

Rights *and* Development

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Monitoring the impact of the policies of the United States and international financial institutions on economic and social rights in Latin America and the Caribbean.

Reframing Economic Development

Promoting a Rights-based Approach

In October 1998, Hurricane Mitch devastated Central America. Like many other organizations, much of WOLA's work following the hurricane focused on the reconstruction process. Faced with nearly 30,000 people dead or disappeared and 1.5 million displaced, there was widespread recognition among official donors, Central American civil society organizations, and international non-governmental organizations that the extent of the damage was exacerbated by the chronic poverty that existed throughout the region. WOLA worked with partners in the United States, Central America and Europe to shape reconstruction plans that would favor sustainable development, with a focus on ensuring civil society participation and increasing donor coordination. Although important advances were made — civil society organizations achieved unparalleled levels of active participation in the Inter-American Development Bank-sponsored Consultative Group — the effort to fundamentally reorient development policies in the region was less successful.¹ While participation is critically important, the experience from Hurricane Mitch demonstrated that guaranteeing civil society participation alone is not sufficient for achieving just and sustainable development policies.

A new framework for development is needed, one that places human rights at the center of the development policy debates. WOLA's Rights and Development program adopts a rights-based approach to the analysis of national and international development programs and policies. From a rights-based perspective, promoting the full range of human rights becomes the goal that informs our analysis, and the baseline against which we evaluate the effectiveness of specific development policies. The program builds upon more than ten years of work

— continued on the following page

IN THIS ISSUE

CAFTA ≠ Development	4
Principles of Unity on Trade with Central America	6
Rethinking Rural Development	8
WOLA's Rights and Development Program	11



PHOTO BY RYAN BELLER

A boy plays with a kite by temporary housing constructed after Hurricane Mitch.



Reframing economic development

continued from the previous page

encouraging increased civil society participation and improved accountability in decision-making processes at the Inter-American Development Bank, and upon our experience in post-Hurricane Mitch reconstruction efforts.

Within this framework, civil society participation continues to be an important issue: people have a right to participate in the political and policy decisions that shape their lives.

At the same time, a rights-based approach leads us to ask whether development policies are promoting, protecting and fulfilling other human rights, such as the right to food, the right to education, and the right to an adequate standard of living. These rights are among those included in the International Covenant on Economic, Social and Cultural Rights (ICESCR), one of the central international human rights treaties that forms part of the International Bill of Rights. The ICESCR, which entered into force in 1976, has been ratified by every country in Latin America except Belize (although several Caribbean nations have yet to adopt it). By ratifying the ICESCR, a country accepts the obligation to protect, promote and fulfill these rights. Economic and social rights are in turn the point of departure for elaborating and

putting into practice collective rights, like the right to development and to a clean environment.

The initial policy focus of WOLA's Rights and Development program is on trade and rural development. September's failed World Trade Organization (WTO) negotiations in Cancún demonstrate that developing countries are increasingly willing to challenge orthodox arguments that free trade is sufficient to ensure economic growth and reduce poverty.

Bolivia is the latest Latin American example that challenged models of trade-led development, and illustrates the inadequacy of trade policy in ensuring development and protecting human rights. The experience of the North American Free Trade Agreement (NAFTA) also reveals that free trade has been far less uniformly positive than its proponents projected. In January of this year, the Catholic Bishops of Mexico stated that "the results of this agreement have been beneficial for some regions and some growers in the country, but the majority of the farmers, small peasant and indigenous farmers, have experienced a severe decline in their incomes and quality of life . . . It is important to note that the group which did reap significant benefits [from NAFTA] numbers in the thousands, while the group that did not is made up of approximately 3 million farmers."²

ESCR-Net: Strengthening the global movement for economic and social rights

I believe we are witnessing a significant step forward in building a forum – a new space – for the human rights, women's rights, sustainable development and social justice movements worldwide to develop their collective strength. We can find new ways of making progress in realizing the fundamental rights of people in every part of the world. I am convinced that networks like ESCR-Net are a crucial part of making this change come about.

