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**The Interconnection Between Domestic and
Agriculture Policy: NAFTA as a Case Study**

**By**

**Mark Ritchie**

*(This article is excerpted from the plenary speech given to the Citizen's Dialogue on NAFTA's impact on Michigan Agriculture, Feb. 1, 1993. A videotape version of the full speech is available from the Institute for Agriculture and Trade Policy, 1313 Fifth Street SE, Suite 303, Minneapolis, MN 55414.)*

North and South America were colonized in order to provide the agricultural raw materials needed to fuel Europe's industrial revolution. In a sense then, we have always been deeply involved in and affected by international trade.

- But until roughly 50 years ago, there were no rules governing the importing and exporting of .goods. After two terrible world wars, both caused in part by unregulated trade, the nations of the world agreed to create a set of rules, called the General Agreement on Tariffs and Trade (GATT). GATT contains pro­visions for free trade agreements, such as we now have with Canada and Israel and which is proposed with Mexico, the so-called North American Free Trade Agreement, or NAFTA.

Although they are not technically treaties, and thus require only a sim­ple majority rather than a two-thirds vote to be approved by Congress, these agreements nonetheless have the force of law. Enabling legisla­tion, sometimes called implement­ing legislation, amends all existing U.S. laws to be consistent with the agreement.

Due to special procedures such as the granting of executive "fast track" negotiating authority, Congress is not allowed to amend or change in any way the language of most trade agreements in the imple­menting legislation. Because of this, it is vitally important to know the actual content of trade agreements in order to analyze their potential impacts on agriculture, and all other industries as well.

 Since much of Michigan's agri­culture is profoundly influenced by federal law, any changes to federal law dictated by trade agreements are likely to have a significant impact. Let me give you a few examples.

.Current U.S. law requires imported foods to meet the very same safety regulations demanded of U.S. farmers and food manufac­turers. Our consumers expect noth­ing less and it is obviously the only fair system as far as our own farm­ers and businesses are concerned. One of the proposals under consid­eration in the current GATT negoti­ations, called the Uruguay Round, is called harmonization. Under harmo­nization imported foods would only have to meet the weaker interna­tional standards creating an unfair competitive situation for Michigan's producers. Obviously, this kind of trade agreement provision would be quite detrimental to Michigan fann­ers, lowering the overall consumer confidence which our dairy, meat, fruit, and vegetable industries have so carefully cultivated—at great expense.

Another example especially rele­vant to Michigan is the GATT pro­posal to open U.S. borders to a large increase in sugar, dairy, and beef imports, a plan 'called tariffica­tion. Under tariffication, all import restrictions must be converted to tariffs and eventually phased out. It is not necessary to dwell on what kind of detrimental impact this would have on Michigan, and of course I am hopeful that this pro­posal. is not ultimately accepted, but **I** mention it as another example of how international policymaking can have a. tremendous impact on domestic policy.

A third example is the proposal to replace price stabilization pro­grams like the commodity credit corporation nonrecourse loan pro­gram with direct, welfare—type payments from the government. This proposal, often called decou­pling, could add significantly to the budget deficit, causing a further rise in taxes and cuts in vital govern­ment services. Again, this is only an example of how international trade talks can significantly affect our day-to-day lives.

Today's Citizens Dialogue will be an important step in the process of understanding the content of the other major trade negotiations underway, the NAFTA or North American Free Trade Agreement. We will be analyzing the potential impacts on Michigan agriculture and developing suggestions on ways to improve the current draft treaty. President Clinton has stated that he will negotiate supplemental agreements to fix any major prob­lems with the NAFTA deal. Today we have a chance to pinpoint the specific concerns of Michigan's farmers and to transmit these to the President for possible inclusion in the supplemental negotiations.

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