. This is their only option for which they need organizational, economic and technical infrastructures including protection from free trade.

### **Dangers of free trade in agriculture and food**

Global free trade in food does not empower the poor for two reasons. First, subsidized cheap food from intensive Western agriculture enters the mega-cities of the developing world taking away the domestic market from small national producers. Second, Western capital is used to set up plantation production of tropical and semi-tropical food products – again a lost market for the billions of small farmers. Without access to domestic or international markets the rural poor have only two options. Either they work on plantations for a subsistence wage, kept low by plentiful local labour, while plantation profits are repatriated and not invested in the local community; or the rural poor leave for the shanty towns where most live in great poverty plus hunger. Their chances of joining capitalism are remote and often therefore they turn to petty crime. The World Trade Organization's plan to pressure developing countries into global free trade for agriculture and food will provide cheaper food for the West while most of the world's poor will not share in the benefits. Agriculture and food must be excluded from the protocols and laws of the World Trade Organization that call for the removal of all tariffs, trade barriers, and subsidies. In the Doha Round most developing countries refused to agree free trade for agriculture and food. But the pressure continues.

## **History of cheap food in the West**

It is a false assumption that globalization of free trade in food will provide world-scale abundance of cheap food and also empower the growing population of billions of poor. On the contrary, it will drive the poor off the land more quickly. Several centuries ago, the majority of people in the West lived in rural communities and on small farms. Migration to an urban society was slow, encouraged by more efficient farms that needed less labour and by new employment opportunities in city industries. The mega-cities of the developing world cannot possibly absorb and employ the billions that free trade would speedily drive off the land.

In his earlier article Graeme Leach “urges the UK to stay true to its noble free trade tradition”. But the history of British agriculture is far from a noble tradition of free trade. From the 15<sup>th</sup> century land owners safeguarded their food markets by the Corn Laws. The industrial revolution brought a demand for free trade and the protective Corn Laws were repealed in 1846. The 100 years that followed was a very unusual period in which cheap imported food resulted not simply from free trade but from British rule of her colonies and the dominant global influence of Pax Britannica. Even during that period government gave some structural support to develop efficient farming. A main consequence of cheap imported food was the decline in British farming exacerbated in the 1930s by the world economic depression. By 1939 much British agriculture was derelict and produced only 60% of needed food. Overnight, the Second World War turned farmers into heroes. Britain had learned the hard way that handing food production to market forces alone is a tragic mistake. Domestic food production needs conservation.

Since the 1947 Agriculture Act, farming has been supported. Today abundant cheap food results from 70 years of massive aid from Western governments in production, marketing, agricultural research, free extension services and promotion of co-operative movements. Since 1962 this trend has been continued by the European Common Agricultural Policy (CAP). More recently European farming has been treated as a business resulting inevitably in intensive large-scale production that forces small farmers off the land. The business model of farming also exacts a heavy price in external costs and abuse of agro-bioresources necessitating legislative protection from the effects of naked market forces and free trade. Ongoing EU-CAP support to farmers now aims to conserve agro-bioresources while US support still goes mainly to product support.

Despite this long tradition of special treatment for farming, the West hypocritically asks poor countries to drop their farm protection and expose half the world's population to the (free?) trade business model. The reasons are self-interest and greed. The West sees the poor countries only as a market for its cheap food.

## **Call for new political courage**

Today the West needs politicians, like Wilberforce, who believe and practise the Jesus Way of putting the poor before self-interest. Doubtless such humane legislation will again encounter opposition from short-term business interests that seek to claim the high moral ground with the mantra that free trade will solve poverty. The recent 2008 Davos gathering finally acknowledged that we are not yet helping the poor. The UK and the EU parliaments need courageous leaders to legislate in two areas. The first is to continue appropriate support for domestic agriculture and farm bio-resources without shame since they are national assets. The second is for Western leaders to change WTO policy so that in addition to promoting free trade in other goods, it fights poverty by providing trade protection and special international agreements to support and empower the 3 billion small rural farmers – matching the policies applied to Western farmers.

*Professor John Hodges directed activities in the UN Food and Agriculture Organization (FAO) for sustainable use and conservation of livestock agro-resources in developing countries and was involved in drafting the Convention of Biodiversity. He has degrees in agriculture, animal genetics and business administration and was earlier on faculty at Cambridge University and the University of British Columbia, Canada.*