– Mary Robinson, former U.N. High Commissioner for Human Rights and former president of Ireland, Inaugural ESCR-Net Conference keynote speech

Vicki Gass, WOLA senior associate for economic issues, joined 300 participants from 50 countries in Chiang Mai, Thailand, June 8-11, 2003, for the "Creating New Paths Towards Social Justice" Conference and the launching of ESCR-net, a global network of organizations committed to ensuring the full enjoyment of economic, social and cultural rights around the world. The goal of the conference was to foster discussion among the diverse community of ESCR activists and to begin to coordinate future global actions. Latin American social movements and organizations focusing on a range of issues, including indigenous rights and women's rights, had a strong presence.*

The conference facilitated dialogue and exchange among participants through thematic workshops, and defined the political and organizational structure of the network. The newly-elected Secretariat was charged with two main tasks: setting up listservs on the key thematic areas addressed at the conference to facilitate continued strategizing, and drafting a constitution with the coordinated input from regional representatives, with attention to gender equity and the participation of social movements. Through WOLA's continued participation in ESCR-net, we will strengthen our work on economic and social rights, and serve as a voice for ESCR-net in Washington.

*For a complete list of participating organizations and movements, see <http://www.escr-net.org>. For further resources on a rights-based approach to development, see <http://www.wola.org/economic.htm>.

What happened in Cancún?

At the 2000 Doha round of World Trade Organization (WTO) negotiations, member states agreed to improve market access, phase out export subsidies, and substantially reduce trade-distorting domestic support for agriculture prior to the next WTO ministerial meeting. The collapse of the WTO talks at that ministerial meeting in Cancún on September 14, 2003 reflects the failure of the United States and the European Union to honor the Doha agreements.

Other issues contributed to the collapse of the Cancún talks. First, the U.S. and EU offered only limited concessions on agriculture, falling far short of the demands of the developing countries. Second, the EU insisted that, prior to reaching an agreement on agricultural subsidies, member states would have to negotiate the so-called “Singapore issues” of investment, transparency in government procurement, trade facilitation and competition. A newly-formed coalition of developing countries dubbed the “G-20 Plus,” led by Brazil, India, and South Africa, refused to discuss the Singapore issues before reaching a meaningful agreement on agricultural subsidies. This coalition—which represents half the world’s population and two-thirds of its farmers—initiated the walk-out from the negotiations that led to the collapse of talks. The collapse demonstrates the power of developing countries to act cooperatively to influence the course of trade negotiations. WTO talks will resume in Geneva in December 2003.



PHOTO © OXFAM AMERICA

Over ten thousand protestors descended upon Cancún to highlight their concerns over issues in the World Trade Organization negotiations, such as agricultural subsidies, investment rules, and access to medicines.

Following the implementation of NAFTA, the majority of Mexican *campesinos* have experienced lower income and a deterioration in their land and food security, due in large part to agricultural liberalization. The price of domestic corn in Mexico fell drastically following the introduction of cheaper U.S. and Canadian corn. Nationally, the real value of wages dropped nearly eighteen percent between 1993 and 1999.³ Some sectors, such as the *maquiladoras* along the border with the U.S., have seen job growth, but job expansion in these sectors has not been sufficient to absorb displacement from rural areas. Agrarian issues have emerged as a key sticking point in the current negotiations for the Free Trade Area of the Americas (FTAA) and the WTO — precisely because NAFTA has highlighted the risks to rural producers and food security when import tariffs are removed but production subsidies are retained in exporting nations.

WOLA’s work on trade also examines the limitations that trade agreements and other mechanisms for international economic governance place on a country’s sovereignty, and the implications for democracy. “Trade” agreements today encompass far more than rules to regulate the international exchange of goods. At stake is the ability of governments to improve national labor standards, foster employment, protect the environment, link foreign investment to national development goals, and

safeguard the health of their populations. By defining certain policies — such as support for small farmers or labor and environmental standards — as forms of economic protectionism, trade agreements may in fact undermine democratic procedures. This issue has been most evident in the controversies over some decisions of the WTO, and in the investment rules included in NAFTA — under which foreign companies can sue national governments if domestic laws disrupt a company’s profits. Further, the growing willingness of the United States to use trade agreements for political leverage is cause for alarm: the U.S. has threatened to reduce market access or restrict the terms of a trade agreement when foreign governments take political positions that are opposed by the United States.

