

Rethinking Rural Development:

The Costs and Benefits of Free Trade for Rural Livelihoods

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OPENING REMARKS

Welcome. Thank you for coming. My name is Joy Olson, Executive Director of WOLA, the Washington Office on Latin America.

The purpose of today's conference is to discuss the importance of the rural sector, and to raise and begin to answer the question of how free trade will impact rural livelihoods throughout the Americas. Will free trade be a mechanism for poverty reduction and development in the rural sectors? Or, will it only serve to further impoverish people living in rural areas? What has the experience been in Mexico after 10 years of NAFTA? What are potential benefits of trade? And, are there additions to trade agreements that will promote sustainable rural development? From different perspectives, each of the panelists speaking today will address these issues.

Today's conference, "Rethinking Rural Development" comes at a very opportune time. Congress recently passed a Free Trade Agreement with Chile. The Bush Administration is currently negotiating the Central America Free Trade Agreement (CAFTA). Next week there is the WTO ministerial in Cancun. And in November, the FTAA ministerial is taking place in Miami. Trade and its costs and benefits are being discussed and debated in Congress, in the NGO human rights and development communities here in the U.S. and in the NGO and social movements of Latin America.

Agriculture and rural livelihoods remains central to the survival and well-being of enormous numbers of people, yet the rural sector has been abandoned. I want to give you a few statistics as to why a rural development strategy is critical.

- In Guatemala, Honduras and Nicaragua agriculture remains the largest source of employment, engaging 52.5, 43.9 and 43.2 percent of the economically active population respectively. According to the *Centro Internacional de Agricultura Tropical* (CIAT), sixty percent of Central America's poor live in rural areas, and forty percent of the Central American workforce is engaged in agriculture. In rural Mexico, eighty-two percent of the population currently lives in poverty; fifty-five percent lives in extreme poverty
- In Brazil, of the 31.5 million people suffering from hunger, half of them live in the countryside. And in Bolivia, 90% of the rural population lives below the poverty line.
- IFAD, the International Fund for Agricultural Development, reported 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.
- People are leaving their rural homes to seek limited job opportunities in urban areas or are migrating to other countries. In Mexico, a reported one million small and medium-sized farmers have been forced off their land because they are unable to compete with U.S. corn producers.

Members of Congress need to be concerned about this issue. A recent study by the World Bank found that rich nations are paying the equivalent of \$1 billion a day to support their farmers. That's more than six times the official development assistance given to poor countries. Trade and the development of the rural sector are national issues but are also international issues. Jobs and rural livelihoods are affected in Latin America and the United States; peoples most basic rights are being affected. We must begin to evaluate why rural development policies have failed and how to make trade work for the impoverished rural sectors. This conference today is an important first in this process.

Again thank you for coming.

PANEL I

Why the Rural Sector Matters in the Context of Trade and Development

I. A Rights-based Perspective on Rural Development: Alberto León Gomez, Lawyer and Consultant, Colombia

Thank you to the organizers for the opportunity to share my general thoughts about the question of rural development from a rights-based approach, especially from a human rights perspective.

Unfortunately we're subject to short time, so the presentation must be in summary form and we can expand during question and answer session.

The first question stems from a human rights-based approach to rural development: **rural development for what, whom, and how?** The answers could be many. I will suggest just those which I think should be framed from a human rights perspective.

There are two main themes I want to discuss. **First, in Latin American countries, rural development should first and foremost guarantee food security. Second, we need to think about rural development in order to guarantee dignified living conditions to rural residents.** I think with these two basic themes we will have enough to discuss and think about today.

Food Security

When we speak of food security, we find there is a varied situation in Latin America. We find countries with data such as that mentioned in the introduction, and also countries like Colombia that have put aside agricultural development, not because of a democratic political decision or because food security has been attained, but because of the impact of armed conflict. In that context, there is an element of systematic violation of rights that is apparently is felt only by rural residents who are victims of forced displacement. But more analysis shows that the effects of conflict are borne by the entire population. Colombia has gone from self-reliance for certain products to an economy that imports the same products. This obliges us, from a human rights perspective, to considering what armed conflict means in terms of rights, and to ask, in order that the conflict be overcome, how rights that have been systematically violated can be re-composed

Proposals for Free Trade

It seems as though free trade is a recent discovery, but actually free trade has a lengthy history for humanity. But with the rise of the World Trade Organization (WTO), the question of agricultural goods has become more prominent, and we have lost sight of the process that has led to the current situation. There is a desire to make a great leap forward in terms of trade, and in the Americas we have seen the emergence of regional proposals, such as MERCOSUR, and other broader ones, such as the Free Trade Area of

the Americas (FTAA). All of these include aspects that should lead us to analyze certain issues.

Is it possible to establish rules for free trade in relation to goods that aren't really comparable? For instance, an agricultural product produced, for example, with the technology that is available to our [Latin American] rural residents is not the same product as can be produced in a developed country with access to higher levels of technology (machinery and inputs), where certain advances of genetic modification have been applied to produce other kinds of chicken, corn, etc. There is a distinction to be made between these products. Can these products be seen as equal in trade?

This brings us to the **subsidy policies** that are maintained in some countries. Efforts under free trade are made ensure that we don't have subsidies in our own countries. This is another thing to analyze, because it is causing great inequality. Equality is not only a right for individuals, but also is a right that must be considered in trade relations and relations among states.

Finally, I would like to make some brief remarks over what a **right food security and rural means**. Again, we ask, for what and for whom? Rural development should guarantee food security for our people. Food security has various components. In Latin America for about 40 years, in countries such as Brazil, Colombia, Peru, etc, land reforms have been attempted. The results have not been satisfactory across the region. In some reform efforts, for example in Colombia, we have even seen movement backward. So we need to ask why?

A sweeping agrarian reform is needed that allows for rural development with access to land ownership by small landholders in order to ensure adequate supply of agricultural goods. But part of the problem of failure lies in schizophrenic policy: we give you land, but say 'good luck with inputs, technology, credit, etc.' There is not an integrated or comprehensive policy to address these issues. So, in order to ensure an adequate, sustainable, healthy food supply, an approach to development is required that promotes land distribution along with credit, technical assistance and inputs, and guarantee dignified income to rural people..

In many countries in Latin America **rural work is considered less valuable than urban work**. This has a perverse effect on rural and agricultural development, and needs to be thought through when looking at the relationship between human rights and rural development.

II. The Rural Sector in Successful National Development Strategies – an Historical Perspective:
Marc Edelman, Professor of Anthropology at Hunter College and the Graduate Center of the City University of New York

I've been asked to provide a historical perspective today, which I will try to do focusing on Central America, referring basically to the five republics, and not so much to Panama and Belize.

The first thing that historians try to do is sketch out a 'periodization.' I will briefly mention the periods I would like you to keep in mind when thinking about the ways in which free trade, or liberalism, has effected Central America.

First, is the period from the **mid-late 19th century through the 1950s**, which was the heyday of the first agro-export model. A kind of classic dependency on primary exports, particularly on coffee and bananas.

The second period would be roughly from the **1950s to the 1980s**, where there was quite a bit of diversification of agro-exports, and a process of import substitution and industrialization which greatly alters the character of Central American society.

The third period would be from approximately the **early 80s to the present**, characterized by greatly increased liberalization of the economies, further diversification of agriculture and other exports.

Finally, I will make a few, tentative remarks about alternatives.

Introduction to the sector

Let's first talk about political and economic importance of the small-holder sector, both today and in recent history. Until the mid-20th century (and in a few countries still today), the small-holding and landless peasants constituted the majority population. Even in countries in which large farms dominated key sectors, such as Guatemala and El Salvador, small-holders produced a significant portion of coffee and much of the food for regional markets. The multiplier effects of this market-oriented small holding agriculture were central to broader processes of capital accumulation, especially in commerce, services and light industry. In regions where coffee lands were more equally distributed, notably in Costa Rica and some regions of the other countries, income distribution was less skewed, which arguably led to greater political stability and openness. This is something we have to keep in mind: less skewed income distribution, greater political stability.

In the wars of the 1970s to 90s, rural people were important sources of support for insurgent groups. They also constituted the largest group of refugees, and they also paid the highest price in lives. **Poverty rates in all countries of the region are much higher in rural zones. So are rates of malnutrition and hunger.** The significance of agriculture as a percentage of GDP of the region has diminished somewhat since 1990,

with the exception of Nicaragua, where it has increased from 30 to 36 percent, the highest in the region. A figure which probably reflects the multiple crises that country has faced in recent decades. Despite migration to cities and abroad, the economically active rural population continues to grow at annual rates that range from 3.4% in Guatemala to 1.9% in El Salvador. Demographers have recognized a 3.4% growth rate as being very high, so this **rural population is growing very quickly**.

Rural areas manifest much more economic heterogeneity now than twenty years ago. Many rural people are no longer in agriculture, or increasingly complement agricultural activity with other sources of income. A growing number of urban residents have growing investments in agriculture and other sectors. Rural and urban cultures are converging in many ways, even where small villages remain vital. It is also important to emphasize that **today's "peasant" is unlike the peasant of twenty or thirty years ago**. Today's peasants have often had to learn the rudiments of macroeconomics and trade policy issues, new agricultural technologies, and business administration, and a host of other arcane forms of knowledge. Many are sophisticated politically, and quite unlike the "quaint rustics" the urban elite sometimes imagine them to be.

Turning to period one, from the mid-late 19th century to the mid 20th century.

Central America's first experience with free market ideology was linked to the liberal revolutions of the 19th Century, which sought to overturn the rigidities inherited from the Spanish colony. The main goal of liberalism, especially in Guatemala and El Salvador where its rise was most violent, was to create free markets in land and labor, since much of land had belonged to rural communities and religious corporations, and rural people preferred to feed themselves from that land instead of working for other employers. 19th century liberals were not very concerned with free markets and commodities other than land and labor. The liberal regimes derived a very large portion of their income from customs revenues. Apart from the new coffee farms and emerging banana enclaves, most agricultural trade was fairly localized. However, the liberal model imploded during the 1930s depression, giving rise to military authoritarianism in most countries. And efforts grew in those countries and in democratic Costa Rica to protect rice, cattle and other food sector from low-cost foreign producers.

The second period, from the 1950s to the 1980s:

This period saw a diversification of agro-exports roughly similar in all countries in the region. In addition to coffee and bananas, new sectors such as cattle, cotton, feed, and sugar all became very significant. This led to major population displacement (particularly in lowland zones apt for those products) and also generated social tensions, which some have argued were among the causes of the civil wars of the 1970s and 80s. Agriculture was export-oriented, but the formation of the Central American Common Market in the early 1960s reflected the popularity at the time of inward-looking strategies of import substitution and industrialization. The common market led to employment growth, urbanization, greater economic stability and higher living standards. It generated very few linkages to the agricultural sector, however, although cotton and textile factories, especially in Guatemala, were one obvious exception. The common market was also part

of a statist approach to economic development which had public sector institutions financing development, setting prices, shaping markets and so on.

