Brazil: The WTO and Lula's "struggle" for the G-20

Jadir Antunes
24 January 2007

Brazilian Foreign Minister Celso Amorin, the president of the G-20 (the group of 21 "developing" countries formed to defend their agricultural interests in international trade talks) told the press late last year that he would fight at all costs to restore credibility to the World Trade Organization (WTO). This "struggle" has become necessary following the collapse last year of the Doha round of negotiations on trade liberalization begun in Cancun in 2003. No concrete results were obtained out of this round after years of negotiations.

The G-20 nations organized within the WTO to defend their common interests in the face of the predominance of the United States and the European Union. It includes countries with strong agro-export sectors, such as Brazil, India, Mexico, Egypt, China and South Africa. The G-20's principal objective is to achieve reform in world agricultural trade policies, reducing the subsidies and incentives granted to agricultural production in the US and the import tariffs imposed by the European Union.

In the recent negotiations, the G-20 managed to wrest from the EU and the US a relative concession: the approval of a series of restrictions on the practice of commercial dumping. Nonetheless, in practice, this concession is being ignored and has produced nothing. As these two major blocks—the US and the EU—do not accept these restrictions, the WTO runs the risk of falling into terminal crisis and disappearing. Together with the breakdown of the WTO would come the breakdown of multilateral negotiations and the growth of protectionism through bilateral agreements, in which the will of those countries with the greatest political, economic and military power will be imposed with even greater ease.

The US government provides some $47 billion a year in direct agricultural subsidies, amounting to more than 18 percent of total American farm income. These subsidies serve, in a general sense, to compensate for the difference between the costs of agricultural production in the US, generally higher, and world market prices, generally lower. The subsidies serve as well to aid sections of farmers to maintain profitability and guarantee a base of political support for the governing party in the US.

In the European Union, high import tariffs serve to prevent cheaper foreign imports from competing with local products, which generally sell at prices considerably higher than those set by the world market. Obviously, such tariffs serve the interests of rural private owners, who constitute one of politically most conservative sections of European society.

The European Union as well allocates close to $1.6 billion annually, for example, just to subsidize the continent's export of refined sugar. The sugar industry in the countries that make up the EU buy raw sugar from their ex-colonies in the Caribbean, Africa and the Pacific, process it in their own refineries and then sell it, in violation of the WTO's rules, within the EU itself, at prices normally two times higher than the international rate.

Thus, with an aggressive protectionist policy, the Europeans manage to be the world's greatest exporters of sugar, despite production costs that are double those in countries like Brazil, Thailand and Mozambique. Through a policy of subsidies and protectionist import tariffs, the European producers, moreover, are able to trade their sugar on the world market at below their cost of production and thereby reap major profits.

Of all the major world sugar producers, Brazil has the lowest production costs. In the state of Sao Paulo, the greatest national producer, the cost of production is around $165 a ton. In the EU countries, the cost is approximately $700 a ton. The EU's $1.6 billion in subsidies are used to bridge the huge gap between these costs and the price of sugar on the world market.

If the world market price of sugar-based alcohol, for example, was regulated directly by the cost of production, and was not distorted by protectionism, the export of Brazilian alcohol would rise by close to a billion liters a year, according to leading figures in the industry. Because it has a highly competitive price on the world market, that is, because it has a cost of production far below international costs, the importation of Brazilian alcohol is subject to severe taxation in the US and the EU countries.

On the other hand, if European sugar was not subsidized, it would not be traded on the world market, because in other countries, the costs of production are so much lower.

In his statement to the press last year, Brazil's Foreign Minister Amorim declared, "President Lula has a long-term historic vision of the importance of the Doha Round for Brazil. It is, without any doubt, a matter of national interest, above any party, because a more balanced world trade relationship is fundamental for our peoples. In regard to the US, I am confident in the desire and the political interest of President Bush to arrive at an agreement. The US is the promoter of free trade. They are very proud of this, and there are people who see the necessity of reforms in the American agricultural sector."

Thus, the entire problem, apparently, would be solved if the "neo-liberal" leaderships in the US and the EU would only follow the logic of their "liberalism" on this question. More or less, this is the way the G-20 poses the question. If only the world agricultural market were really a free market, without national barriers, countries like Brazil, India, South Africa, China, Egypt and Mexico would be able to expand their production to unprecedented level.

Sections of the bourgeoisie and their political representatives in the G-20 countries, like Brazil's Workers Party President Luiz Inaciao Lula da Silva and other demagogues, following the arguments of their hired capitalist economists, say that if the EU and the US would only drop their protectionist policies, the countries of the G-20, beyond being able to increase their exports, could eradicate the grave social problems that flow from this protectionism, which blocks the free development of their peoples and countries.

This argument is in reality totally false. The fallacy of this thesis is obvious when we understand the real source of this high level of competitiveness enjoyed by the G-20 countries in agricultural production. The low cost of production of agricultural products in these countries flows neither from a greater capacity to produce these products nor from a higher level of productivity of labor than what exists internationally.

The real origin of the G-20's competitive advantage lies in the shocking level of exploitation of the working class in these countries. The exploitation of rural workers in countries like Brazil, India and China is brutal, often leading to deaths. In the majority of the countries that make up the G-20, the agricultural working class is extremely underpaid and is forced to work long and backbreaking days in the fields.

In the Brazilian cane fields, for example, one finds a tragic combination of mechanized and modernized production, high rates of profit and rapid and easy enrichment for the owners, combined with misery, premature death and the super-exploitation of thousands upon thousands of workers.