Our new *Rights and Development Bulletin* is one of the tools we will use to educate the Washington policy community on a rights-based approach to development, and to inform and build relationships with our Latin American counterparts committed to ensuring the full enjoyment of economic and social rights. We plan to issue the *Bulletin* three times a year, with legislative and trade updates, and feature articles. WOLA also plans to initiate a speaker series in 2004 that will offer a forum for individuals with knowledge and experience in economic and social rights to engage policy-makers and advocacy groups in Washington.

— continued on page 10

CAFTA ≠ Development

At the Free Trade Area of the Americas (FTAA) ministerial meeting in Miami in November, trade ministers from across the hemisphere rejected a U.S.-backed proposal for a comprehensive trade agreement. A comprehensive agreement would have covered non-traditional trade issues such as investment, intellectual property, government procurement and services. Instead, the increasingly impoverished Latin American countries decided to support a FTAA agreement that will allow them to opt out of those components they believe would be economically and developmentally detrimental.

While seemingly good news from a pro-development perspective, two problems are immediately apparent. First, the defeat at the FTAA, following the failed WTO talks in Cancún in September, has prompted the United States to announce that it will pursue bilateral trade agreements with six more Latin American countries. Through bilateral agreements the U.S. will attempt to get what it failed to achieve in the November FTAA ministerial: more comprehensive agreements. Second, countries that have already signed or are about to sign trade agreements will not have the discretion to opt out of parts of their agreements. This is the case for the five Central

American countries expected to sign a trade agreement with the U.S. in Washington in December.

The office of the U.S. Trade Representative (USTR) began negotiating a trade agreement with the Central American governments in January 2003. While it took seven years to negotiate a similar agreement with Chile, the U.S. took only one year to negotiate with the five governments of the isthmus. In 2004, the U.S. Congress will vote on the Central America Free Trade Agreement (CAFTA) and, under fast track rules, will not be able to amend the agreement, but will only be allowed an up or down vote [See box below]. Before the vote takes place, WOLA is working to educate Congress and the public on why CAFTA is incompatible with the sustainable development agenda that the region needs.

Proponents of CAFTA argue that trade liberalization will promote economic growth and development, leading to a reduction in poverty. Central America has already experienced rapid trade liberalization but, for many, development has not followed. During the 1990s, tariff levels were reduced and imports increased dramatically. In Nicaragua, for example, the average tariff dropped from 43.2% to 5% in less than a decade. However, Nicaragua remains the poorest country in Central

Restricting the Role of the U.S. Congress in Trade Negotiations

“Fast track” authority was granted to the president through the Trade Promotion Authority Act of 2001. The Act stipulates a series of procedural rules that give the president the power to negotiate trade agreements with other countries. Congress, restricted to an up or down vote on a trade agreement, cannot debate or make any amendments to agreements. The stated goal of fast track is to strengthen the president’s negotiating power in order to move forward the agenda of lowering trade barriers that restrict U.S. access to foreign markets.

Fast track rules restrict the oversight capacity of Congress to the following areas:

- ▶ Ninety days before initiating trade negotiations, the president must submit a written notice to Congress of his intention to enter into negotiations or change an existing agreement.
- ▶ The president must consult the Senate Finance Committee and the Ways and Means Committee of the House of Representatives before and after submitting notice. As necessary or requested, the president must also consult with other appropriate committees and the Congressional Oversight Group.
- ▶ Ninety days before the president enters into a trade agreement, he must submit to the International Trade Commission all current details regarding the potential agreement. The Commission will develop an assessment of the agreement to be submitted to the president and Congress within ninety days.
- ▶ Within sixty days of entering an agreement, the president must submit to Congress a description of the changes to be made to existing law. Soon after entering an agreement, the president must submit a copy of the final text to Congress when both houses are in session, with a budget and a plan for implementation and enforcement.

See <http://thomas.loc.gov> to view the full text of the Trade Promotion Authority Act.