Living standards rose rapidly in this period, and the middle classes grew significantly, as occurred also in Mexico. But the model also generated growing deficits, in part because of anemic, antiquated tax systems as well as tax evasion by the rich and middle classes. This model began to implode in the late 70s and 80s, first in Costa Rica and then in the other countries. The new, leaner model, which some refer to as neo-liberalism, has backing from the International Financial Institutions, U.S. and significant sectors of the local elites. With the exception of Costa Rica, where the legacy of social democracy and statism contributed to an arguably successful transition, the neo-liberal model has generated social tensions that some consider as dangerous as those that preceded the civil wars of the 1970s and 80s.

Turning to the period of the last two decades, it is important to consider that the 1980s marked the beginning of a **worldwide farm crisis**, characterized by a huge glut of the main, internationally traded commodities, and worsened by the subsidies given to U.S. and E.U. farmers. Falling prices hit non-subsidized producers hardest and concentrated wealth among the handful of huge corporations that control over 4/5 of the global grain trade. They sell in high volumes at low prices. This keeps their mills operating and their ships and mail cars on the move. The box of cornflakes that cost 4 or 5 dollars has a tiny handful of maize in it. These vertically integrated mega-corporations do not typically engage in the competitive business practices that free market enthusiasts cite as one of the great benefits of the current system. We can think of the “supermarket to the world,” Archer Daniels Midland, which was convicted of price fixing.

The farm crisis generated a violent political reaction from displaced farmers in the U.S., the formation of armed militias, the Oklahoma City bombing, and so on. Similar social tensions arose in Europe, India, and Latin America. **In Central America, the crisis was devastating to small grain producers.** I saw this very vividly in Costa Rica in the first part of the 1980s where there were hillsides that had once been covered with maize which by the middle of the 1980s were completely bare. So, the food security situation worsened greatly at national and household levels. A lot of this occurred with dumping of “Food for Peace” PL480 U.S. food surpluses, produced with high subsidies. Cereal imports have roughly tripled in Central America between 1980 and 1999.

This crisis has led to a political effervescence, particularly in the 1990s, and still today. The global farmers movement, *Via Campesina*, is headquartered in Honduras (which expects to have a significant presence in Cancun), and reflects in some ways, the militancy and political savvy of Honduran peasant organizations, which were some of the strongest in the region for decades. In 1980s there was also a huge increase in non-traditional exports in tubers, Central American plants, flowers, etc. These products need more capital, management skill, refrigeration, irrigation, infrastructure, rapid transportation on good roads and marketing, etc. A few small holders have been successful, but more often they serve as indebted contract-holders to large corporations, often foreign owned, with all of the economic vulnerability that that implies.

I'd like to mention **one experience with free trade that should give us caution: the collapse of the international coffee agreement in 1989**. Central America, along with Colombia, produces the finest coffee sold on the world market. The International Coffee Agreement, until 1989, established quotas for participating countries. It was a kind of supply management, something that is a traditional demand of farmers organizations practically everywhere. Everyone probably cheated on the quotas but since they all did it in proportion, it almost didn't matter. Many small coffee producers, up until 1989, managed to have adequate living standards. The collapse of the agreement coincided with the entrance of Vietnam and Indonesia to world coffee markets. Encouraged by the World Bank, with cheap labor, these traditional tea drinking countries managed to seriously exacerbate the coffee glut by the mid to late 1980s. At the same time, new roasting and blending technologies, as well as a concentration in coffee processing and retailing, made it possible to substitute cheap robusta varieties for the smooth arabicas of Central America and Colombia. In the past two years, some of **Central America's coffee growing regions have experienced famines**. This isn't my word. This is a word that has been used by a number of very conservative Central American politicians. As coffee became unprofitable, farms have evicted resident workers, many of whom then starve.

It is important to think about the unevenness of preparation of different producers and countries and regions in terms of entering into CAFTA or FTAA. There are tremendous differences between countries in the region. Costa Rica is perceived as the most prepared to benefit from expanded free trade, largely because of its legacy of social democracy and its healthy, educated workforce and solid infrastructure (one of the ironies of all this). **Free trade in agriculture, I would argue, is a myth, an ideology and a falsehood as long as trade-distorting subsidies glut markets at lower prices and provide advantages to some and disadvantages to others.** The impact of this and other kinds of inequalities is very widely understood in the rest of the world, but apparently not very much in the United States and Europe. We should not be surprised if there are protests by Latin American farmers in Cancun at the WTO, around subsidy issues. We need to ask what kinds of cushions or compensatory measures ought to be provided for producer, especially those in poor countries who are forced to compete with highly subsidized farmers in wealthy countries.

Ideologically inclined free-marketers should remember what Adam Smith said in the "Wealth of Nations" about the "disorder" that results when large numbers of food producers are suddenly exposed to the full brunt of foreign competition. Even Adam Smith argued that certain trade barriers should be removed only gradually, in order to maintain social stability. We might want to look at the European Union committed itself to raising the living standards of Portugal and Spain, once its poorest members. Why didn't the U.S. and Canada consider applying a similar policy in relation to Mexico, the third signatory of NAFTA?

Conclusion remarks:

We need to be attentive to urban bias in policy and policy analysis: the tendency to see everything through an urban lens. One of the alternatives that has been proposed, as a kind of desperation measure, is the “**back yard economy**” (*economía de patio*), which is basically giving somebody a hen that will eggs so that their children will have protein, a little bit of soil conservation, small gardens de-linked from the market.

Another alternative, illustrated by the coffee example, is “**supply management**” – a traditional demand of farmers movements where it has worked. One thinks of Canada until the 1980s or the U.S. until the 1996 Farm Bill. It has reflected the capacity of urban and rural interests to compromise politically. There are also strong environmental arguments to be made for taking some land out of production.

Vertical integration, capturing more value added, controlling more of the commodity chain: these are the only ways that a large numbers of small producers will be able to accumulate capital and better their situation. They necessarily involve high levels of organization, the creation of forms of ownership different from the typical corporations, particularly cooperatives for financing, production, as well as trade. Central America has many examples of successes in these areas. But sadly many more examples of failures.

Payment for environmental services is another new mechanism that recognized the role of farmers and rural people in preserving attractive landscapes to generate income from tourism, and other resources. There have been some interesting experiences with this in Central America, particularly in Costa Rica, and also in Europe.

Another approach entails “**real cost accounting,**” accounting for the so called externalities of pesticide and herbicide use (with especially high cost in tropical countries where there is no cold season to kill pests). We need to think about the real cost of environment damage and the cost of flying food long distances, etc.

We need to think about the limits of **niche market strategies**, particularly seen from the south. Not all coffee producers can participate in the yuppie coffee boom and fair trade movement. For example, the government of the Netherlands committed itself some time ago to serving fair trade coffee at government functions at every level. This goes a long way towards widening the option of fair commerce. But this, of course, is an ethical stance, not a market-driven one.

Finally, we might think about the popularity of sports metaphors in U.S. political discourse. Much of what I’m talking about today could fall under the rubric of “**leveling the playing field.**” The field has not been leveled. The farmers of most of the world have had to compete with the United States Treasury, not just with farmers in well-endowed areas of the West or elsewhere.

III. Four Decades of Talk about Rural Development: Mark Schneider, Senior Vice President, International Crisis Group

Why does the rural sector matter in trade development and democracy? There are two policy issues encompassed in rural development that are related, but not identical. **The first involved agricultural production, productivity, and access to domestic and international markets. The second involves the relationship of the rural community to the nation state.**

With respect to the former question, we have heard some of the issues surrounding rural development, and we are going to hear more from other experts on trade. What we do know is that, over the past 4 decades, U.S. markets have not been open to Latin American agricultural products. We also know that, as the situation changes, and as we look at the negotiations for the FTAA, there has to be new analyses of what the implications are, country by country, and product by product, and how small farmers is going to be effected by the decisions made.

The **fundamental political issue** is whether the political will can be found in the region and in the international community to remove the barriers that have combined to make the rural poor one of the most discriminated against within the hemisphere. They are routinely denied access to benefits of the modern economic infrastructure as investment ignores them, to credit, infrastructure, education, health, to the protection of a legal system, and to competent governance. Finding ways to boost the participation of the rural poor in the national economic and political mainstream remains one of the region's biggest challenges in addressing development failure. Lack of participation makes other nation and regional goals difficult. In Colombia, as we heard this morning, it has made it more difficult to end the conflict when victims are, for the most part, rural noncombatants.

The International Crisis Group (ICG) recently produced a report on the crisis in **Colombia**. The rural departments with the highest rates of poverty are the areas where the conflict is most severe. Most of the internally displaced in Colombia (which number close to 3 million, making it about the 3rd largest group in the world) are from the same rural departments. We are convinced that, whatever else is happening in Colombia that may be positive, in the absence of a visible, high-priority rural development strategy, all other efforts to bring an end to the enduring conflict are made more difficult. In the Andes, the disproportionate amount of poverty among the rural population also makes it difficult to confront a narcotics industry that uses intimidation and/or violence to force *campesinos* to grow opium poppies and coca plants. But it also pays them well for illicit crops grown and harvested. In Peru, Bolivia, Ecuador and Colombia, the failure to stem the conflict is also linked to the exclusion of indigenous populations from full participation in national life.

In Central America, it remains part of the still unfulfilled process of the peace accords and the unfulfilled pledge of transformation, not simply reconstruction, that we all made in response to Hurricane Mitch. Rural development that yields a significant reduction in rural poverty would enhance national economic growth, political stability and strengthened institutions throughout the region. Commitment to this goal has been reiterated across the decades. It spanned the launching of the Alliance for Progress in 1961 to the Summits of the Americas in recent years. This is not to say that nothing has occurred over the past four decades. There are impressive statistics of increased numbers of rural roads, the benefits of micro-finance (although the bulk of that remains urban), programs for securing land title (although again, mostly urban), expansion of rural electricity, and extension of agricultural systems have produced some truly marvelous projects. Fantastic efforts have been made, but they simply have not been enough, and have not been national.

I remember four decades ago President Kennedy in announcing the Alliance for Progress JFK talked about a revolution for “*techo, trabajo, tierra, salud, escuela*” [housing, employment, land, health, and schools]. It was the **"tierra" part of that call that generated then and now the greatest resistance.** Progress in agrarian reform continues to be painfully slow or non-existent. And we can just change that number from '69, to '79 to '89, to '99. Conservative land holders viewed the concept as a communist conspiracy, and fought it constantly and effectively. Even in Chile where the decade's most far-reaching land reform took place in 1967 under Eduardo Frei, the position was strong and continuous. One of the elements most under attack was the idea of expropriating land not under use and paying for it on the basis of the land valuation for tax purposes, which the land owners had successfully kept at far below market value to avoid paying taxes.

In the 1970s, we can recall the effort to use integrated rural development to change the nature of rural development, and for a time there was more focus from the international community. However, criticism of integrated rural development projects, which rigidly required parallel investment, led to a casting aside of the idea of integrated rural development. **In the 1980s**, the lost decade of development, once again the effort to see macroeconomic changes as sufficient to deal with the problems of rural poverty resulted in rural development being an afterthought.

It's important to note the changes in population demographics. In 1970, rural population was 42% in the region. By 2000 it decline to just under 25%. In absolute terms the rural population has remained about 100 million, but the urban population has sky-rocketed to 400 million in the region. In six countries rural pop still comprises more than half of the total population.

Looking at the 1990s, we saw the Washington Consensus dominate policy debate and rural development receded substantially from view. For a time it seemed that poverty was dropping slightly and that the rural population would benefit. But nevertheless, for the rural poor, the improvement was minimal and short-lived. In 1997 in El Salvador, a USAID analysis found rural basic needs unmet for 91% of the population, and 88% in

1995. This was almost two times as worse as the rest of the population. For the country as a whole rural, extreme poverty remained double that of urban population. That is generally the case throughout the region. Corruption and gaps in the judicial system undermined the implementation of the first stage of reforms, and fundamental omissions to recognize the consequences in planning adequate safety nets, transparency and participation in civil society, all led to a demand for a second wave of reforms that are still in need of fulfillment. Nevertheless today, some 220 million of the region's population live in poverty, according to CEPAL, and 95 million live in extreme poverty. Rural poverty is now even beyond 90% in some countries, and for indigenous populations the situation is worse.

There are daunting challenges, but this is not a partisan issue. Both democrats and republicans have recognized the challenge, and have attempted to respond. They simply have failed to generate sufficient attention, give sufficient priority, or allocate sufficient resources, both in policy terms and financial terms. The same applies for the international community generally. But the fundamental responsibility for these changes still remains within the countries themselves, where power and influence have failed to recognize the common national interests in addressing rural poverty.

Let me jump to some of the **elements for rural development still needed**. I'm drawing from a number of sources. In terms of context, there are three contextual issues: One is the **greater coordination between macro, sectoral, and rural development policies**. Second is the **de-concentration and decentralization**, both of government agencies and political power down to the local level. The third is **partnering with civil society organizations, the private sector and government**.

Within this context, there are specific needs with respect to **investing in the rural poor**. Investing in their **access to land**, through different mechanisms, including land funds, what Brazil calls market-assisted land reform. There simply is a need to ensure access to land. Investing in providing secure title to the land the poor own is a fundamental step to enable them to acquire credit for their farming and micro and small loans for non-farm activities. There needs to be massive additional investment in **providing financing for micro-enterprise**. A few years ago I discussed with Enrique Iglesias [of the Inter-American Development Bank] the need for micro financing. We decided that USAID was financing about one million small entrepreneurs, and the World Bank, the IDB and others were financing about another one million. We agreed that the need then was to be financing 50 million, and a significant number should be in rural communities, both for farming and non-farm activities.

There needs to be investment in **infrastructure and technology**, so that rural roads, water, sewers and information technology reach the rural poor in the region. This has been done in other regions. Has been done. In East Asia, when one looks at the investment over the past thirty years in technology and infrastructure, the investment was relatively parallel [in rural areas]. That has not been the case in the Americas.

There needs to be investment in **human capital formation, in schools, health and nutrition.** And finally, as we've heard, in **social capital, in cooperatives, joint ventures, and rural micro-entrepreneurs.** **And we know that this can be done, because we have seen instances where it has been done.** **The problem is that** it hasn't been done enough, and hasn't reached the rural population.

I'll just end with the quote, "When I feed the poor, I am called a saint. When I ask why the poor are hungry, I'm called a communist." Maybe with the end of Cold War, we can ask that question, and answer it with programs, policies and actions that do fulfill the commitments of these past four decades to give the rural poor a better chance to find their own way out of poverty.

IV. Trade Liberalization and Rural Development – a Necessary Trade-Off?: Leslie Schweitzer, Senior Trade Advisor for the U.S. Chamber of Commerce

When we talk about issues of globalization, we often find ourselves preaching to the choir. And I'm getting a distinct feeling today that I'm not exactly preaching to the choir. It's really stimulating to be here. The Chamber of Commerce has been doing a great deal of research, although we are not experts in rural development. We're the largest business association in the world. But we all ponder the same issues. Many of the issues and solutions that have been brought up this morning, we don't disagree with. I think one of the things we learn through these processes as we negotiate trade agreements, and as we become more involved in the whole dialogue, is that dialogue is essential. It's very important to hear both sides of these issues.

Globalization is the lens through which economists, trade advocates, lobbyists, elected officials, and academics view the world's changes. They view changes and try to come up with some logical solutions to issues that are presented. As I look around the room, I am certain that **there are as many definitions of globalization as there are people in the room**. One issue we can't ignore is that globalization is occurring. We can't ignore it, we just have to find ways to control it. Whether you are working to protect human rights, religious rights, or the rural economies of the world, or the environment, we all are protecting some aspect, we all have our own interests. But it's very important that we merge, and understand how we are all coming to the same table, and how we can negotiate and come up with agreements that are satisfactory to all.

I run a program called Trade Routes, a grassroots trade education program. We founded it because we found that throughout the U.S. there is a huge misconception of what trade means. [The US Chamber of Commerce] has 3 million members. Ninety-seven percent of the 3 million members are small and medium-sized businesses, many in rural communities in the U.S. and around the world. A major component of the program is to get favorable support for China NTR [Normal Trade Relations], for Fast Track Authority, and now certainly for Chile and Singapore and future trade negotiations. We work closely with Chambers of Commerce throughout the world. Now we are working particularly closely with the Chambers in CAFTA countries. What we have done to support and give a grassroots element to the free trade agreements in Chile and Singapore is to publish books that talk about small business success stories: companies in rural Kansas that employ 24 people in Chile, or companies in Minnesota, which used to have an agrarian economy, that now employ people to do business in Singapore. We are producing a book for CAFTA also about small and medium-sized businesses that are successfully doing business in Central America.

For the CAFTA agreement we will also be producing information about small, rural companies who have prospered due to international trade in Central America. This is an important tool. Often these documents are generated to get support from elected officials

here. But it's important to take this one step further, and that we promote the companies that are doing successfully [sic] international trade in the Central American countries. here. In Chile they did the same thing to generate grassroots support for the Free Trade Agreement. We need the same for Central America.

We all have our own views, not only on globalization, but on what free trade means. As the great 19th century historian Thomas Babington Macaulay stated nearly 180 years ago, free trade is one of the greatest benefits which a government can confer upon its citizens but also it seems to be almost totally unpopular in almost every country. This view is similar today because the anti-trade groups have been far better organized, far more emotional, and frankly more articulate in their arguments. **The business community faces a huge challenge**, and that's why we formed the Trade Routes program four years ago. And that is to tell our side of the story as well. We need to be just as emotional, just as factual, and just as organized as the other groups are. And that's what we're encouraging. We're encouraging the small business element in the U.S to be more vocal about the importance of free trade agreements. We promote grassroots support for free trade on a local basis. We go into local communities, and talk about issues that exist in local communities.

There is no question that our challenge in the U.S. is also to help some of the rural, homegrown companies. One way to do this is to work closely with governors. We feel that they are some of the best advocates for international trade, not just for foreign direct investment, but helping companies in their own states grow. For instance, we have a new plan in Alabama focused around helping rural companies to benefit from global marketplace. We also use mentoring programs, education, and trade missions to rural communities to help them understand the markets that are out there.

I also wear a second hat being here today. I own my own international company for 30 years. I am in awe of the other panelists and their knowledge of Latin America and issues pertaining to the agrarian economy. But I come at this from a more practical approach.

One of the major, consistent arguments I hear as I travel around the country and conduct leadership programs in small communities throughout America is "if this is another NAFTA, we don't want it." I realized that once again the business community has been negligent in promoting the advantages of NAFTA. I'm not going to get into a statistical battle. But there are some rather astounding statistics. Think, **what would Mexico be like without NAFTA?** In 1993, the year before NAFTA, exports from Mexico totaled \$52 billion. In 2002 they were \$166 billion. Mexico's overall agricultural exports to the U.S. rose 96.9% during the first 8 years of NAFTA. From 1994 to 200, the exports contributed to half of the expansion of Mexican GDP. And in 1995, after the peso had been devalued and the economy was plummeting, it was exports – NAFTA exports – that prevented a total economic collapse.

There is no question that the percentages of poverty in Mexico are huge. And this is true throughout Central America and Latin America. But I guarantee you, poverty did not

start in Mexico in 1984 [sic] with NAFTA. It has existed for hundreds of years. Unfortunately, NAFTA gets blamed for just about everything—it's become sort of a four letter word. **It is a major challenge for the Chamber over the course of the next 18 months to tell the other side of NAFTA, to tell the positive story.** One figure is particularly interesting. In Mexico, one area that has prospered has been fruits and vegetables for export; these have risen 118% with NAFTA.

I caution you to not wave the political flag of protectionism without understanding the true advantages and what international trade really means. **We need to learn from the lessons of NAFTA. We must learn and we must prosper by those lessons as we negotiate future trade agreements.** As a former business owner who has developed consumer product industries in developing countries for thirty years. I personally witnessed companies going into rural areas, particularly in Central America, and developing non-agrarian jobs for these communities. I saw what happened in these communities. I saw these American companies go in and build clean, state-of-the-art facilities with bathrooms, childcare, pension plans. It started to get the local factories to compete. They realized they could not maintain workers without offering similar benefits. Nothing gives one pleasure more than to have a worker who has been unemployed for possibly twenty years, working in a facility, being able to open her first savings account and being able to send her eldest son to school. I hear these arguments that we must not disturb the cultural way of living, the traditional way of living. But I think in many areas it needs to be disturbed. I have seen how American business has gone in an assisted in doing so.

At the dawn of the 21st century, the trading system, and indeed commerce and civilization itself, are going through enormous changes. We are facing daunting tasks: terrorism, economic fragility, healthcare issues, political and military conflicts throughout the world. But the U.S. Chamber advocates, as do I, that we must remove sanctions and barriers. We must keep markets open because it provides opportunity. It is the best solution, unless someone comes up with something better. We are enthusiastic about working with all of you so that we can come up with a CAFTA that benefits all sectors of Central American societies.

PANEL II

The Impact of Free Trade on the Rural Sector

**I. The Mexican Experience – Lessons from NAFTA:
Emilio Lopez Gamez, Mexican Independent Center of Farmers and
Farmworkers, Mexico**

I want to thank you all for dialoguing with us. I am hear in the name of peasant organizations of Mexico, who have carried out mobilizations nationwide, since 2002 until the beginning of this year, with the purpose of reaching agreement with the federal government to modify the conditions of international trade, particularly in regard to NAFTA. I would like to start with a fundamental concern about the political meaning of trade negotiations. I will leave statistics and information, three books, to support what I will present here. I will focus today on fundamental questions of politics and policy matters.

A first theme that I want to explore are the discussions over trade between the government and sectors of Mexican society in the wake of recent mobilizations by peasant organizations. There is a hall in one of the government buildings with a series of flags that illustrate the history of Mexico. The symbol of the eagle appears in the flag, and it is a very important symbol. What is the meaning of the eagle? The eagle is a symbol of freedom. I ask myself if, in the U.S., the eagle is not also a symbol of a more democratic and just society? This is the fundamental concern that I want to put forth today. It's not that we are against international trade. **I have never heard a peasant say, 'We are against trade.' But they are against the way in which trade has been managed.** They are not against globalization, but against the way in which globalization has developed.

[Former World Bank economist] Stiglitz highlights the hypocrisy of the rich countries in relation to trade. He argues that there is a lot of politics and power in the management of international trade. He says that the most powerful countries in the world are hypocrites in their management of international trade issues. This makes it difficult to really establish just trade relationships.

One assertion that is often made is that trade has brought many benefits to Mexico. I feel obliged to share a very different set of information and statistics. Maybe this information is different because we depart from very different places. For example, What is the statistic that there has been a 96 percent increase in trade based upon? How many Mexican farmers are exporting? We have 4 million producers in Mexico, many of whom are small producers. But only .03 percent are exporting abroad. So if there has been a 96 percent increase in trade, that means growth is benefiting a very small group of producers with the support of the big, multinational corporations. The question is where

do the benefits go? I ask this question as an economist and as a sociologist: who ends up with all the revenues? And we all know the answer.

They have also said that NAFTA has helped to grow Mexico's GDP. I am of the mind that we have to grow, that we have to embrace technology. We don't want to remain on the sidelines of history. Yet our analysis of growth under NAFTA shows that twenty and thirty years ago we had a growth rate of more than seven percent. Here in this document we calculate that in the last ten years, Mexico has had only a 0.9 percent growth rate. GDP has had extremely moderate, slow growth. And where does that little increase in GDP go? Again, only 0.3 percent of producers are exporting.

So we can say that **for most people in Mexico, the macroeconomic variables do not paid a picture of prosperity.** [President] Fox had a slogan in his political campaign that went, "today, today today!" And now, when he gave his third address on the state of Mexico in front of producers and as he was saying that everything was going well, the people began to chant, "today, today, today!" because their problems still have not been resolved.

Another issue I want to discuss is the question of poverty. They say that poverty has always been around for hundreds and thousands of years. That's true. I would like to remind you of what David Ricardo wrote more than two centuries ago, when he wrote his chapter on the laws of the poor. There have always been poor in Mexico. Since the emergence of capitalism we have seen even more poor. And now that we are talking about free trade we see exclusion from the government. We tell our government that we do not see any effective benefits of trade for the people. We do not see the results that have been touted in theory. We are told "give it time, the situation will soon improve, just give us a chance." We tell them too much time has passed and the problem of poverty has only become exacerbated. **I don't believe that the half a million of Mexicans the U.S receives every year are immigrating because they are wealthy. I don't think the 40,000 children that die every year in Mexico are dying as a result of being rich.** I don't think the situation of poverty, which has reached over 90 percent in some rural areas, is simply a matter of statistics. People of skin and bones are living this reality.

We need to figure out what have been the direct effects of the trade agreement. I would argue that **the debate over trade has not been fully resolved, either in theory or in practice.** But we do find, using powerful instruments in economic theory and sociology, certain indicators that lead us to conclude that the situation is not good. We would like to share some of these statistics with you all. After NAFTA we found that production costs increased by up to 200 percent for many products. How can we compete with the energy sources in the U.S. and Canada, for example? How are we going to compete in terms of the costs of production? There is no way to compete with U.S. The 1995 crisis in Mexico caused prices to soar 50, 100, 150, even to 200 percent.

With regard to the trade balance, I already pointed out how few people are exporting, and now we also see that we have a trade deficit year after year. **Immediately after the**

agreement, we were buying 150,000 tons of corn from the U.S., and now we are buying 6,000,000 tons of corn. Does that sound like a good deal?

We need to think about a globalization that does not cause alienation, a globalization that doesn't halt creativity, a globalization that doesn't produce social fragmentation and cause social disintegration. I would like to remind everyone of what Mr. Schneider said earlier when he referred to President Kennedy. When I was young I saw the process of Kennedy's assassination. I was very impacted, as I lived on the border with the U.S. It pained me greatly knowing everything going on there. I did not know, however, [until today] about his interest in Latin America and his work for "education, health and land." With all due respect to those who invited me to be here, I don't come alone but in the name of millions of rural Mexican peasants. And with all due respect to Kennedy, they gave only a part of the land, and they took much more. This is not only a sad but emotive issue. It's a question that should spark anger. We have to recover the intentions of this country's [the U.S.] founding fathers. Here in this room we have the symbols of the construction of this grand country. This very building [referring to the Rayburn House Office building] is part of a process of construction.

Here I have a document [he holds up a blank piece of paper] to give an example of the difficulties in applying models of development. When Cortez spoke with the king of Spain about Mexico, the king asked, "what is Mexico like?" Cortez grabbed a sheet of paper. (This is a report by the World Bank, nothing against the World Bank, I'm just using it for the purpose of simplifying what Hernan Cortez told the king.) He did this [crumples the paper] and said, "this is Mexico." Mexico has a very complicated geography and society. **It is not fair to impose criteria and models of development that do not fit the local context or geographical or cultural conditions.** This is not the way to approach human development. Trade and the economy should not be in their own service, but in the service of people. Trade existed before there was a State, and it existed since before we were the way we are today as a society. But we need to know how to make our development models compatible with the needs of society.

So what happened with the free trade agreement? I have already presented you with some numbers. In the case of subsidies, how can we even compare with the US? You all know the story and the abysmal difference that lies between the US and the other countries represented here today. In the case of the rural budget, it's a problem we have encountered year after year, which we have confronted and demanded that the government resolve. What are the results we find? An increase in poverty.

We can share our data with whoever wants it. I have heard the voices here today, and I would like to share and compare such information. It strikes me to know that powerful organizations in the US do not have the correct information. We have to sit down and discuss, economists, sociologists, and civil society, in order to really understand this type of information. Immigration has also increased, as has unemployment. We have social fragmentation, lack of housing and lack of infrastructure. These are the results that have emerged from the trade agreement.

I'm sorry but my time has run out, and this has been a very quick presentation. Thank you very much.

II. The Potential Impact of CAFTA on the Rural Sector in Central America: Adolfo Acevedo Vogl, Institute for Sustainable Development, Nicaragua

My presentation will address **the potential impact of CAFTA on rural poverty and the agricultural sector in Nicaragua**. The agricultural sector generates 43 percent of employment in Nicaragua, but less than two percent in the United States. **The well-being of more than forty percent of the population, or of more than 2,300,000 people, is tied to the rural sector**. Sixty percent of Nicaragua's poor are employed in the rural sector, as are 75 percent of those who live in extreme poverty. What this means is, if we don't raise income levels in the agricultural sector, we will not resolve the problem of poverty in Nicaragua. Agriculture is key in terms of achieving food security and bringing up levels of income for significant numbers of people. The well-being of agricultural producers and the protection of sustainable resources such as forests, water and bio-diversity are at stake when we talk about CAFTA, the free trade agreement.

Small farms, usually family farms, that employ 5 or less people, generate more about 75 percent of employment in agriculture. These very small units have little access to resources and support, and have low levels of productivity. This is a basic structural characteristic of our economy.

This is a map of the topography of Nicaragua. The plains of pacific coast boast the most fertile land of volcanic origin that is best for agriculture. This is where the main urban centers are concentrated, including the capitol, with 80% of infrastructure and basic services. This is also where the capitalist-style agriculture is concentrated, for example in cotton and sugar cane, where farmers enjoy technological and capital investment. The mountain region to the north and in the center is home mostly to peasants agriculturalists who do not have access to basic services and infrastructure. The worst indicators in terms of health and education are found in this area. In this area there are steep slopes, erosion, and deteriorated environmental conditions because of the rains and loss of forest land cover. This area is where more than seventy percent of the country's agricultural activity is concentrated, including production in coffee, basic grains and cattle. This is where most farming takes place and where rural poverty is found in the greatest concentration.

Poverty is concentrated in the rural, central region. At the national level, 75 percent live in poverty. Of this, 60 percent live in urban areas and 80 percent in rural areas. But in the rural, central region, 87 percent live in poverty, and on the Atlantic Coast, ninety percent. In these areas, producers do not have access to basic support, technical assistance or credit. Only thirteen percent have access to technological assistance and ten percent have access to credit. The average years of schooling in rural area is 2.5 years, and among the rural poor only 1.6 years, much less than the four years that you need for a basic education. This connection between productivity and education is especially relevant in Latin America, where access to education is available to small groups of the population. The indicators of investment in human capital are determining factors for long term growth, competitiveness and productivity. However, investment in agriculture and rural zones has been very little.

Significant investment is required to increase rural productivity. As this investment has not been made, the problem of rural poverty will continue. The playing field is not level.

I want to make a comparison, so that you will see that we are talking about a profoundly underdeveloped region. **The U.S. ranks second in terms of international competitiveness in a study of 75 countries, while Nicaragua ranks 73 – almost last.** In 1997, the U.S. had approximately 4000 scientists dedicated to rural research and development per one million people, whereas Nicaragua had only 72. In the U.S. producers receive an average of 23,426 metric tons of fertilizer per one thousand agricultural workers, whereas Nicaraguan producers receive only 41 metric tons per one thousand workers. U.S. farmers use 1,585 tractors per one thousand workers, compared to Nicaraguan farmers who use only 3.8 per the same number. Here we can see the profitability of cereal production in the U.S. and in Nicaragua. [The graph shows that grain production in the U.S. is more profitable.] Here [another graph] is a projection of productivity growth in the two years. You can see that in the next fifteen years, the projection is that the gap in productivity between the U.S. and Nicaragua will only widen. All the factors that determine productivity are working in favor of U.S. farmers. The rate of productivity growth in agriculture in the U.S. is impressive at two percent. In Nicaragua the trend is to see stagnation or declining growth in agriculture.

In the U.S. farmers received an average of \$122 of government support per hectare farmed. This is direct support. Interestingly, much of this support is concentrated on products that are staple, sensitive products in Central America. In Central America these products are sensitive because they generate a lot of employment or because they are exportable. The support U.S. farms receive does not only come in terms of direct support, but also in promotion, infrastructure, research and development, investment in education of the workforce, etc. This amounts to \$225million in indirect support, which when combined with direct support, totals 80 billion, or 42 percent of total agricultural production. This is the magnitude of the support, *without* counting export subsidies. Achievements in U.S. agriculture are therefore strongly associated with effort and investment by the public government. There is a high rate of return on investment in research and development, and education.

In light of these asymmetries, we must ask, what will be the impact of a free trade agreement between Nicaragua and the U.S.? The theory of trade tells us about the efficiency principle. Take maize for example: Seventy-six percent of rural produces cultivate maize. In the central region, this percentage rises to 79 percent, and if you consider just small farms, it rises to more than ninety percent. Maize is the basic crop of the rural, peasant economy and has been for centuries: maize has been a basic food source in Mesoamerica for thousands of years. However, in Nicaragua, the domestic price of corn is 38 percent more expensive than imported corn. So, **Nicaraguan corn is not competitive, and in time will be displaced.** This is true of most basic products. In the long run, this means displacement of national production, and the employment of the rural poor is at risk.

The predictable impact of CAFTA is that a large percentage of farm employment will be lost, and there will not be space to absorb this unemployment in other sectors, as other sectors of the economy are also suffering. Instead, as we already see, **the work force is being displaced and is emigrating to Costa Rica, the U.S., etc.** This population is being forced to emigrate. The population that has emigrated is equal to the population that is currently engaged in agriculture. In the long run the determinants of competitiveness are acting against Nicaragua.

For an example of what CAFTA might bring, **let's look at the example of Mexico.** The World Bank produced an official evaluation of NAFTA after eight years. The report states, "One can say that [the rural] sector has been the object of the most structural and drastic reforms (the liberalization of trade beginning under GATT and later NAFTA, the elimination of price controls, structural reforms concerning land ownership), but the results have been disillusioning: stagnation in growth, lack of competitiveness, rising rates of rural poverty. We are faced with an important policy problem as, beginning in 2008 under NAFTA, complete liberalization of the sector will take place." The World Bank has said in an important study that this implies immense migration to urban zones and to the United States. Mexico could lose 30 percent of its work force, according to a World Bank simulation.

Thank you.

**III. The Impact of Trade Liberalization on U.S. Small Farms:
Kathy Ozer and Bill Christinson, U.S. National Family Farm Coalition
(NFFC)**

A) Kathy Ozer, Executive Director, NFFC:

Trade policy and farm policy is really important to all of us, and Bill is joining me to talk more specifically about the impact on farms in rural communities where he lives. On Wednesday a major new study was released by the Agricultural Policy Analysis Center titled “Rethinking U.S. Agricultural Policy: Changing Course to Secure Farmer’s Livelihoods Worldwide.” I don’t have a power point, and I’m not an economist, but it is available online and there are summaries out on the table in both English and Spanish. It is a full scale economic analysis of what some of the issues have been since the 1996 Farm Bill up to the 2002 Farm Bill. It really looks at the different policies and the different options for changes in farm policy.

For the Family Farm Coalition, many of the solutions we propose are bolstered by this report. **We feel strongly that the current farm policy promoted by trade policy is not working for family farmers in this country, and certainly is not working for family farmers in other countries.** This report looks at the key goals that need to happen to change domestic policy. One of those pieces is changing the role for government, changing the role for our government, so that it works and so that it does some of the things that should be in place in our Farm Bill. It talks about the re-establishment of a non-deforestation loan price support, a farmer owned grain reserve, conservation based programs, an international cooperative agreement, and other mechanisms to balance private demands and the needs of small farms.

Some of these are policies that we have looked at as part of our proposal that we have entitled the, “**Food from Family Farms Act,**” that also talks about other goals. And one of those goals, which was referred to this morning, is food sovereignty. The goal is trade cooperation based on that principle, which is the right of each nation to devise farm policy to ensure food security in their own country that keeps with its traditions and social and environmental goals. The comment made by the panelist from the Chamber of Commerce that what we have should be exported to other countries really goes directly counter to the kinds of policies we are pushing for as a Coalition, working with family farmers from other countries around the world, with different kinds of exchanges, that we’ve been working on over the last decade. I would really encourage people to look at this report.

Since the 1985 Farm Bill lowered prices that farmers receive for their product, **what we see as increased dependence on taxpayer financed subsidies. That is not the answer for farmers in the US, nor is it the answer for farmers in other parts of the world.** Many pieces of the debate leading up to Cancun, where we’re going next week, is focused on US subsidies as the problem. We feel very strongly that our underlying Farm Bill is the problem. The fact is that the 1996 Farm Bill and the 2002 Farm Bill have dismantled the structures to ensure fair prices to farmers in this country. We have subsidies, which have mounted dramatically, but just because they have mounted does

not mean that farmers have increased net farm income. In fact in 2001, despite over \$20 billion in farm payments, farm income declined 16.5 percent, despite dependence on tax payer payments. **The true beneficiaries are corporate farmers, while farmers in rural communities not benefiting.** There is a disconnect between what is happening in U.S. farm policy, and what is happening in rural America.

Corporate farms and commodity trading companies only worry about volume, and not about all the other factors that matter to family farmers. We need to strengthen voice of such people and raise profile of the plight of small farms in this country.

As a coalition we have released declaration. It calls for measures to defend and support safe and affordable food, the environment, economic justice, fair wages, access to land and sea, and equity of distribution. Profits should not at the expense of workers.

B) Bill Christinson, President, NFFC:

How many farmers are there in the audience? I would like to see how many there are. We have a politically correct audience because we have one farmer back there and I am a farmer, and in the U.S. we are about 0.7 percent of the population. But we only have something like 0.1 percent of farmers that are producing 83 percent of the food and fiber in the U.S., so we do not have much food security, really.

In the U.S. our farm and trade policy are sort of confused. We talk a lot about the increase in trade, but the research that has just been done by Doctor Ray [referring to the University of Tennessee report] shows that trade has been flat for some time. Future consumption in the U.S. will have to come from the domestic side, and that's where it's been coming from. For the last seventy years we have had a crisis in the production of basic commodities. Since 1996 we have seen great changes in the way that we have approached agriculture policy in the US.

I think it is key that I make a point here about subsidies and dumping. The US is justifiably accused of dumping grains and lowering cost of production around the world, and I agree with that. I know that. **But the real truth is that subsidies are not the cause of the dumping.** The dumping occurs because farmers are producing below the cost of production, and because they are producing below the cost of production, they try to survive. We are really mining the soil, exporting at below the cost of production, which uses up our resources and causes a lot of problems around the world. But if there were no subsidies, farmers would still plant every acre every year. There's no doubt about that. They try to spread their cost, they try to survive with the economic problems they have.

The subsidies which we get are grossly unfair. **Seventy percent of the subsidies go to ten percent of the largest farmers. The bottom fifty percent of farmers get little or nothing.** The situation in the US is that most farmers have off-farm employment. Virtually all the farm wives have off-farm employment. So that creates real strain for farmers trying to farm and also hold down another job. If you were to take the 12 or 15 largest farmers out of each of our counties in the US, it would be taking out about ¾ of

production. There are a great number of farmers trying to hang on to their family farm with little success. They will struggle as long as they can and supplement their income with off-farm jobs.

Productivity does not equal profitability. On our farm we produce corn, wheat and cattle, and we have very good soil and we are very efficient. And because of that our cost to produce a bushel of corn is \$3.20. The only basis of a price that I can count on is \$1.92, when loan deficiency payments (LDP) start to kick in from a \$1.90. That's the bottom dollar I have to pay for my \$3.20 of production, and you all are going to subsidize what ever the market clearing loans calls for. Corn has been at \$1 or less, so there's a transfer of payments through this subsidy system and loan deficiency payments. But most farmers do not get very much of that. So the situation is not good, there definitely needs to be some change there.

Corporations, we believe, are driving US policy, both farm and trade policy. Corporations want cheap inputs to add-value to processed goods. We have a great shortage of buyers for our products, we have fewer and fewer people that are really interested. And that's a great problem: finding buyers for products in rural areas, because there's such great concentration in terms of who will buy.

We have environmental problems. One half of our top soil is gone in the Midwest after 150 years of killing the land by trying to survive. We need to change policy, need to stop exporting our natural resources for below cost.

I have other information I would like to share but I've already been given a note about my time here. We are trying to remedy the situation. The Food from Family Farms Act is a competing farm bill that would have been introduced by now by Senator Wellstone, however you know the story about that. We are looking to get this piece of legislation entered sometime soon into our governmental process.

We are also doing things to demonstrate that there is a better way than just corporate control. Our Missouri Rural Crisis Center organization has a community project called 'Patchwork'. This is where our members produce pork. The pork is sold to the Missouri Rural Crisis center. We process it and retail it and try to help our members stay in business. Even when pork was 8 cents a pound on the market, we were paying our producers 43 cents a pound. We had many people that wanted to be our producers. This is just a project to demonstrate that we can make change. We are growing with this project and are just about at the point to break even. If a bunch of farmers can do this, there has to be a lot of profit for these corporations.

Thank you very much.

**IV. The Potential Benefits of Trade Liberalization for the Rural Sector:
Ann Tutwiler, International Food & Agriculture Trade Policy Council (IPC)**

I'm probably going to bring a bit of a different perspective to this topic, as you may have gathered from my introduction and my background.

Let me start by saying that from all the reading that I have done in my twenty years in agriculture and economics, **the case is pretty strong that open economies grow at a much faster rate than economies that are closed.** By open, I mean open to trade, foreign direct investment and capital. And just to give you an idea of the kind of differences I am talking about, developing countries who have economies closed to trade had about one percent growth per year over the last twenty years and income in those countries doubled over 62 years. Open economies had 3.5 percent growth and income grew sixteen fold over the same 62 years. These are not trivial differences.

