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Liberalism and protectionism; can you have the cake and eat it too?

Despite all the progress that has been made in freeing up trade in goods and services between nations over the past fifty years, how is it agriculture prevails as the most restricted trade sector?

During the recent period of high food prices on the world market and the global economic downturn, many nations imposed new trade restrictions on agricultural products, or re-imposed distortionary agricultural policies. For instance the United States and the European Union reintroduced dairy export subsidies; suggesting confirmation of the view that agricultural trade liberalisation has regressed rather than progressed.

The August quarter *Farm Policy Journal* 'liberalism and protectionism: can you have the cake and eat it too?' covers the issue of agricultural protectionism in the changing global political landscape. Articles in the Journal consider whether Australia should support the draft Doha agreement, or advocate discarding it and starting again; analysis of US President Barack Obama's record on agricultural trade; and the Argentinean example of what can happen when governments intervene in agriculture.

"The message for Australian farmers and policy-makers, who for many years have persisted in the hope that progress would eventually be made in lowering agricultural trade barriers, is a sobering one," said Mick Keogh, Executive Director of the Australian Farm Institute.

"After digesting the considerable detail in the papers contained in the current Journal, it is hard not to come to the conclusion that international trade negotiations are now more to do with finding new definitions and rules to appease every possible national exception, than they are to do with actually reducing impediments to agricultural trade.

"The overall picture that emerges from these papers is that progress in achieving reductions in agricultural trade barriers is at best likely to be tortuously slow.

"In fact, very real questions emerge about the continuing value of Australian engagement in the Doha trade negotiations, and also in the Cairns Group.

"Perhaps it's time to stop assuring Australian farmers that agricultural trade liberation is 'just around the corner', and instead to recognise the reality of a continuation of the distorted agricultural trade environment that has been experienced over the last fifty years. The promised pot of gold for Australian farmers at the end of the 'level playing field' rainbow is as distant and elusive as it has ever been."

The August 2009 quarter *Farm Policy Journal* is available online at the Australian Farm Institute website.

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