America. Furthermore, while inequalities in income distribution narrowed in Latin America during the 1970s, recent decades have witnessed a pattern of increasing income inequality.¹ Central America's greatest export is its labor force, whose nearly \$5 billion in annual remittances keep the region's economies afloat.

In order to make trade work for development and poverty reduction, institutional changes are needed, including tax reform; social safety nets to protect displaced workers; institutional and administrative reforms to bring trade practices into compliance

laws that they claim undermine their current or future profits. This provision in CAFTA is similar to the Chapter 11 investment rules under the North American Free Trade Agreement (NAFTA). Under NAFTA, the U.S.-based Metaclad Corporation brought a suit against the Mexican government when a municipal government refused to grant a permit to operate a toxic-waste dump near a local water supply. Metaclad successfully argued that the community's refusal to grant the permit constituted an indirect expropriation of its business under the NAFTA investor-state rules, and was awarded \$15.6

Central America's greatest export is its labor force, whose nearly \$5 billion in annual remittances keep the region's economies afloat.

with trade agreement rules; educational reform to enhance worker mobility across industries; and technological assistance for firms hurt by import competition.² Such reforms must also be accompanied by programs to invest in human development and human capital, for example in education and health. However, many of these reforms are antithetical to the new trade rules proposed under CAFTA, and are considered by trade negotiators to be forms of protectionism. Provisions in CAFTA will restrict the policy options available to governments, and force them to cut already limited funding for programs in development and poverty reduction in order to meet the regulatory requirements of the new trade regime.

The investment chapter in CAFTA is one provision that will seriously erode national sovereignty. The rules will prevent governments from strategically linking foreign investment to development goals. Together, investment rules such as national treatment for foreign companies, the abolition of capital control regulations, and investor-state dispute mechanisms, will limit the oversight and control governments can exercise over foreign investors. Performance requirements that would create forward and backwards linkages in an economy (for example, by requiring local job creation and skill and technology transfers) will be eliminated under CAFTA, and governments' ability to respond to local needs during times of economic crisis will be limited.

Furthermore, the investor-state dispute mechanism includes language that gives foreign investors the right to sue governments over public interest

million in damages. The mere threat of these costly lawsuits will inhibit local and national governments from passing or enforcing public interest laws.

CAFTA does not embody a development strategy for Central America, but rather presents a set of rules and regulations that will maximize investor rights and increase market access for U.S. products. Rather than sign such an agreement, the U.S. should negotiate a trade accord that allows governments to address development issues, protect rural livelihoods, guarantee workers' rights, and above all, reduce poverty.

Since the CAFTA negotiations began, WOLA has been working in coalition with labor, religious, human rights, and development organizations to promote a just trade agreement. With our counterparts, we have crafted language that elaborates the provisions that a fair trade agreement should include (see "Principles of Unity on Trade," in this issue) as an educational tool for work with Congress and the broader public. Trade will help to reduce poverty and fulfill human rights only if trade rules allow governments to pursue their own, country-specific paths to growth and development. Because Central America's regional trade agreement will not allow this flexibility, WOLA and its allies will encourage members of Congress to vote NO on CAFTA next year.

Footnotes

- ¹ Mark Weisbrot. "Growth May be Good for the Poor – But are IMF and World Bank Policies Good for Growth: A Closer Look at the World Bank's Most Recent Defense of Its Policies," Draft, August 7, 2000, p. 10.
- ² Dani Rodrik, "Trading in Illusions," *Foreign Policy: The Magazine of Global Politics, Economics, and Ideas*, March-April 2001, p. 2.

In the spring of 2003, trade unions and human rights, development and religious organizations began meeting regularly to discuss the elements of a just trade agreement. The organizations involved included WOLA, the AFL-CIO, Oxfam, World Vision and many more. One result was the statement of “Principles of Unity on Trade with Central America,” signed by 33 organizations and reprinted below. We are using the Principles to educate members of Congress and our communities about our concerns regarding CAFTA and to propose alternative provisions.

