Farm Bill

What were they thinking?

Mexico will suffer from protection of farmers in U.S.

“[If] I had known,”

This seems to be current mind-set when it comes to making U.S. policy. This post hoc attack bravado belies one fundamental reality.

Since 9/11, the Bush administration and Congress have demonstrated an unusual penchant for ignoring emerging trends and other concerns that we will confront within the near future.

The recent signing of the Farm Bill, which increases farm subsidies by $180 billion over the next 10 years, is a classic example of this. With $45 billion allocated to commodity subsidies alone, market forces are undermined to such a degree that it should be called the “Destroying Capitalism and Increasing Migration Bill.” This is exactly what it will help do in Mexico.

Since our national leaders have demonstrated an uncanny inability to connect the dots, the following should provide some hints.

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Mexico's current market-oriented government understands this, too, and has made efforts to sustain private sector initiatives that bring Mexico's small farmers into the marketplace. For this reason the Mexican government has been reducing subsidies (as called for in tri-national agreements), promoting market-oriented cooperatives, encouraging producer associations between large farms and local small farmers, facilitating network and credit associations, and fostering other initiatives designed to bring the market to rural Mexico.

This is an important area. When the rural poor are squeezed off family farms, they are forced to migrate to other cities in Mexico or to the United States. They may also become attractive recruits for criminal elements or ultra-leftist groups in Mexico. If we are to believe the more vocal groups in the U.S., increased immigration from Mexico is a key thread in the new national security quilt.

Among the issues discussed in the Mexico City meeting were the private sector-led successes that the bi-national research teams have documented. What researchers found is that Mexico's rural peasant farmers can be successful and stay on the family farm, or at least close to home.

Happy to leave behind state-led failures that left many small farmers in debt, Mexico's poor farmers have demonstrated a unique capacity for adapting to market-oriented initiatives when presented with the appropriate resources and technical guidance. This should come as no surprise to our own heavily subsidized farmers.

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However, with about 24 million poor farmers in Mexico's countryside, Mexico also recognizes it simply does not have the resources to play the subsidy game with the U.S. Indeed, total subsidies to all industries in the U.S. amount to well over $100 billion annually, which is equal to roughly 20 percent of Mexico's gross domestic product — the total goods and services produced in a country. The recently passed Farm Bill, which was signed into law by President Bush, will only add more to this.

What this means in practical terms is that Mexico's market-oriented initiatives in the countryside may have little or no impact because Mexico's small farmers will eventually find that the products they produce cannot compete with U.S. subsidized and protected goods. What this tells Mexico's newly emerging capitalist class of small farmers is, “Thanks for the effort, you did everything right, but it really is too bad that your product sells at 20 percent over the subsidization price of our producers in the USA.”

As a sovereign state, Mexico will have choices. These could include closing the border to American products, which would make the agriculture industry here the ultimate loser.

Mexico is the second largest destination, after Canada, for our agriculture products.

In a “market economy,” the losers of capitalism often find something else to do. In today's globalized market economy this means migration.

Our president and Congress need to do a better job of connecting the dots when they make policies that cater to special interests. The 2002 Farm Bill will not only help destroy emerging capitalism in Mexico's economically marginalized rural communities, but will increase the pressures to migrate.

So much for learning the lessons of 9/11.

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