That being said though, the relationship between trade and the economy that underlies it is fairly complicated. Why do we think trade has such a positive impact on economic growth? One is that it brings new ideas, new technology, and imports of new machinery which are quite important for growth in a domestic economy. **Trade is usually part of a package of macroeconomic reform, including more transparency in government, and more predictability for farmers and businesses operating in the economy.**

There's a lot of evidence that shows corruption is lower in more open economies, because there isn't as much buying and selling with import and export licenses that goes on under the table. And you also have a number of important second-run effects which are important in rural economies, particularly in terms of demand for construction, for services, food processing, and that kind of economic activity.

But what we want to talk about here, and what I think a lot of us came into this business being concerned about, is **not just what is the impact of trade on economic growth, but what is the impact of trade on the poor?** In the last few days preparing to give this speech, and because the IPC is quite interested in this topic, I read a number of economic studies on this topic. The conclusion is that **there is nothing special about trade-led growth that hurts poor people.** The income of the poorest 20 percent grew on a one-to-one basis with GDP growth in 80 countries over the last 40 years. That means that the poorest 20 percent got dollar-for-dollar the increase in GDP growth over the last 40 years. There's substantial data that shows that a one percent increase in the average income in a country will lower the poverty rate from anywhere from one to three percent. Even when inequality increases, and again there is no evidence that trade led growth contributes to growing inequality, the impact is that the poor have more income than before, even if the difference between rich and poor may have grown. This chart, which is a little bit complicated, looks at the increase in GDP per worker in open economies, and you can see that all those who are open to trade are going up in GDP per worker. The growth per worker on the bottom half is GDP per worker in closed economies, and you can see a large concentration of countries with negative growth with regards to worker wages in those countries.

Another important aspect of trade is the impact it has on food security. This graph shows the relationship between malnutrition, child nutrition and openness to trade and again the corruption of that individual country. The more open the economy is to trade as measured by the export and imports as the percentage of GDP, the lower the rate of both malnutrition and child nutrition are in these countries. There are interesting studies to try to explain what the relationship is between a country's trade and their food security. One of the things I think is particularly important for Latin and South America is the vast quantity of statistics that show that, in countries that depend on one or two commodities, like sugar or coffee or bananas, the incidence of food and security under nourishment is significantly higher than countries that are more diversified. One of the studies I was reading said 36 percent of the population on average in a country that's dependant on one commodity would be malnourished, where the number is close to 22 percent in a more diversified economic situation.

One of the things I think is important when you talk about trade and food security, is you look at the trade tools that are available, which is to restrict imports, which is one of the proposals that some developing countries have put forward in the WTO negotiations. If you look at how that pairs up with price's worth for landowners and consumers, critical access to food works for landowners and consumers, compared to policies that are much preferred, which is target assistance to the poor who are suffering from food insecurity and development of rural roads, which leaves everybody better off in the economy. Again you see that working for strictly agricultural policy mechanisms is not necessarily the most effective way to get at the problem for food insecurity in poor countries. You're much better off spending resources, targeting your food assistance towards poor consumers, and building rural roads to allow farmers to get their products, as was mentioned earlier, from the rural sector into capitals and cities in developing countries.

It is important when we talk about being open to trade that we keep pointing out that **trade policy and trade liberalization, trade reform is not enough.** One of the major contributions that civil society has made to the debate about trade policy over the last year, is to bring out the point that trade is not just about the tariff levels and numbers of PFCs and all the things that people in Geneva and Paris tend to talk about. Trade also has to be about economic growth and poverty alleviation. One of the things if you look at the vast literature which has been written of this, **two of the key issues in how an economy deals with open trade go back to the issue of distribution of land and the skill of labor.** And that goes straight to the point that our colleague from Nicaragua was making about the educational levels in developing countries and Latin America in particular, and land distribution issues. The top four in terms of unevenness of land distribution are all in Latin and South America, and of the top 16 countries around the world, 9 of those are in Latin and South America.

Our Mexican colleagues talked about the situation in Mexico. The IPC just had a meeting there in May. This chart was presented by one of the former government employees, a senior official, talking about the relationship of Mexican agriculture and NAFTA. It is important to remember is the problem is not NAFTA, but that Mexican farmers have very small farms that are not able to sustain an adequate level of income. This chart shows the

income that comes from the government through the *Procampo* subsidies, the market returns, the costs per ton, and income on a base yield of two tons per hectare and a base price of 1,500 per ton. Even if you double the price, you still don't get much of an increase per farmer and per family member. The real gain comes when you talk about increasing yields or increasing access to land. Two tons per hectare is an average and if you look at the state by state numbers, two tons is a good yield for some of those states.

One of the things I think it is important to remember is **that trade liberalization and trade reform are moving forward, and it is unlikely that, no matter what any of us might think about it, that the process will be stopped significantly.** It's important to realize that *how* we do that trade reform and how countries respond matters a lot. This is a projection by the World Bank on the number of people who are living on one dollar per day and the number on two dollars a day. Their projection is that, if there's no change in how agriculture policy is done and how development policy is done, we'll see a vast jump at the number of people at the poorest level and a slight increase at those living on \$2 a day. Whereas if there is a rural focus to our policy, to our agriculture and to our trade policy, we can see significant decline.

These numbers point out something else that I think is important to be clear about. A lot of the focus of these trade negotiations has been, rightly so, on developed countries, US and EU policies and getting more market access and lower trade-distorting subsidies. But if you look at these numbers, the developing countries are only projected to gain about 11 billion dollars from trade liberalization in industrial countries. They are projected to gain 31 billion dollars from liberalizing their own economies and their trade with each other. That part of the story is not often told and is not part of the focus of these negotiations. I think it's an important aspect that developing countries need to take into account as they are negotiating regional agreements.

These are numbers that came out earlier last week that came out from the International Food Policy Research Institute. These are the projections in increased farm income going to different regions and countries in Central and South America. You can see it ranges from two to 16 percent, with other countries in South America benefiting almost 16 percent increase in terms of their agricultural income as a result of complete trade liberalization in developed countries.

If I can quickly summarize. Trade is overall good for growth, and there's nothing about trade per se that disadvantages poor people. **But what we need to accompany trade policy and reform with is substantial efforts at education and labor market reforms, substantial increases in access of poor people to capital, to rural credit, land reform, which is a particular issue in Latin and South America.** And that target our trade and agricultural policy at addressing the needs of the rural poor. The focus should be in Cancun on increasing market access for developing countries, decreasing the high level of trade-distorting subsidies in the US, Europe and Japan, and reform in developing countries themselves. And finally, an increase in foreign aid that's dedicated to agriculture.

There's a story in the paper this morning about the Bush administration putting forth a new budget request for Iraq, and a comment there saying that what we're planning to spend in Iraq next year is equal to half the world's entire development budget. If you couple that with the amount that's going to Israel, Egypt and Afghanistan, it doesn't leave a lot left over for the rest of the world or for agriculture.

Thank you.

KEYNOTE ADDRESS

**Bishop Álvaro Ramazzini, Land and Migrants Commission,
Catholic Bishops Conference, Guatemala**

[The Bishop begins by talking about a delegation from Central America, and what they experienced yesterday while visiting the World Bank in the morning and the Inter-American Development Bank (IDB) in the afternoon.]

I'm going to tell you about two experiences I had yesterday. We had meetings with people from the IDB yesterday afternoon, and the issues **we discussed were how CAFTA will affect rural development. What is going to happen to the peasant sector when the treaty enters into force?** First, in two meetings they said, "we're not involved in the [CAFTA] negotiations. That is done by the government." But in the third meeting the person said, "we don't negotiate, but we offer the means to facilitate the negotiation." "What are those means?" I asked. I left the meetings with a feeling of confusion, because on the one hand they tell us that they are not engaged in the negotiations, but on the other hand they say they have the means to facilitate the negotiation, part of which is to support the laws to implement the treaty. So I asked, "Does that mean the IDB is neutral or not neutral?" I was confused, disconcerted.

But what was I really worried about? **Deep down I worried that there's not a sincere and clear expression of what is really being sought and what is being attained.** It is serious because, in the case of Guatemala, one of the values we have lost due to armed conflict is that value of sincerity, of telling the truth. Instead one is always hiding one's own interests and presenting other interests that aren't the real ones. When this takes place with regard to the right to life and respect for life, then the problem is more serious.

The second experience I had yesterday took place when we had lunch in the World Bank building. There was food from all over the world, too much to choose from. I thought about the world where I live, where they think, "what grain will I eat today? Corn for tortillas?" It strikes me to see these major differences and to see the asymmetries.

This year I participated in a conference in Germany that was to discuss the fight against hunger and illness worldwide. This year's topic was: "Who does the world belong to?" Whose is this world? One of the sub-themes was the problem of genetically modified seeds. Philipinos came to defend the right of Philippines to keep its own rice seeds instead of selling to transnationals to change, patent, and force peasants to buy their seeds. Another topic discussed was generic drugs for fighting AIDS. There was a bishop from South Africa who wanted to raise awareness of the problem of AIDS in South Africa and the inability of patients to buy drugs due to high prices. The government of Brazil faced a lawsuit from the WTO because it wanted Brazil to stop producing generic drugs. Brazil won because patients could access drugs at a low cost.

So, the dilemma is "**Who does the world belong to?**" **We joke that in today's world there is a new hold trinity, that trinity being the World Bank, the WTO, and the**

IMF. So when I go to the World Bank I feel like I should take off my shoes, because it feels like I have entered a religious temple.

We have heard excellent presentations here today, but it's one thing to talk about poverty and it's another to live in a poor society. It is a challenge for anyone, because we are living in a totally unequal, unjust world.

We are approaching September 11. I don't know what the media in the U.S. is planning in order to mark the anniversary of something that represented different things to different people. Thousands of people died tragically on September 11th. The big question is, "Why do the media not talk about the 1000s of people who die every year, such as those that die crossing the [U.S.-Mexican] border?"

Six months ago I was at parish in San Marcos [near Chiapas and the Pacific]. 75,000 Guatemalans a year leave Guatemala to go to the North. While talking to the parish priest, the corpses of three young people were found, three people who tried to head north and ended up in the Arizona desert. And all 3 died there. It cost a lot to repatriate the bodies, and the parish had to take a collection. It is a Mam community, and burying the dead at the place of origin is very important. It was sad because one of the men was married and had left three children. The wife wanted everything to turn out differently, but it didn't. Those of us who work on immigration issues see this often.