Principles of Unity on Trade with Central America

In 1997, the United Nations Development Program stated, “As trade and foreign investment have expanded, the developing world has seen a widening gap between winners and losers. The greatest benefits of globalization have been garnered by a fortunate few.” Trade can be an important aspect of a country’s development strategy, but it should be viewed as only one component of a broader strategy based on sound domestic institutions and policies and on international support for development in the form of debt relief and development assistance. Any trade agreement should not be an end in itself, but rather a means toward combating poverty and social exclusion, and for achieving just and sustainable development. We call on the U.S. to honor the following principles in its negotiations towards a U.S.-Central America Free Trade Agreement (CAFTA):

Democracy, Transparency, and Accountability:

Trade agreements must be negotiated under democratic mechanisms with broad-based citizen participation including workers, women, and indigenous and ethnic groups. The draft text, member country proposals, and negotiating agendas should be made available to civil society at regular and timely intervals in order for civil society participation to be meaningful. Negotiators should also meet with civil-society groups before each negotiating session, in order to discuss the proposals being advanced, and afterwards in order to report back on the results of those talks. Trade agreements must be subject to regularly scheduled environmental and social reviews by an independent body, which include an evaluation of the agreement’s impact on workers, women, people of color and indigenous communities. Any dispute arising under the agreement must be resolved in an accountable and transparent manner, with due deference to domestic laws and court systems. Trade disputes must be open to the public, and accept submissions from interested outside parties.

Workers’ Rights: Any trade agreement with Central America must ensure that all workers can freely exercise their basic rights as laid out by the 1998 ILO Declaration on Fundamental Principles and Rights at Work: freedom of association, the right to organize and bargain collectively, to refuse forced labor, to reject child labor, and to work free from discrimination. These rights must be recognized and protected in trade agreements and covered by dispute resolution and effective enforcement mechanisms. Any trade agreement with the region must also ensure that immigrant workers’ rights are protected fully regardless of their status. Adequately funded financial and technical assistance to improve labor standards in Central America can complement, but not substitute for, enforceable rules on workers’ rights. Unfortunately, promises of effective assistance are likely to go unfulfilled – the U.S. international labor budget is already set to be cut by more than 90 percent. Finally, a trade agreement with Central America must include protections and transitional assistance for rural and urban workers and farmers in Central America and the United States who are adversely affected by increased trade.

Protecting Family Farms: No free trade agreement should prevent countries from establishing their own domestic agricultural policies that promote food sovereignty, appropriate for their particular economic conditions, geographic characteristics and cultural practices and beliefs. Trade agreements must not interfere with the ability of countries to prohibit dumping of agricultural products that undermine the well-being of family farmers and rural communities.

Farmers’ livelihoods will be left at the whim of large agribusiness interests unless countries exporting major commodities take the lead in establishing price floors to assure fair commodity prices world-wide and establish strategic international reserves to ensure food security. These mechanisms are necessary to prevent the pricing and export of commodities by agribusiness corporations at below a farmer’s cost of production. Countries must be allowed the

flexibility to establish tariffs and appropriate types of subsidies to prevent a total collapse of rural economies and mass migration.

Environmental Protection and Natural Resources: Trade agreements must not undermine any environmental standards but strengthen and enforce them. Trade rules must ensure that private investors cannot challenge domestic environmental and other public interest laws and regulations before international tribunals. Agreements should also reinforce governments' responsibility to protect and promote farmer rights regarding plant genetic resources for food and agriculture as stated in the Treaty on Plant Genetic Resources for Food and Agriculture, including not limiting any rights that farmers have to save, use, exchange or sell seeds and other propagating material as afforded to them by national laws.

Protecting Basic Services: Services that help meet people's right to food, education, health and basic utilities should be exempt from trade rules. In Central America there is deep concern that applying trade rules to these services, especially public services, would make it harder for governments to adequately support and regulate these services, resulting in price increases that are prohibitive to consumers, reduced access and compromised quality.

Foreign Investment and National Development: Investment rules must allow governments the leeway to implement legitimate economic development strategies for domestically-oriented growth, especially

to promote decent employment, to support domestic industries and investment, and to encourage the emergence of new and infant industries. Investors must have binding responsibilities – including compliance with international and national labor and environmental standards – not just rights. Governments must have the authority to regulate capital flows in order to prevent and redress financial crises. Finally, investor-to-state lawsuits must not be part of trade agreements.