The conditions of life and of work for these workers are not that much different from those that confronted slaves in colonial Brazil: being overworked daily in shifts that go far beyond the legal 8-hour day, premature death for the worker as the result of the draining away of his health and energy through inhuman levels of exploitation, miserable wages that maintain the worker living near subsistence level, unhealthy and overcrowded communal housing, and the widespread employment of children and women in long and hard days of work cutting and piling up cane while covered with soot from burning straw and under the boiling sun of tropical Brazil.

Working in areas far from the urban centers, they are left without any real representation—the so-called union leaders are generally gangsters—or protection of labor laws. They have no labor contracts and are generally migrant workers who travel from one region to another during harvest or planting seasons.

In rural areas of Sao Paulo, the most developed state in the country, the conditions of work are horrendous. Agricultural workers receive an advance on their salaries to cover the costs of traveling from their homes to the region where they will be working, which is then deducted from their salaries, which are often paid only after the work is completed.

Beyond this, deductions are made for housing, which, in reality, amounts to nothing more than a barracks in which the "bed" is an earthen floor covered by banana leaves. If this "lodging" offered by the landowner is not completely repaid, the worker remains a prisoner of his workplace and is stopped, including by force and threat of death, from leaving to seek work from another landowner or in another area.

It is this shameful reality that hides behind the "liberating" rhetoric of the G-20. It is in reality a vampire's dream, the dream of agricultural capital represented by the G-20 of capturing the world market for its products, enriching itself by a sudden leap by sucking more and more blood from the unorganized rural workers. This is the banner of "dignity" that is behind the pretensions of the Brazilian foreign minister, who heads the G-20. He must at all costs revive the WTO negotiations, after the collapse of the Doha Round, in order to satisfy the insatiable drive of these bloodsuckers for greater profits.

Promoted by the political demagogues of Brazil's Workers Party as a battle for equality, the struggle of the G-20 against the state subsidies maintained by the great powers is fundamentally a struggle for a more generous distribution of global surplus value into the pockets of the great land barons—whose interests are inseparable from those of giant multinationals like Bunge, Cargill and Archer Daniels Midland, which control an ever-increasing share of Brazilian agribusiness. These are the real interests behind the G-20, and their struggle is a struggle to conquer the world market by means of their intense exploitation of the rural workers. Lula and Amorim, in this case, are mere lackeys for these wealthy sectors and all of their rhetoric about free trade between nations serves only to mask definite class and social interests.

In Brazil, the agrarian bourgeoisie has a strong presence in parliament and a decisive influence on various important questions. In the last parliamentary elections in 2006, the *Bancada Ruralista*, a super-party parliamentary front that organizes itself as a political force on behalf of interests linked to those of agribusiness—both national and multinational—in the countryside, elected close to 111 candidates between deputies and senators, distributed among the various official parties.

In the 1980s, during the constitutional reform, the agrarian bourgeoisie succeed in founding a national association to defend its interests, the so-called UDR (Democratic Ruralist Union). The UDR was formed by the big landowners who opposed the implementation of proposals for an agrarian reform in the country. To block any such action, it also established armed paramilitary militias to defend their property from occupation by landless rural workers.

The *Bancada Ruralista* exerts powerful pressure not only on the Congress, but above all upon the executive. It uses its voting power to secure cheap credit from the state, to obtain the rescheduling and forgiveness of back debts, to get state subsidies for the purchase of imported supplies and fuel and to obtain permission to cultivate transgenic crops and for the use of veterinary vaccines and medicines banned by legislation.

The *Bancada Ruralista* in reality manages to dictate the country's agricultural and ecological policy and to interfere in the nomination of the Minister of Agriculture and of the principal directors in the agricultural section of the Bank of Brazil, the state bank that grants loans to this sector. In the Lula government, this group managed to name both the Minister of Agriculture and the Minister of Development, both big businessmen linked to the agro-export business.

Curiously, and not by accident, the various sectors of the petty-bourgeois "left" are supporting the "struggle" of Celso Amorim, Lula and the worldwide demands for the removal of agricultural subsidies, aligning themselves, in one way or another, with the project pursued by those sections of agricultural capital which act through the G-20, and which are continuously seeking more profit and new markets. Nothing could more clearly attest to the treacherous character of these sections of the so-called left. Whatever the opportunist illusions promoted by these layers, agricultural capital working through the G-20, will, with every conquest of new markets, simply exploit more and more workers, and this will produce not the slightest improvement in their sub-human conditions of life and work.

For another part of the so-called "left" in the G-20 countries, it is a matter of quitting the WTO and adopting an economic policy centered on the promotion of the internal market—as if this would resolve the grave social problems existing in their nation states! According to these sections of supposed "socialists," such as the MST (Landless Workers Movement) and the Via Campesina (a type of peasant international), and even NGOs that uphold a hypothetical "solidarity trade," these massive social problems can be resolved, or at least ameliorated, if each state would direct its power to expanding the mass internal market and adopted a policy of self-sufficiency in food production.

The struggle confronting working people in Brazil and the other countries that make up the G-20 is not that of defending a national capitalist economy based on self-sufficiency and "solidarity," nor that of guaranteeing greater access to the world capitalist market for one or another capitalist country. It can never be forgotten that behind the efforts of agrarian capital represented by the G-20 lies the super-exploitation of agricultural workers in these countries.

The struggle to defend the interests of workers, both urban and rural, can only be carried forward by organizing the working class of all countries against the owners of the means of production, including against the owners who exploit the workers of the G-20 countries. We should fight neither for the free market, nor for the defense of national markets, but rather for the end of the market economy, for the end of national borders and for a planned socialist economy on a world scale.

To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact