

'Level the playing field of trade'? Just look out

A column by Alan Guebert

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Some phrases just make the heart flutter. “Call the vet,” was one that always tripped my dad's ticker. “Level the playing field of trade” has the same effect on me.

A phone call from a Nebraska cowboy offered me insight to the “level playing field” notion. At an ag meeting with that state's ex-football coach and then-Rep. Tom Osborne, the rancher said, Osborne talked of “how we need to level the playing field in trade.” After the 10th mention, the rancher broke in. Coach, he asked, when you and Bob Devaney were winning all those games in Lincoln, weren't scholarships mostly unlimited until the NCAA capped them at something like 85 players in the late 1990s?

Right, nodded Osborne.

By then the Huskers won five national football titles and came close on two or three more, right?

Yep, nodded Osborne.

So, the rancher asked, after the NCAA “leveled the playing field” by setting limits on the number of players each team could have, how many national titles did Nebraska win? The answer is none.

Clear, too, was the rancher's point: When nearly every ambulatory male ages 18 to 22 in Nebraska could play for the Huskers, the field tilted in the team's favor. When the NCAA leveled it by capping player numbers, its advantage disappeared.

The same result can be seen after 15 years of “level” playing between the U.S., Canada and Mexico under the North American Free Trade Agreement. NAFTA now bleeds the U.S. of jobs and money.

NAFTA and domestic farm policy combined to tilt the playing field in favor of agribiz, especially so for meat integrators, say Timothy Wise and Betsy Rakocy of Tufts University in a report titled “Hogging the Gains from Trade.”

In fact, Freedom to Farm, the market-shattering, budget-busting 1996 Farm Bill — that saw acres in “program” crops expand by 6 percent, crop prices fall 40 percent and program costs “increase from their pre-1996 levels of \$10 billion a year to around \$20 billion a year” — was to complement NAFTA by further leveling the field.

Instead, it leveled hog producers, most who were never seen again.

When Wise and Rakocy focused on Smithfield Foods, the world's largest pork producer, they found that U.S. policy delivered Smithfield several windfalls in the 10 years after F2F.

First, the Farm Bill so cheapened grain prices that Smithfield saved \$2.54 billion on feed. The cheap feed meant lower production costs which, in turn, boosted U.S. pork exports to Mexico 700 percent over the same period.

U.S. corn exports to Mexico “quintupled from their levels in the early 1990s, while soybean imports (to Mexico) jumped more than 150 percent” to fuel a large, rapid expansion by Smithfield into Mexican hog production.

Where did that meat go? Much of it went to the U.S. And now comes the U.S.-Korean Free Trade Agreement. News reports say the U.S. International Trade Commission estimates it will boost U.S. economic output “more than the United States' last nine” trade deals combined.

There's an endorsement of free trade and level playing fields if I ever heard one. Of course that just could be my heart fluttering, too.