Intellectual Property Rights: A trade agreement with Central America should not include rules that go beyond the existing intellectual property rights agreement of the WTO that may adversely impact women, farmers' rights, food security, traditional knowledge and the protection of public health. Trade agreement rules should comply with the Doha declaration on access to medicines and with the Convention on Biological Diversity. Intellectual property rules must not limit countries' ability to prohibit patents on genetic plant resources for food and agriculture.

Procurement: Procurement rules must not prevent governments from using tax dollars to support responsible purchasing and contracting practices that favor local suppliers or contain other non-commercial criteria. National and sub-national governments must retain the ability to use government procurement policies to promote local employment, assist small and medium-sized businesses, safeguard workers' rights and human rights, and achieve other legitimate social and environmental goals.

- AFL-CIO
- Agricultural Missions, Inc
- Campaign for Labor Rights
- Church Women United
- Church World Service
- Citizens' Trade Campaign
- Colombia Human Rights Committee
- CISPES – Committee in Solidarity with the People of El Salvador
- Communication Workers of America
- Concern America
- Conference of Major Superiors of Men
- Friends of the Earth - US
- Global Exchange
- Heifer International
- The International Brotherhood of Boilermakers
- The International Brotherhood of Teamsters

- International Labor Rights Fund
- Mexico Solidarity Network
- Minnesota Fair Trade Coalition
- National Family Farm Coalition
- NETWORK: A National Catholic Social Justice Lobby
- Nicaragua Center for Community Action
- Nonviolence International
- Presbyterian Church (USA), Washington Office
- Public Citizen
- Quixote Center/Quest for Peace
- Resource Center of the Americas
- Sweatshop Watch
- Transport Workers Union
- UNITE
- Voices on the Border
- Washington Office on Latin America
- World Vision

Rethinking Rural Development

Alternative proposals for the Americas

On September 5, 2003, a distinguished group of speakers from across the Americas gathered at the U.S. Congress to discuss the crisis in rural development and what should be done. The following presents a summary of their discussion, followed by policy recommendations articulated during the day-long conference, “Rethinking Rural Development: The Costs and Benefits of Free Trade for Rural Livelihoods.”

The first panel, **Why Rural Development Matters in the Context of Trade and Development**, provided current and historical perspectives on the importance of the rural sector for economic growth, development, human rights and security. Alberto León Gómez, a Colombian human rights lawyer, began the day by laying out a rights-based framework for development, arguing that rural livelihood and food security are fundamental human rights. Marc Edelman, Professor of Anthropology at the City University of New York, presented an historical overview of Central American development, highlighting different approaches to trade over time. Alberto León Gómez and Mark Schneider, Senior Vice President of the International

Crisis Group, both referred to the case of Colombia to emphasize the relationship between armed conflict, citizen insecurity, and lack of rural development. Leslie Schweitzer, Senior Trade Advisor for the U.S. Chamber of Commerce, presented a U.S. business perspective, arguing that increased trade opportunities have helped to boost both U.S. and Latin American economies.

The second panel, **The Impact of Free Trade on the Rural Sector**, examined the effects of the North America Free Trade Agreement (NAFTA) in Mexico and the United States, and considered the potential impact of the U.S.-Central America Free Trade Agreement (CAFTA). Emilio López Gámez, of the Independent Center of Farmers and Farmworkers in Mexico, described the impact on Mexican small farmers, many of whom have been forced off their land by increased competition from U.S. grain imports. He contested the assertion, made by Leslie Schweitzer on the previous panel, that NAFTA has created growth and economic opportunity in Mexico. Growth, he argued, has been modest and unevenly distributed, with little positive effect on rural areas.

PHOTO BY RYAN BEILER



A Honduran farmer. Many in Central America are concerned by the treatment of agriculture under CAFTA.

Rural Poverty in Latin America

In Latin America, land inequality, rural unemployment, and rising rates of poverty are burning issues.

