Food Security and The World Food Trading System: NAFTA and After

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Introduction

The following report assesses the North American Free Trade Agreement (NAFTA) agricultural trade, trade policy and trade policy implementation from the perspective of producer and consumer food security. We do not assume that trade and trade policy are inherently beneficial, i.e. "NAFTA is good because trade is good", in the words of a recent *Cargill Bulletin* writer.[1] If the financial viability of most producer operations deteriorates and affordable access to nutritious, healthy and safe food is denied to substantial numbers of consumers as a result of NAFTA related trade, trade policy and trade policy implementation (or non-implementation), then NAFTA cannot, from this food security perspective, be called "good".

For the most part, NAFTA is reviewed from its formal date of implementation, January 1, 1994 to May 1, 1997. However, because NAFTA's member governments and the international financial institutions prepared for "regional integration" from at least the mid-1980s, it is occasionally necessary to refer to pre-1994 statements about NAFTA in order to understand why many food security producers and consumers have become disillusioned with the promises made for NAFTA at the time of its legislative passage.

The review is not comprehensive either in terms of commodities or policies reviewed and is skewed towards an analysis of the situation of U.S. agriculture and food security. This skewing is not the result of a nationalistic orientation, but is merely a result of limitations on our data collecting and analysis. Hence, what follows is not a systematic analysis, but a selection of symptomatic difficulties in agricultural trade, trade dispute resolution and food security that were only partly anticipated by those who appreciated the magnitude in difficulty in integrating three disparate societies and economies by means of a radically new kind of trade agreement. Whether any number of analysis of symptomatic difficulties will lead to a renegotiation of NAFTA and a fundamental shift in the ideology and economic structures that gave rise to NAFTA remains to be seen.

NAFTA measured by export volume of agricultural commodities

During a 1991 American Farm Bureau Federation tour of Mexican agribusiness, Roberto Compean, a grain and watermelon farmer told a reporter travelling with the Farm Bureau leaders, "The North American Free Trade Agreement [NAFTA] will kill us". However, the Bureau delegation apparently did not want to listen to such a pessimistic prognosis.
Bureau President Dean Kleckner reiterated throughout the trip that farmers worldwide should focus not on their share of agribusiness income, but on the global picture: "We need to stop worrying about cutting a bigger slice of the pie and concentrate on making the whole pie bigger".[2] Recent remarks by Kleckner and other agribusiness officials about agricultural trade and the World Trade Organization reveal a continuing focus on "growing" the whole pie, rather than analyzing how the pie is sliced and who slices it, much less on who gets to eat how much pie.[3]

Export volume growth and the U.S.1996 agricultural trade surplus with Canada and Mexico is touted by U.S. and even Mexican officials as evidence that "NAFTA is working."[4] The outlook from the U.S. Embassy in Mexico City assumes that Mexico is “recovering” from the effects of the December 1994 peso devaluation because of NAFTA and structural adjustment, and that this "recovery" bodes well for agricultural trade between Mexico and the U.S.[5] Indeed, a Clinton Administration official has testified to Congress that "[Oven its success in promoting U.S. exports and helping Mexico recover, we believe the NAFTA standards of market openness should apply throughout the Hemisphere" in the form of the Free Trade Area of the Americas.[6]

The injunction to focus on the macro-economic whole pie is most fervently exhorted by those who most intensely study and benefit by conquering market share. Indeed, in a kind of response to NAFTA critics, an editorial in the *Cargill Bulletin* stated, "NAFTA is good because trade is good. It's that simple. Freer trade has proven, time after time, to enrich all parties to the transaction".[7] Alas, most farmers were not parties to the NAFTA transaction, much less to the design of NAFTA, as were officers of and consultants to Cargill and other agribusiness firms.