Why do we tell you this? Because poverty is growing. I asked a question at both the IDB and the World Bank. They say that their clients are not the governments, but the countries themselves. I asked, "Who is it who pays these loans at the end of the day?" and "if you have invested so much, why does Guatemala continue to be so poor?" What's going on? I know that in the case of Guatemala there are several major reasons why poverty is not increasing.

Guatemalan society has not undergone profound, structural reforms that are badly needed. Guatemalan society should undergo a transformation to achieve equality, the right to life, housing, etc. Peace agreements have been achieved but not implemented or at best have been very limited in their implementation.

In six years we've seen an increase in poverty from 60 percent to 80 percent. That's why there is migration in Central America. It is not a result of armed conflict or of political persecution, that time is gone. This time it is a result of poverty, which has to do with the lack of land reform. There has been a lot of migration of certain sectors from the interior to Guatemala City. The outskirts of Guatemala city are sometimes called la "*limonada*," because as the city has grown, the number of people who work on the outskirts and try to squeeze out a living (like a lemonade maker) has grown. In Guatemala, 70 percent of the population is under the age of 20. Their dream is to go to the U.S. I try to saying that there are risks and dangers. In our work with immigrants, we talk to them about the problems and dangers. We campaign that all countries should sign agreements on the treatment and rights of immigrants, but so far the U.S. has not signed

any such an agreement. We tell of the risk, but people want to leave anyway because the country has no hope for themselves or their children.

Have any of you worked for 10 hours for \$1.50? Ten hours cutting coffee, under the rain, stung by insects, carrying crop on your back? **If you haven't experienced yourself what being poor is, it becomes an academic exercise, and this is really dangerous.** I've seen this. It's true that many of our legislators came from poverty, but as they got richer they forgot what poverty was. I would be worth it to take all legislators [from the U.S.] to Guatemala and take them to a coffee farm where they live in shacks, eat cold tortillas, have no latrines – so they feel what being poor is. Because how can we talk about solutions when we haven't experienced it?

In my view, in the case of Guatemala, there is lack of structural change that the end of the armed conflict failed to provide. **The Guatemalan system is based on agro-exports (coffee and sugar), which generates profits for the landowners but not for the majority of the people.** We discussed this yesterday with the when we visited the international financial institutions. We talked about lack of production and wealth, but also about the question of unequal and unjust distribution of wealth.

Guatemala is the poorest country in Central America. Some might ask, how can that be? Nicaragua is worse off than us! Honduras is worse! But Guatemala has the most unequal distribution of wealth in Central America. Go to zone 10 and 14 in Guatemala City and it feels like you're in Frankfurt! Guatemala is the country in Latin America with second most private helicopters and planes.

The fact is, poverty is on the rise in Central America, as is immigration. Bishops in Central America get together once a year to share concerns and find a response to problems. According to what we discussed, in Costa Rica there are 600,000 Nicaraguans. Costa Ricans don't want to have anything to do with Nicaraguan migrants. There is a lot of xenophobia. You see the same phenomenon as Central Americans and Mexicans immigrate to the United States. I want to talk about the conference to end racism that took place in Durban. If you look at the document, there's so much there that it is tiring to read, but in reality nothing is being fulfilled after the meeting.

Poverty is a crisis that affects all of humanity. What are we criticizing when we talk about neo-liberalism? We criticize that under this model what matters is money, profits, earnings. Then we also criticize Marxism because people lack freedom. But what we really want to put forward is the golden rule: do unto others as you would have them do unto you. Treat humans as an end, not a means. We have lost the value of the dignity of human life. This is not a religious statement, but if you look at religions, they all agree that humans are God's glory and that God is manifested in human beings. This is the very essence of humanism. What the world is lacking is the humanism to remember that every person has value. You are valuable because of who you are, not what you have.

Let me talk for a minute about land in Guatemala. We are all very worried about the fate of thousands of peasants. **There is a desperate need for agrarian reform, but this is a**

very dangerous topic to broach in Guatemala. To talk about agrarian reform means you're a communist. Like Mr. Schneider said this morning, the saying is still true/ When I as a bishop pass out food, they say 'what a good bishop.' But when I ask why do they lack, they say 'that's a red bishop.' But deep down, we know the problem lies in not taking into account the value of the human being. Thousands of peasants are alienated from development in Guatemala, and Bishops have been talking about it for years. But if you talk about it and you ask why, they call you communist.

There are two main sectors that have been excluded from development: first, the indigenous (and Guatemala is racist and discriminatory society), and second, the peasant sector. These are the people that are leaving the countryside to emigrate to the U.S. without documentation, such as hundreds of Mam from Guatemala who come to work hard, or the Kekchí who travel to Florida. They take risks because they need to. Rich people don't have to take risks because they have another status, and if they want to come to the U.S. they can just get a visa. This is the case for me too, because they gave me the visa to come with no problem. People treat me well. But I always say, treat me well because I'm a person, not because I'm a bishop, because I'm a person first. I believe in a world where no one is a foreigner.

I will finish by saying that we have daunting challenges before us, but if solidarity grows between us on the earth, we can change things. Don't be pessimistic, but also be realistic – there is a long way to go. That's why we all have to make a commitment.

I will conclude with anecdote. Talking at World Bank about the falling coffee prices, I said that one reason for falling coffee prices was because of overproduction in Vietnam. The World Bank official said that this was not true, and said he would give me a report to prove it (unfortunately, he forgot to give me a copy before we left.) But in San Marcos, due to the coffee crisis, many people are out of work. Salaries are low, and a crisis is growing. Now we are trying to figure out what to do with the people out of work who have no food. San Marcos has one of largest *fincas* in all of Central America. It takes from August to December just to harvest. It provides work to 5 thousand people. But even there, we see new rates of unemployment.

And lets not talk about wages and conditions, but you find malnourished children on farms. Guatemala has the 2nd highest number of malnourished children in Latin America. Cuban doctors have offered to help us, and on the weekends they travel to look at the children on farms. But there is no medicine for their treatment, and no money. These Cuban doctors said they couldn't do anything without medicine, because they first need to give the children vitamins, and then de-worm them, and at the end provide healthcare. So they left again without giving any treatment because they didn't have the means.

One last point that I would like to make: over the last year we have kept good lines of communication between the Bishops of the US and Mexico to confront the problem of migration. But I assure you migration will continue, like globalization. As long as there is poverty in Central America, there will be migration.

PANEL III

Trade, Integration and the Rural Sector: Alternative Visions from Brazil, Central America and the U.S.

I. Rural Development Alternatives in Central America: Ursula Roldán, Pastoral de la Tierra and Plataforma Agraria, Guatemala

Thank you for the opportunity to present a proposal for trade generated in Guatemalan civil society, which takes into account the potential impact of the free trade agreement given the unequal conditions that we live in our country. I am not going to give the solution to poverty and the structural problems in our Latin American countries in relation to free trade. Yet I think that the initiatives in each country are important because we need to be able to articulate alternatives in the face of a global economy. I will present the proposal of the *Plataforma Agraria*—a multi-sectoral coalition of civil organizations including NGOs, church organizations and *campesino* organizations that works regionally and nationally to link academic discussion with concrete proposals grounded in the reality of *campesino* groups living situations of extreme poverty.

We have presented two proposals over three years to generate internal transformations, including a proposal for reform of coffee sector reform following the coffee crisis. Coffee is the principle source of employment in the country. Unfortunately the solutions that are being generated in Guatemala and supported by countries such as the U.S. ignore the problems that are faces by thousands of unemployed laborers in dire conditions.

The proposal for coffee reform is from the perspective of the *campesinos* from the *altiplano* that come down every year to harvest coffee. On a parallel track we have developed a proposal for rural development, to better the situation of poverty. Both of these proposals are part of a national debate. **Guatemala has a high concentration of natural resources, second only to Brazil, yet there is much poverty.** It is estimated that 75 percent survive on less than two dollars a day. Sixty percent of the economically active population live in the rural sector. It is this perspective of social and *campesino* organizations that we take as a starting point for both proposals, both in a positive and negative sense. We look at the conditions of poverty, but we also consider the knowledge, ideas and vision that rural communities offer.

Rural populations and indigenous communities have shown over the last 500 years the great potential to diversify production. Our proposal stems from this potential, because communities have survived over 500 years by diversifying their survival strategies. One family will rely on more than one activity to guarantee income, including work in agriculture, commerce work, artisan work, and of course, those who move to urban areas or migrate to the United States. So we see that, without any state support or support from the market, rural communities do develop survival skills through diversification of production. Of course we wish that these strategies did not just ensure survival, but they also promote a level of human dignity. It is from this perspective that we articulate the necessary structural changes in Guatemala.

This proposal for rural development in Guatemala consists of five general components that seek to promote profound and wide reaching structural changes intended to address social problems, the legacy of the Spanish, of the U.S. influence and of armed conflict, and the colonial legacy. These factors have created a society with a very conservative attitude in terms of understanding development and the way in which the development process has excluded communities.

First, we need to have a long term vision. We must transcend the changes in governments, and promote the long term goals of improving economic conditions for all people, of political and social opportunities for all, and of protection our environment.

Second, we need to ask, how are we going to create equality of opportunity? The UN has been developing a report for the last five years in Guatemala which documents three major areas of polarity: urban/rural, men/women, and indigenous/ladino. We ask, how can we equalize opportunities across these sectors? A proposal for development must take into consideration the marginalization of rural sectors in the process of national development, indigenous sectors marginalized by the state, and the gender inequality that we see playing out in the context of poverty.

Third, we find that development must also be coherent with local social and cultural contexts. We cannot copy models of development that do not take into consideration cultural characteristics. For example, we argue that the economy should not only generate profit, but should also have to do with family values, cultural values, and environmental values.

Fourth, development must also generate social participation. The elites that historically make decisions are always going to try to make development models fit their interests.

Fifth, we also need to include a critique of globalization in our proposals for development. While we are not saying that we are against trade, we do not want to enter into free trade with our eyes closed to the Guatemalan reality.

What is the principle strategy in the proposal we are generating? If Guatemala is to compete globally, we cannot continue with such high levels of inequality. There is a study that shows the levels of inequality in production, for example, of one ton produced in Guatemala to 50 tons produced by the most modern processes in the U.S. This inequality in production effects not just Central America but all of Latin America. For this reason we see that “free trade” can not be the only path to reach development in our countries. We know that this problem is not exclusive to Guatemala, yet the Guatemalan context is one of the worst situations in Central America. On the other hand, Guatemala has importance due to its border with Mexico and proximity to the U.S.

We have several strategies:

1) Our principle strategy is political in nature, which is to **develop a strong civil society that is capable of generating and guaranteeing democracy in the widest sense**. We need to nurture social movements that are well articulated and have the strength to disseminate messages, linking local to national, that are able to project their voices in media and public political space. This is what we are creating.