- ▶ A report by the International Fund for Agricultural Development found that, despite overall economic growth in Latin America, rural poverty has grown 10 to 20 percent in the past three years. The report further states that more than 90 million Latin American and Caribbean farmers live below the poverty line, while 47 million live in extreme poverty; at least half of these farms are headed by women.¹
- ▶ According to the *Centro Internacional de Agricultura Tropical*, based in Costa Rica, 60 percent of **Central America's** poor live in rural areas.²
- ▶ In **Mexico**, 82 percent of the rural population currently lives in poverty, while 55 percent lives in extreme poverty.³
- ▶ In **Brazil**, of the 31.5 million people suffering from hunger, half of them live in the countryside.⁴

NOTES

¹ International Fund for Agricultural Development, "Regional Strategy Paper: Latin America and the Caribbean," August 2002.

² Centro Internacional de Agricultura Tropical, "Rural Sustainability Indicators: Outlook for Central America," on-line at www.ciat.cgiar.org/indicators/camproj.htm, November 2003.

³ Timothy Wise, et al., *Confronting Globalization: Economic Integration and Popular Resistance in Mexico* (Bloomfield, CT: Kumarian Press, 2003).

⁴ Food First Information and Action Network (FIAN), "Agrarian Reform in Brazil" in *Food, Land and Freedom* (Heidelberg: FIAN International, 2003).

Adolfo Acevedo Vogl, an economist at the Institute for Sustainable Development in Managua, presented a Central American perspective. Small farmers in Nicaragua, he noted, lack access to quality land. Inadequate infrastructure, obsolete technology, and an abysmal rural education system also contribute to the lack of productivity of Nicaraguan farms. Until these asymmetries are addressed, argued Mr. Acevedo, a U.S.-Central America trade agreement will only exacerbate the crisis in Nicaraguan agriculture. Kathy Ozer and Bill Christinson, Executive Director and President of the National Family Farm Coalition, respectively, described the experience of small family farmers in United States. They argued that only large agribusinesses have benefited from deregulated agricultural markets, as economies of scale and government subsidies have helped them export at prices below the cost of production. Small farmers in the U.S. and abroad, they argued, are hurt by low farm-gate prices. Ann Tutwiler of the International Food and Agriculture Trade Policy Council argued that, at the macroeconomic level, the more open an economy, the faster it will grow.

Bishop Alvaro Ramazzini of San Marcos province, Guatemala, gave the keynote address, presenting his concerns for Central America in the face of a free trade agreement with the United States. Rural poverty, he argued, is a primary cause of migration and of the growing number of deaths of those who attempt to cross to U.S. border illegally. The U.S. and multilateral financial institutions have a responsibility to respond to the concerns and needs of Central American civil society and rural communities.

During the final panel, **Trade Integration and the Rural Sector: Alternative Visions from Brazil, Central America and the United States**, speakers described civil society proposals for alternative development and trade policies. Ursula Roldán of *Platforma Agraria* gave a detailed proposal, generated by *campesino* and religious groups in Guatemala, for responses to the crisis in coffee production and rural development. She also outlined concerns that CAFTA will act as a straight-jacket, inhibiting the Guatemalan government from pursuing a pro-poor, pro-rural agenda. José Angel Tolentino of El Salvador represented *Iniciativa CID*, a civil society coalition from Central America that has closely monitored the CAFTA negotiations. He presented similar concerns, and called for the exclusion of staple crops from the trade negotiations because of concerns over local food security and the rural employment. Darci Frigo, director of *Terra de Dereitos*, a Brazilian land rights organization, spoke about the Free Trade Area of the Americas (FTAA), and the potential impact on food security and small farmers in Brazil. He described the need for alternative models for trade and development that will strengthen the small farm sector. Denise O'Brien of the Women, Food and Agriculture Network in Iowa presented a U.S. perspective, describing local initiatives to bolster small farms and local food security.

Recommendations to policy makers:

Several themes emerged during the day, along with a series of policy recommendations that emphasized

— continued on the following page

Rethinking rural development

continued from the previous page

the need for flexibility and civil society participation in the negotiation of trade agreements.