Those who were not and are not "parties to the transaction" did not have access to the top-secret NAFTA text prior to the ninety days between the text's release and its Congressional approval on November 1993. Nonetheless, from what he could learn about NAFTA, Ivan Wyatt, the President of the Kansas Farmers' Union, told the Kansas House Agriculture Committee in January 1992 that the effect of NAFTA would be "to separate farm families from the land by use of a government policy of low commodity prices, asset devaluation and a market system controlled by corporate concentration".[8] If the effect of NAFTA-related policies is to drive food security producers off their land and decrease the ability of consumers to buy what they cannot grow, the intent of NAFTA's proponents hardly matters.

Trade Policy as a Factor in U.S. Food Producer Insecurity

The advice to focus on macro-economic growth in trade volumes is heeded in most U.S. agricultural economic reporting on NAFTA. The financial health of food security producers under NAFTA-related agricultural policy is ignored. For example, the U.S. Department of Agriculture's (USDA) "NAFTA at Three" forty-six page narrative devotes just a short paragraph to reporting "employment equivalents" based on a highly controversial formula estimating job growth/loss according to export volume growth/loss. In 1996, according to the formula, only 1,088 U.S. jobs were lost due to U.S.-Mexico agricultural trade and just five jobs lost due to U.S.-Canada agricultural trade.[9] As the figures below such, the export volume/ job creation formula greatly underestimates agricultural job losses, due in no small part to U.S. agricultural trade policy.

For transnational agribusiness executives and USDA officials exporting greater volumes of commodities is the only way to improve farm incomes, and hence the financial viability of producer food security. For example, on March 18, USDA Secretary Dan Glickman stated to the House Agriculture Committee: "given the modest annual growth projected in domestic demand for U.S. agricultural production, the export market remains the only real source of potentially significant increases in U.S. farm income".[10] As is outlined below, the U.S. government, has little capacity or will to intervene in the market when farmers report anti-competitive agribusiness practices that depress prices for commodities and hence farm incomes. The disillusion that many farmers have felt with NAFTA derives from the expectations raised by NAFTA proponents -- open borders for U.S. exports and protection against "unfair" imports. The promise to make up in volume of sales what has been largely denied to farmers in improved prices (except the short-lived bubble in grain prices), lead National Farmer Organization president Steve Halloran to "discount NAFTA as the answer to agricultural economic development. It's a distraction, not an answer".[11] Absent government intervention to improve the financial viability of food security producers, most farm operations survive by subsidizing their operations — and hence U.S. agriculture trade -- with off-farm income.

According to the most recent published USDA Farm Costs and Returns Survey data, income from farm products comprised 10 percent of the income for average farm household income in 1994.[12] Even among U.S. farm households earning over $50,000 a year in 1993, 73 percent of household income comes from off-farm sources.[13] John Hansen, president of the Nebraska Farmers Union, said at a January 30 press conference on federal investigations into unfair pricing practices by the meat-packing giant MP, that as meat packers continue to make record profits, the USDA reports that net annual income for U.S. family farmers and ranchers is $5,271. (In 1994, U.S. Bureau of the Census defined a family of four persons as poor if it received $15,141 or less in pre-tax annual income.[14]) "There is a limit", Hansen stated, "to how long farm and ranch families can continue to live on depreciation and outside income to subsidize our agricultural operations."[15] Eventually, some cannot afford to subsidize their operations.

NAFTA is hardly the only policy to contribute to the exodus of U.S. family farmers from farming, although planning for and implementation of NAFTA has been part and parcel of U.S. agricultural trade policy at least since the onset of NAFTA and the U.S.- Canada Free Trade Area negotiations. For example, in April 1990, the Congressional Budget Office predicted that, "between 1991-1995 nearly 500,000 American farmers will leave the land because of low commodity prices and below cost of production exports mandated by the 1990 Farm Bill": [16] The USDA does not monitor agricultural trade related job loss and there is no NAFTA Trade Adjustment Assistance program for farmers to track job loss specifically related to NAFTA. Commodity groups that conclude NAFTA has failed them have usually done so while casting about for a solution to their members' economic crises and hoping that the government will intervene to open markets abroad. Perhaps no commodity group in more dire straits and more vulnerable to being recruited as pawns in USDA trade strategy than dairy producers whose commodity organizations accuse the government of failing to deliver on NAFTA campaign promises of open markets for their products in Mexico and Canada.[17]

