

EIR World News

FAO SUMMIT: FREE TRADE AT A DEAD END

Now Is the Time for a New, Just World Economic Order

by Helga Zepp-LaRouche

Mrs. Zepp-LaRouche is the founder of the Schiller Institute and the chairwoman of the Civil Rights Solidarity Movement (BüSo) in Germany. She issued an appeal on May 3 (see EIR, May 9), for an emergency mobilization to put doubling of world food production on the agenda of the UN Food and Agriculture Organization's (FAO) June 3-5 summit in Rome. The call was circulated worldwide for endorsement. This article has been translated from German.

Certainly the bad news from the FAO conference in Rome, is that the measures agreed upon fall far short of what will be necessary to solve the world hunger crisis. The final communiqué promised a mere \$8 billion, without even specifying how it is to be spent. But despite this, the conference's outcome can be termed a partial victory for the cause of humanity, because the champions of the "British imperial free trade doctrine," as Friedrich List once described them, have suffered a decisive defeat.

The so-called developed countries should nevertheless be ashamed that the dividing line between those states whose leaders spoke in favor of food security and protectionist trade measures, and the partisans of unfettered free trade, ran more or less precisely between the G7 nations on the one side, and the underdeveloped nations on the other. And so, it is hardly surprising that among the developing countries, the view was widespread, that the G7 is pursuing a neo-colonial policy, and is unwilling to help the world's poor countries—a view which was already anticipated back in April by FAO Director Jacques Diouf. (At least the German delegation, as the conference was winding up, evinced "respect" for the positions of Argentina, Venezuela, and a few other countries.)

But since it has become increasingly evident that the

neo-liberal system of globalization is light-years away from humanity's real needs, and is only benefitting a tiny caste of speculators, it should also not be surprising that the institutions and organizations associated with globalization are all becoming obsolete. For example, in Paris, the G6—the European Union, the United States, Brazil, Japan, China, and India—failed in their last desperate crisis talks aimed at bringing the seven-years-long negotiations of the so-called Doha Round to a conclusion, which they had hoped would finally secure the complete liberalization of world trade.

In Geneva, WTO Director-General Pascal Lamy then proceeded to suspend all further meetings, arguing that negotiations have only resulted in further setbacks, and that some participants are no longer even trying to get results. EU Trade Commissioner Peter Mandelson complained that a failure of the WTO agreement would mean there would be no guarantee against protectionist reactions. All options, he said, have been exhausted, and with the U.S. Presidential elections under way, the window of opportunity has now been closed. (They had hoped to get the agreement signed, sealed, and delivered well before the end of Bush's Administration.)

Former WTO director-general and current BP chairman Peter Sutherland bemoaned the fact that half a century of advancement of free trade has now come to a standstill, and is about to go into reverse. According to him, the Doha Round could completely break down within the month.

That is all excellent news, because it has never been more clear than right now—at a time when the global systemic collapse and rampant worldwide inflation have unleashed an unparalleled hunger catastrophe—that the doctrine of free trade is in fundamental opposition to the existential interests not only of the developing countries, but

also of Europe's farmers, and thus of all consumers everywhere.

Nations Take the Law Into Their Own Hands

A rapidly growing number of countries are therefore taking their own independent measures to increase domestic food production, move toward food security, restrict exports, and invest in sectors which are run contrary to the WTO's trade conditions and the IMF's conditionalities. These countries are driven by a courage born of desperation. In Haiti, for example, during the hunger revolt which led to the collapse of the government, the rioters were shouting that they had no reason to fear the policemen's bullets, since they were on the verge of starving to death anyway.

These countries are simply doing what Friedrich List, the father of the German Tariff Union, had called for in his book on National Economy, namely, that the lesser-developed nations must erect protective tariff barriers for their domestic economies, so that they might have a chance to build up a strong internal market and increase their citizens' purchasing power. List, who traveled to America in 1825 and studied what he termed the American System, along with the diametrically opposed English System, advocated the same theory as Henry Carey did later on: that the source of all social wealth is not the principle of Manchester free trade—"buy cheap, sell dear, and demolish all trade barriers"—but rather, wealth comes from increases in productivity, as the fruit of scientific and technological progress. For it is only by increasing the productivity of a nation's entire workforce, that a nation can achieve actual growth of its national physical assets.

List's accusation against Adam Smith's British System holds just as true now for the proponents of free trade, as it did back then: namely, that it is for export only, in order to prevent underdeveloped economies from building up their own productive forces, while British manufacturing remained shielded from foreign competition. In the same way, Great Britain today has forced the monster of Maastricht and the euro onto continental Europe, and, in the words of [British commentator] Ambrose Evans-Pritchard, has induced Brussels to pursue a 100% British-made policy, while Britain itself remains free of the Maastricht corset.

On Nov. 3, 1827, while in Philadelphia, List wrote that the Americans (and today, the world as a whole—HZZ) must finally understand, "that with his books, Adam Smith did not intend to enlighten nations, but rather aimed at confusing them, for the benefit of his own land [England]." The same is true of the free-trade faction's ideas today. So, free trade isn't all that free after all, since, for example, 90% of agricultural

production worldwide is now controlled by five mega-cartels. The purpose of "appropriate technology" is not to help people in the developing countries, but rather it is for deliberately perpetuating those countries' underdevelopment. And under the rubric "sustainable development," the continuation of that injustice is supposed to be made permanent.

Free Trade Is Obsolete

But just as Russia's new President Medvedev was correct when he announced, on his first visit

to Berlin, that NATO and its eastward expansion have become obsolete, so also is this true for the WTO and the entire British imperial free-trade doctrine. Russia, China, and India, along with a growing number of developing countries, are drawing their own conclusions from the failure of globalization. What is most necessary now, is a worldwide public debate on what a real industrial policy is, one which is capable of conquering world hunger and poverty in the long term. That must include Japan's promised assistance for a new Green Revolution in Africa, as well as Senegal President Wade's plan to build a "great green wall" from Dakar to Djibouti, i.e., from the Atlantic coast to the Gulf of Aden, cutting across an area consisting mainly of desert—a forested corridor, and thus a new "green lung" for the African continent.

Over the coming months, the world financial crisis will worsen dramatically, with all the predictable consequences. The agenda item which the FAO conference in Rome failed to address, must now be discussed elsewhere, in other forums. By the time the UN General Assembly meets in September, at the very latest, the issue of a New, Just World Economic Order, a New Bretton Woods System, and a "New Deal" for the world economy, must be on the agenda. It is high time that our planet's political and economic order be brought into harmony with the Creator's order, the laws of the physical universe, and the dignity of Man as the crown of that Creation.



Friedrich List (left) and Adam Smith. List's accusation against the British free-trade system still holds true today: It is for foreign consumption; the British protect their own interests. But their system is completely bankrupt!