- 1 **Invest in Rural People.** Land distribution, access to credit, infrastructure and improved health and education systems are indispensable to sustainable rural development. The international community, including multilateral financial institutions, should recognize the rights of rural peoples, and should encourage and respect the prerogative of governments to promote national development strategies that guarantee these rights. A trade agreement should allow the necessary policy flexibility to permit governments to pursue national development goals, as defined by local economic, social, cultural and geographic conditions. International development assistance must also prioritize the needs of rural populations.
- 2 **Protect Food Sovereignty.** Food sovereignty consists of the right of all governments to define their agricultural and food policies in order to promote public health and food security. National governments should be able to employ measures to protect local agriculture, such as excluding key crops from trade negotiations, applying import controls, and providing domestic support to small and medium producers. Crops important to food security, including basic grains and beans, should be excluded from trade negotiations as they are essential to nutrition and generate rural employment. Denise O'Brien, of the Women, Food and Agriculture Network based, also argued for policies to promote food sovereignty in the United States. She pointed to local initiatives such as community-supported agriculture and farmers' markets that allow small producers to sell goods to consumers locally.
- 3 **Even the Playing Field.** The U.S. Trade Representative (USTR) should cease to push a "do as we say, not as we do" approach in Central and South America. A fair trade agreement will not apply a double standard for U.S. and Latin American agriculture. As U.S. farmers and exporters continue to receive high levels of subsidies, domestic support, and technological assistance, USTR should not push other governments to eliminate similar mechanisms that protect farmers and key agricultural sectors.

Moreover, U.S. and international farm policies should be restructured to support higher prices for farmers worldwide.

4 Set the Bar High for Trade Agreements.

Issues of human rights and sustainable development cannot be divorced from trade negotiations. Social, economic and environmental impact assessments must be carried out before signing an agreement, in order to determine the potential side effects. These assessments must involve participation by a wide variety of civil society groups, as well as governments and technical experts in all countries involved. If it is determined that an agreement cannot advance social and economic rights and environmental protection, it should not be signed.

For more coverage and a full transcript of the conference "Rethinking Rural Development," please visit WOLA's website, at <http://www.wola.org>.

Reframing economic development

continued from page 3

A human rights framework for development can unify and empower marginalized and excluded communities. We share the view that a rights-based approach to development can provide "a solid foundation for practical and effective . . . development assistance and programs."⁴ As Mary Robinson has asserted, "[E]ffective strategies for implementing economic, social and cultural rights are central to realizing the goal of making globalization a positive force for all the world's people as was pledged by government leaders in 2000 in the UN Millennium Declaration."⁵ We look forward to joining forces on behalf of a new development paradigm.

Notes

- 1 WOLA documented its experiences in: Vicki Gass, *Democratizing Development: Lessons from Hurricane Mitch Reconstruction*, (Washington: Washington Office on Latin America, July 2002).
- 2 "For the Dignity of the Land, For the Dignity of Mexico: A Message from the Bishops of the Episcopal Commission for Social Action Regarding the Situation of the Mexican Countryside," Mexican Bishops Conference, January 2003.
- 3 Timothy A. Wise, "NAFTA's Untold Stories: Mexico's Response to North American Integration," Americas Program, Inter-Hemispheric Resource Center (IRC), 10 June 2003.
- 4 The Human Rights Council of Australia, "The Rights Way to Development: A Human Rights Approach to Development Assistance," January 1995, p. 22.
- 5 Mary Robinson, keynote address at "Creating New Paths Towards Social Justice," Inaugural ESC Rights-Net Conference, given 8 June 2003, in Chiang Mai, Thailand.

WOLA and the Rights and Development Program

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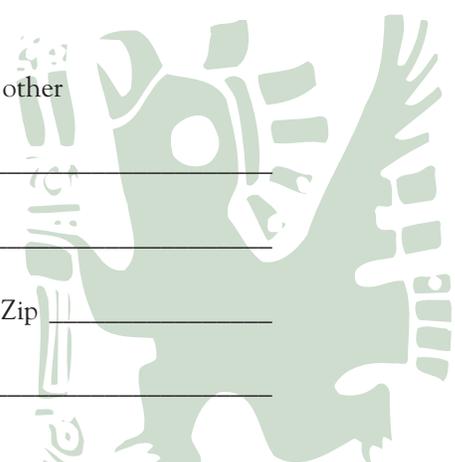
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