Since NAFTA' s inception the prior decade of decline in the per operation profitability and number of dairy producer operations has continued unabated. While in 1994 there were 120,000 U.S. dairy farmers, their number declined to 106,046 by 1996 during the greatest single year farmgate dairy price drop in history. Dairy farms continue to go bankrupt, e.g. at the rate of three a day in Wisconsin, a state famous for its dairy industry.[18] To add insult to injury, about 57,000 of the surviving dairy farm families who had previously relied on a "working poor" tax credit of $1000 to 3000 to supplement their meager $10,000-20,000 annual incomes will find this tax credit eliminated in 1997 under the so-called Welfare Reform Act. As a result of reporting about the scandalous poverty of family dairy farmers, Congress may restore the tax credit to the farmers.[19]

In addition to high feed costs, dairy farmers cited anticompetitive dairy industry practices as the main reason for their economic crisis. Effectively policing anticompetitive practices bears directly upon the integrity and efficacy of trade policy, including those who advocate NAFTA expansion, since, as a U.S. presidential advisory committee on competition policy wrote in a September 1996 report "allowing or tolerating private anticompetitive practices in a national market can effectively eviscerate that country's trade liberalization commitments".[20] Indeed, farmers who see little effective policing of anticompetitive agribusiness practices may feel it is they who are being eviscerated at home while U.S. trade representatives rail at the alleged anticompetitive practices that are saying to stunt the growth of farm incomes.

In 1996 dairy producers saw their complaints about anti-competitive practices fall on deaf government ears. In March 1996, a three-year study by the University of Wisconsin Department of Agricultural Economics and the Wisconsin Department of Agriculture determined that the agribusiness giant Kraft had manipulated dairy prices between 1988 and 1993 by its intervention in the National Cheese Exchange. However, the Federal Trade Commission ruled in the summer of 1996 that Kraft had violated no anti-trust laws.[21] By November 1996 milk prices had risen to a record high, due to lower milk supply levels, as farmers sold parts of their herds to survive or got out of the business.[22]

In December 1996, a dairy farm coalition met with Secretary of Agriculture Dan Glickman to calculate a new dairy pricing formula to replace the one dependent on the allegedly anti-competitive practices of the National Cheese Exchange.[23] While fines levied in April 1997 by the Justice Department for price fixing by regional dairies are a small if welcome beginning against anti-competitive dairy practices,[24] the fines pale in comparison to the salutary effect on dairy prices that fair dairy price formulas would have for farmers. Yet thus far the USDA's principal strategy for reversing the decline in producer incomes has been to try to open markets through NAFTA dispute resolution panels or broker "voluntary" agreements to protect U.S. producers.

NAFTA Agricultural Trade Dispute Resolution

In November 1996, the U.S. lost a dispute resolution panel ruling that allowed Canada to maintain its dairy, poultry and barley tariffs. After the loss, there was not only a reiteration of the U.S. intent to seek redress in the matter before the World Trade Organization, but rumbling about rewriting the whole dispute resolution chapter of NAFTA.[25] Indeed, so embittered are U.S. interests at losses in NAFTA dispute resolution panels that 21 groups banded together in January as the American Coalition for Competitive Trade to file a lawsuit that the NAFTA dispute resolution violates U.S. Constitution guarantees of due process and equal protection under law. The lawsuit, which is expected to go to the Supreme Court as early as this year, calls into question the validity of all the dispute resolution panels.[26] 'Furthermore, in January legislation was introduced to the House of Representatives that would rewrite the NAFTA and World Trade Organization dispute resolution provisions.[27]

When the U.S. judges that it might lose in a dispute resolution panel, it has some sought to win a dispute through private "voluntary" agreements. Hence, rather than take charges that Mexico was dumping tomatoes and other produce at below cost to a dispute resolution panel, in October 1996, after two adverse rulings by the International Trade Commission earlier in the year on the dispute, the government reached a private "voluntary" agreement with Mexican-based growers to set a price floor for Mexican tomato imports. Mexico complained that the U.S. had acted outside of NAFTA disciplines and Mexican growers were embittered by the agreement to protect Florida growers. However, President Clinton's need of Florida's votes in the November 1996 presidential election and Mexico's inability to effectively retaliate determine that free trade theory would give way to trade politics as usual.[28]

Neither was it necessary for there to be formal dispute for the U.S. to announce that it had reached "voluntary" agreements with NAFTA partners to limit their export. For example, in April 1997, August Schumacher, the head of the U.S. Foreign Agriculture Service, announced that Canada had agreed to limit its wheat exports. Canadian agricultural minister Ralph Goodale denied that such an agreement had been reached and told the Canadian House of Commons, " I sometimes wonder what part of the word 'no' these people [U.S. negotiators] fail to understand".[29] That same month, a self-initiated USDA audit noted that the U.S. was two years tardy in implementing fully NAFTA agriculture provisions and that the USDA should more fully utilized NAFTA's dispute resolution panels, rather than resorting to bilateral and "private" agreements to resolve agricultural trade disputes.[30]

Preaching Abroad What You Don't Practice At Home: Disciplining Anticompetitive Agribusiness Practices

Numerous revelations in 1996 about the overwhelmed capacity of the government to effectively police anti-competitive agribusiness practices comes as U.S. trade policy negotiators are seeking to discipline such practices by so-called State Trading Enterprises at the Free Trade Area of the Americas discussions and the upcoming round of World Trade Organization.[31] The weak enforcement of anti-trust laws contravenes agribusiness advice to U.S. trade negotiators. In a September 6, 1996 report to President Bill Clinton, the President's Advisory Committee for Trade Policy and. Negotiations stated "[t]he most commonly condemned anticompetitive practices -- cartels, bid rigging, price fixing, and market allocation arrangements -- have as a basic objective the restriction of market access. Allowing or tolerating private anticompetitive practices in a national market can effectively eviscerate that country's trade liberalization commitments".[32] The report recommended that the government work closely with the for-profit sector to prohibit such alleged practices in developing countries, which, the report states, lacked laws and legal systems to discipline them.

U.S. farmers have long complained about the government's unwillingness to enforce its anti-trust laws in agribusiness. Something of the scope of the government's inability to discipline anti-competitive agribusiness practices was confirmed with the announcement on March 13 of the USDA's Inspector General report on the USDA's Grain Inspection and Packer and Stockyard's Administration (GIPSA). According to the Inspector General's report, GIPSA has neither the resources nor the expertise required to investigate anti-competitive practices, particularly in the meatpacking industry. Division staff complained to the Inspector General that USDA lawyers were reluctant to pursue anti-competitive practices cases "because they are complicated and time-consuming".[33]

In a March 1997 meeting with farmers, USDA assistant secretary Mike Dunn said that the GIPSA had received over 2000 complaints of violations of the Packer and Stockyards Act, of which GIPSA judged 800 complaints to appear to be clear violations of the law. Dunn said that although GIPSA was not able to investigate these complaints, "the Secretary [of Agriculture] has asked for a 17 percent increase in GIPSA budget to hire more staff. Remember, USDA asked for this audit, it wasn't shoved on us. We want to fix the problem".[34] However, as the government's highly circumscribed investigation of meatpacker "formula pricing" and it's extremely lenient treatment of convicted price fixer Archer Daniel Midland shows, the problem is going to be difficult to fix. (In a deal brokered by the Acting Assistant Attorney General of the Department of Justice, a friend of President Bill Clinton's, the government has sealed more than 3,000 hours of video and audio taped evidence for a mere admission of price fixing in one product, two indictments and a net $15 million fine -- $100 million less the $85million in government contracts ADM received for signing a compliance order almost immediately after the deal was cut.[35])

Some U.S. farmers support endlessly repeated government and agribusiness claims that "unfair practices" in other countries are the cause of producers' falling incomes and endangered operations. Others, who have long watched their government preach abroad what it doesn't practice at home, would agree with North Dakota grain farmer Robert Carlson of the National Farmers Union, who testified in September 1996 to a House of Representatives committee hearing on State Trading Enterprises. Carlson stated that "the stated goal of free-trade proponents in agriculture is to have a grain trade without national borders, without quotas or tariffs and without pooling or price-enhancing mechanisms like STEs. That would be a great world for grain buyers but a grim world for the producers, who would be fully at risk economically."[36]

Mexican Food Insecurity Under NAFTA

In January 1997, the "grim world for the producers" that Carlson forecast, became reality for Mexico as the Mexican government "voluntarily" eliminated the 15 year phase-out of the import license system it had negotiated in NAFTA. The phase-out period was supposed to have made the peasant farmer adjustment to competition with transnational agribusiness exports politically palatable and technically plausible.[37]

In 1992 a Mexican farmer, discussing U.S. proposal for elimination of the Mexican import license system for corn said, "if the U.S. sends subsidized corn into Mexico, send it in trains with benches to bring back the Mexican farmers who will need jobs". Ratl1 Hinojosa Ojeda, a NAFTA proponent at the University of California-Los Angeles, then forecast that lowering Mexican corn supports and eliminating import barriers could cause 600,000 Mexican farmers to cross into the United States in search of jobs.[38] In many of free trade's brutal ironies, many of these Mexican trade policy refugees are joining the flow of immigrants who are harvesting and processing U.S. food in usually dangerous and low-wage conditions (i.e. low wage relative to the cost of living in the U.S).[39]

The Mexican farmers who lose their livelihoods to an open boarder in the grain trade will not come in trains with benches, for the trains, particularly the grain trains, are being torn apart literally, both for the food they contain and for their value as scrap metal.[40] Although little reported in the U.S., during 1996 tons of corn, wheat and beans have been carried away in buckets, plastic sacks and pickup trucks by hungry Mexicans who have barricaded the tracks and then have literally torn the trains apart to take away the contents.[41]

Just as the acceleration of opening the borders to U.S. agricultural commodities has, as predicted, undermined Mexican food security producers, NAFTA has likewise contributed to endangering Mexican consumer food security. From January 1995 to June 1996, consumption of basic foods (corn, beans, wheat) dropped 29%, and as a result one of two Mexicans does not have access to the minimum caloric requirements established by the World Health Organization (2,340 calories). According to the Mexican Institute of Social Security, 158,000 Mexican children die now each year before reaching 5 years of age from illnesses related to malnutrition. The proportion of malnourished children in Mexico is about the same as in sub-Saharan Africa countries having a tenth of Mexico's per capita Gross Domestic Product, one of the macro-economic indicators of the alleged Mexican recovery from the effects of the December 1994 peso devaluation.[42]

Mexican hunger in 1996 derives not from the inability of Mexican farmers, often maligned by agribusiness and government, to produce enough food. According to the Secretary of Agriculture, as of November 1996, Mexican farmers had harvested a record 18 million tonnes of corn, the staple food of most Mexicans. This record harvest is all the more remarkable since, even according to a euphoric U.S. Embassy in Mexico report on economic reforms adopted by the Mexican government, "improvements for the rural population remain a saliently absent feature in this standard reform program".[43]

Producer and consumer food insecurity resulted in part[44] from the NAFTA-induced policies that put the cost of food beyond the reach of many consumers and made it impossible for Mexican farmers to sell their harvests to importers, including the Mexican government, who could afford to buy subsidized U.S. commodities, thanks to long term, low-interest loans from the U.S. Commodity Credit Corporation. Unsubsidized Mexican farmers --

farming with loans at 30% and higher interest rates — could not compete. Between September and December 1996, corn farmers in the states of Chiapas, Michoacan, Jalisco, Guanajuato, Durango and Baja California organized protests to demand that the government close the border to corn imports, since Mexico had already exceeded the import quota demanded by NAFTA by 99.4 percent.[45] In 1996, with the removal of the import tariff rates agreed on in NAFTA, Mexico imported an unprecedented 12 million tonnes of basic grains (corn, soy, beans, rice, wheat sorghum and cebada) half of which was corn, almost entirely from the U.S.[46]

Not only were U.S. headquartered agribusinesses dumping corn, but the Mexican government was assisting this dumping. Mexican farmers have 4 million tons of corn they cannot sell to make tortillas, because grain bins are full of 6 million tons of No. 2 yellow corn imports from the U.S., for Mexicans, corn fit only for feeding pigs.[47]
The U.S. government likes to believe that Mexico is recovering from the effects of the December 1994 peso devaluation, a devaluation that was strategically delayed and foreknowledge of which was covered up by the government, in order to gain support for NAFTA.[48] However, the buying power of the official (though often not paid) minimum wage relative to the price of the official 'basket' of basic foods continues to decline.

According to a December 1996 study by the Mexican Congreso del Trabajo, following the peso devaluation of December 1994, staple foods cost 724 pesos a month for a finny of five when the minimum wage was 458 pesos a month. During the so-called post-devaluation recovery, the price of those same foods rose to 1731 pesos a month while the minimum wage increased to only 670 pesos a month.[49] The $650 million in corn exports to Mexico from January to July 1996 have a far greater impact on food security than the $478 million in tomato exports from Mexico to the U.S. The abolition of the import tariff quota phase out period will increase Mexico's food insecurity.[50] While U.S. tomato growers will be protected from Mexican competition under terms of a "voluntary" private import price and quota agreement arranged outside of NAFTA agricultural dispute resolution procedures,[51] there will be no such protection for Mexican farmers.

Despite the crowing of U.S. agricultural trade officials and agribusiness executives over the increase in exports to Mexico, the longer-term harvest of U.S. trade policy is occurring as a result of the stepped-up pace of privatization of Mexican food security infrastructure. The Mexican government is desperately seeking hard currency reserves to pay the interest on the loans taken out to pay back the "bailout" loan from the U.S. Treasury.[52] Mexican agribusiness is looking for U.S. partners to help shelter it from the effects of peso devaluations to come. As the Mexican government sells off its grain storage operations and other publicly financed infrastructure in order to raise desperately needed dollars -- perhaps $200 million for the grain storage operations alone — U.S.-based grain companies will be best positioned to take operational control of the farm-to-consumer pipeline. Mexican government provisions to require up to 10% ownership of grain storage facilities by highly indebted producer cooperatives will hardly counterbalance the financial, technical and political resources of such prospective bidders as Cargill, Archer Daniels Midland, Louis Dreyfus and Continental Grain.[53]

As a result of the collapse of Mexican food security under NAFTA, nearly 700 representatives from some 350 organizations met in Mexico City in August 1996 to discuss plans for recuperating Mexico's food sovereignty, and to prepare for participation in the World Food Summit. The resulting "Political Declaration of the National Forum for Food Sovereignty" was signed by 320 social organizations and published on October 16, 1996 in the national newspaper *La Jornada.*[54] Among the many proposals and conclusions of the Forum's working groups was that NAFTA must be renegotiated to exclude from trade disciplines the production and distribution of basic foods and that a Global Food Security Convention be created to regulate food security as an unalienable social right not subject to abridgement by trade rules.[55]

U.S. Concerns About Food Safety and Food Security

NAFTA-related food security for most consumers in the United States concerns the food safety that is to be guaranteed by federal agencies, above all at the country's border. Disputes about U.S. consumer food security under NAFTA have largely concerned sanitary and phyto-sanitary requirements and inspection of imports, particularly produce, live animals and meat. The following summary of an ongoing trade policy related food safety incident is meant only to suggest the public and political sensitivity to the issue, rather than the technical complexity of actually implementing NAFTA's requirement to harmonize food safety inspection standards and procedures.

The recent outbreak of 213 cases of hepatitis in Michigan due to strawberries imported from Mexico a year and then processed and frozen in California has focused public and Congressional on the trade rules relating to federal inspection and customs services. The U.S. government has yet to determine whether the contamination originated in Mexico or the U.S. Nonetheless, concern over this food safety incident has been generalized by the release of a new audit from the USDA's inspector general has concluded that the Agricultural Marketing Service has not been able to carry out its legal responsibility to regulated imports of 15 commodities, due to the increase in agricultural imports under NAFTA. The report concludes that the USDA has allowed U.S. importers to violate health inspection rules by not cross-checking Customs data to catch and penalize offenders. Importers have responded that if the USDA wants to improve its sanitary and phytosanitary inspection, that it should focus on the produce industry as a whole and not just on importers.[56]

The food safety issue is certain to receive wider public attention if video footage of Mexican horticultural and produce processing practices commissioned by a Florida producer growers group is broadcast on a national television network. Lee Frankel, president of the Fresh Produce Association of the Americas, an importers group, warned that Mexican producers could retaliate by filming similarly dismal growing and processing practices in Florida.[57] He might have added too that a video about the sub-minimum wages and unhealthy conditions of strawberry workers in California, mostly Mexican migrants workers, who are the object of a United Farmer Workers organizing drive, would produce a similarly unappetizing view of the produce industry.[58]

The hepatitis incident has been cited as demonstration of need for stricter government controls on food imports. A bill introduced by Representative Sonny Bono of California to require country of origin labeling on all produce, with fines to be assessed against non-complying retailers, is gaining more support than it had when first introduced a year ago. Representative Marcy Kaptur, principal author of the NAFTA Accountability Act, is supporting the Imported Produce Labeling Act of 1997 on the assumption that such labeling will serve as a risk management tool for the consumer.[59]

Even U.S. Farm organizations, such as the National Farmers Union, which has been critical of NAFTA and oppose its expansion throughout the Americas, have come out in support of the Bono Bill. Indeed, NFU Legislative Director Larry Mitchell urged that all imported foods have a country of origin label.[60] Clinton Administration officials believe that if the country of origin labeling bill became law, it would violate WTO provisions concerning "national treatment" equivalence between domestic and imported products.[61]

The Florida Fruit and Vegetable Association, a supporter of NAFTA's passage, has told Florida's congressional delegation that it would be a "grave mistake" to back Clinton Administration request for "fast-track" negotiating authority until tariff-rate quota and sanitary/phytosanitary issues in NAFTA and the Uruguay Round, saying that extensions of current agreements to other countries would endanger the U.S. fruit and vegetable industry.[62]

Whether or not the Bono bill passes, and whether or not President Clinton signs it into law, the health inspection issue, particularly in the political matrix of "fast track", will remain central in agricultural trade disputes. The USDA is seeking comments until May 27 on Animal Health and Plant Inspection proposals to admit fruits and vegetables from several nations, including Ecuador, El Salvador, Japan, Nicaragua, Brazil, Belgium, the Netherlands and Guatemala.[63] The comments are not likely to be favorable in most cases.

Left unaddressed by the labeling bill are the problems posed by USDA plans to transfer more responsibility for inspection to industry, particularly in meat and poultry products, and Congressional pressure for budget cutbacks to the inspection agencies. The pressure to reduce the federal role in food inspection complicates the implementation of NAFTA's mandate that member countries recognize each others inspection standards in regulations under certain specified conditions. A self-initiated USDA audit concluded that regulatory changes to implement NAFTA agricultural provisions, required by January 1, 1995, have yet to be completed, because of the complexity of "regionalizing" regulations concerning animal diseases.[64]

Our focus on the. food safety component of consumer food security does not imply that hunger or malnutrition are absent in the United States, but results from the lack of monitoring of food insecurity resulting from job losses due to NAFTA. While the scale of U.S. poverty and food insecurity by no means is as great as Mexico's or other potential member countries of a Free Trade Area of the America's, it continues to be the greatest among industrialized countries.[65] In 1995, according to federal government definitions of poverty, there were 36.4 Million poor people living in the United States, about 13.8 percent of the population.[66] The federal government's definition of poverty is based on a formula from the 1960s, which does not take into account the greater than rate of inflation increases in the price of health, education, transportation and housing since then. If this formula were revised, the number of officially poor would certainly rise.[67]

Given the above statistics on poverty, the degree of food insecurity is perhaps not surprising. In 1991, the number of hungry people in the U.S. was estimated at 30 million, about 12% of the population.[68] More than 45 million people, about one sixth of the U.S. population, received government or charitable organization food assistance during part or all of fiscal year 1995.[69] Indeed, as a result of cuts in federal food assistance in the "Personal Responsibility and Work Opportunities Act" (colloquially known as the "Welfare Reform Act", signed into law by President Clinton on August 13, 1996, more people may go hungry. The budget cuts in welfare programs are part of a presidential and congressional goal of balancing the federal government's budget by the year 2002. The largest single portion of Welfare Reform Act savings for budget balancing will come from $27.7 billion cuts in food stamp programs from 1997 to 2002.[70]

The cuts in food stamp assistance will affect children who are often already inadequately nourished. According to the Food Research and Action Center (FRAC), approximately four million U.S. children under 12 years of age go hungry and 9.6 million are at risk of hunger during one or more months of the year. This amounts to 29 percent of all U.S. children under 12 years of age. Catholic Charities USA reported that in 1993 a third of the 5.1 million who received emergency food services from its agencies were children. The Second Harvest National Food Bank released a study that estimates food banks serve some 25 million people annually, 10.4 percent of the U.S. population. About 43 percent of those receiving emergency food were 17 years of age or under.[71]

Notwithstanding the likely increase in child hunger that will result from the Welfare Act, Secretary of Agriculture Dan Glickman, in a January 15, 1997 address to the National Press Club, pledged that "I will use the full extent of the law to make sure no child goes hungry." Secretary Glickman announced that the USDA would set up a "Hunger 2000 program to make sure that no American is without safe, accessible food."[72] The USDA has organized conferences and authorized its Food and Consumer Service to assist low-income people in obtaining access to food.[73] While Secretary Glickman's pledges and the USDA food access program are laudable, they will be no means make up for the deep cuts in food stamp programs.[74]

Expanding NAFTA

The Clinton Administration is struggling to obtain "fast-track" authority from Congress, that is for Congress to relinquish its Constitutional prerogative to debate extensively and amend trade agreements negotiated by the Executive Branch. Clinton's refusal to specify a deadline for obtaining "fast-track", particularly to launch negotiations for a Free Trade Area of the Americas at the Summit of the Americas in March 1998, is one sign of that struggle. Insofar as the Administration must convince Congress that the results of the North American Free Trade Agreement (NAFTA) warrant the granting of "fast track," it has another fight on its hands. Despite NAFTA proponents' claims that "NAFTA is working," the Administration has yet to ask the U.S. International Trade Commission (ITC) for its independent evaluation of NAFTA because, according to a trade policy insider, Administration officials "were not sure that the ITC would say something not in line with what the Administration wanted to say".[75]

To get "fast track" the Clinton Administration strategy appears to be to delink U.S.-Mexico relations from NAFTA and delink NAFTA from U.S. global trade opportunities. In Congressional testimony on March 18, the U.S. Trade Representative, Ambassador Charlene Barchefsky argued the Clinton Administrations' case for why Congress should grant the Administration "fast track" authority. She advised Congress to avoid "an endless debate over NAFTA, primarily our relations with Mexico" in order to "seize the opportunities in the global economy and fully meet the competition".[76] It is quite possible that the Clinton Administration eventually will obtain fast track authority by acceding to Republican and corporate pressure to exclude from "fast track" any negotiating authority concerning environmental or labor matters.

However, it is unlikely that the Administration will be able to avoid a debate over NAFTA, if only because the interpretation of NAFTA's performance and NAFTA' s applicability as a template for other trade agreements is so controversial. Advocates for sustainable producer and consumer food security should make sure that a revision of NAFTA' s agricultural trade policy make enhanced food security the bottom line of any performance review of NAFTA[77]

1 Dan Pearson, "NAFTA may taste bad to some, but it's good medicine for everybody," THE CARGILL BULLETIN, April 1997.
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