2) Second, we are working to **dismantle the structures that concentrate the benefits of development unequally in Guatemala. This entails bringing about the end of the agro-export model that has been in effect for the last 500 years**. In the last 100 years, coffee emerged as the primary, and in some cases only, agricultural export product. A lot of investment was poured into this industry, which unfortunately left a great majority of the population without opportunities for development. This model requires unskilled workers, and so it produced hundreds of thousands of campesinos with very minimal education. This model also permitted the concentration of land ownership, excluding many indigenous communities from development. So we see the need deconstruction of this model. We need to diversify it and transform from the concentration of property ownership to small properties and place the laborer at center of the economic model.

3) **We need to create a new economic subject. The subject of development in Guatemala for more than five centuries has been the large producer**. The economic and social policies, credit, infrastructure etc. are all intended to benefit the large producer, in coffee as well as sugar cane and cotton. Small farmers are understood only as a social subject, and in the last twenty years social assistance policies have been designed only to maintain the very minimum for their survival. The small farmer cannot enter into free trade. They are excluded from the possibility of being economic subjects. Our proposal shifts this, as the small farmers of one or two hectares must be placed at the center of the economic models and the policy strategy.

4) To do this, **small farmers and the rural poor need access to land**. Guatemala needs land reform that was never achieved during the revolutionary period, during the armed conflict or in the period of peace. Now they say land reform will be achieved through the market, but such steps are not viable. Small farmers need other forms of support, such as technical training, rural financial resources, information on the functioning of the market, social organizational, public infrastructure, etc.

5) Yet to accomplish this **we need policies that are attuned to the social, cultural and economic needs of the small farmer. To do this, we need a strong state**. In the last twenty years the same politics of opening the economy and globalization have weakened the state and led to corruption and the inability of national government to support development projects. We need a strong state capable of promoting and strengthening local economies, that is also decentralized in order to be able to reach the local level and attend to national and multinational problems. If we want to generate development, we need to be able to respond to local needs and differentiate the characteristics of local economies. We also need a strong state in order to be able to negotiate trade policies. The rural sector has not been prioritized in the free trade negotiations.

In conclusion, **I want to touch on some of our central concerns for CAFTA.** As a country, we have not had an exhaustive evaluation of the impact of CAFTA. The internal reforms that I have explained that are so necessary will be not accomplished under the conditions that CAFTA will bring, as CAFTA is unconcerned with questions of rural development. Under CAFTA, we doubt the state will have the necessary autonomy to make structural change needed to redistribute wealth. The export industry is focused on primary resources and natural resources, but does not value human resources. More than 30 percent of our population is illiterate. Under CAFTA, where will investment in education and infrastructure come from? Guatemala does not have the resources to invest in its people alone. Money and assistance is needed to lift the Guatemalan poor out of a level of bare subsistence and to develop the possibility for growth.

II. **Alternative Approaches to Integration in Central America:** **Jose Angel Tolentino, Initiative for Trade, Integration and Development** **(Iniciativa CID), El Salvador**

In Central America, we are working on several proposals for the small farmer and rancher rural sector, in light of the Central American free trade negotiations. These proposals are being generated by a cooperative group of small producers and policy analysis organizations.

I have been surprised today that, after such a long time talking about trade and agriculture, we're finally starting to talk again about rural development. In El Salvador a large part of the social conflict that deteriorated into an armed conflict had everything to do with the form of production linked to large land-holdings (*latifundios*) that produced coffee, sugar and other primary exports. And the central problem has been access to land. Land reform did address some of this, specifically the *latifundios*, but the big issue of poverty still needs to be addressed.

To debate rural development when no one wants to address the aforementioned issues, when the logic is to speak of trade and global market insertion without considering the internal reality of our production, is quite difficult for us who we work with campesino cooperatives to develop alternatives. There is one element that I would like to highlight. The proposals we have are shaped by everything that has happened at the multilateral level. **When we speak of sectoral strategies, we must acknowledge the past and the present in terms of what is happening with the FTAA, CAFTA and other trade agreements.** The global crisis [in the rural sector] spoken about today is a central problem for all of us.

I would like to make several points as we talk about shaping development proposals:

1) **We have not recognized the critical importance of the rural economy and agriculture in our economies.** This is a fundamental failure. We keep thinking that the market will provide solutions while we watch complete crisis in agriculture, but we still do not recognize the critical role agriculture has for survival and for the cohesion of social structures.

2) So far, the approach to the problem of **In Central America we are dependent on imports, yet our economies have no future within this framework.** poverty has been to import more food and keep on disarticulating what little is left of the agricultural sector, with the result of increasing migration. We must reaffirm the role of agriculture in our countries and see their value not only in economic terms.

3) **Proposals for development must address the two fundamental problems of the rural sector: poverty and how to create growth in agricultural sector.**

We are concerned about how developed economies have support at every level and moment of the chain of agricultural production, commercialization, and exportation. The

U.S. protects and excludes its products that can not compete in a larger market. This is obvious in the trade agreements we are negotiating, for example, the U.S. is excluding milk products from the negotiating table. The U.S. wants to protect its uncompetitive products, yet at the same time they want us to open sectors that are critical for employment generation in our countries.

One of the proposals for the rural and agricultural sectors is to support production activities, commercialization and exportation. Some of our agriculture economies have direct contact with external markets and others are linked to internal markets. The policy decisions to strengthen both sectors need to be specific and distinct. **We need to combine the exclusion and protection of certain products with liberalization in other areas.** The strategy of protecting production is necessary in some areas, while support for commercialization and exportation are positive for other sectors. So we need to look for mechanisms and policies that allow enough flexibility to allow us to articulate a productive chain.

A big problem for many producers is their relationship to the market. Many times they are marginally integrated in the market, lacking proper access, and therefore vulnerable to the high prices demanded by intermediaries. To break this cycle we must directly link agricultural producers to consumers. This is critical for getting rid of market distortions and inequalities.

Another issue I would like to highlight is how to **make trade negotiations in Central America coherent with the needs and proposals of campesino groups and cooperatives.** The feeling that exists with regard to the negotiations with the U.S., especially in regard to agriculture, is one of fear and terror. The Central American countries hoped to have more understanding and a less asymmetrical relationship with the U.S. The response from US negotiators, was that as you all know, has been: ‘We will not discuss subsidies, or the issue of internal supports for our farmers -- that is for the WTO to decide, and also we do not want you to exclude any products.’ How can we negotiate under these terms? We need to start over.

Many producers have survived the international economic opening, but sectors such as rice and milk have found themselves turned upside-down. **The main objective of the U.S. in the trade negotiations has been to force the opening of staple crop markets in Central America to the U.S. imports of products such as rice, beans, corn, etc., which are fundamental for food security.** These sectors are worried because they will not be able to compete. What will happen given the potential unemployment that will occur under this impossible competition? The U.S. has taken a rigid and inflexible position that will create unemployment and increased migration.

In the case of patents and agri-chemical industries, the U.S. is pushing very hard to expand the space for these industries, to the point where they are destroying any domestic competition. This will have a very strong negative effect on small agri-chemical industries in Central America, for example in Costa Rica. Overall, we see this trade agreement not as a tool for agricultural and rural development, but as a serious threat.

Lastly, I want to share some strategies for rural development:

- 1) **A development strategy depends upon investment in human development, literacy and health.**
- 2) **We need policies to develop rural infrastructure and other pro-rural policies.** Economic reform programs over the last fifteen years have included very little participation by the state, yet the state is an important actor in the development process. We must re-work and modernize the institutions that deal with the agricultural sector, and make macroeconomic policy coherent with the needs of agricultural and rural development.
- 3) **Natural resources have to be seen not just in economic terms.** This is a responsibility of government and civil society.
- 4) **We need to strengthen organizational processes, enlarge commercialization networks,** and keep in mind the experiences of other proposals, especially the experiences under structural adjustment programs. We need better technology and more private investment. But we have seen that this investment does not go towards rural sectors. **We have to create public and private investment in rural sectors.**

To conclude, some say that free trade develops more employment, investment and generates greater stability, but our results have been the opposite over the last 25 years of social and armed conflict. **We need to re-think policies for the rural sector. The U.S. wants to create a stable and socially cohesive region, yet we think this agreement [CAFTA] does not support such goals.** We believe in alternatives for development, but we do not believe in a deterministic economic approach. We believe in trade as a way to promote well-being, but unfortunately we have very little hope for a short-term plan and trade agreement that will satisfy these needs.

III. Rural Development in Brazil and the FTAA: Darci Frigo, Terra de Direitos, Brazil

There are currently many new developments and several initiatives taking place in Brazil. I will share a few of my concerns and at the end I will try to answer the question put forward by this panel.

From the August 22nd-24th a conference was held in Brasilia discussing the projected future of Brazil's agricultural sector. There was a widespread sense of crisis, since many developed countries have refused to cut subsidies. This makes the meeting in Cancun very important. [Former World Bank economist] Joseph Stiglitz has shared his comments on the developed world trade policy that, he argued, aggravates poverty in the third world. Today, I would like to present some of the points he made. The state has a fundamental role to play as auditor and monitor. In his recent paper, Stiglitz insists that the government should be the regulatory body of the private sectors in countries such as Brazil. This is a different view from the common economic thinking in the 1990's.

In the '90s the common line of thinking was that the state should be weak and allow free trade. It was believed that everything had to be privatized and that we should only have a "middle man" government. Stiglitz reminds us of the development of the United States, where 25 percent of credit comes from the government. There is the image of the U.S. as a "free market" economy, but we need to remember that big businesses, like Federal Express, were born from government credit and support. Economists emphasize that there are two types of credit: 1) credit that is destined for businesses that will generate employment, and these should be favored, and 2) credit which is used to buy business that already existed.

We would argue that the Free Trade Area of the Americas (FTAA) should be used to reduce disequilibria and redistribute wealth and benefits both within and between countries. In his chapter on Brazil, Stiglitz affirms that less developed countries should be permitted to subsidize their industries. Stiglitz supports subsidies for developing countries' basic products. He asked, who is going to buy imported products if there is high unemployment within the developing countries? Stiglitz argued that permission should be given to the poor countries of the southern hemisphere to subsidize their products, so that wealth may be better distributed throughout the hemisphere.

The problem is that economic integration is happening just for the benefit of one region, rather than benefiting all countries. This approach has not been changed in recent negotiations. It is worthless to have an economic treaty unless it recognizes asymmetries and differences between regions and countries.

I believe that security in the US and Canada will only be achieved once there is social justice in Latin America. Everyone, all families in all nations, will benefit from more justice in agricultural development in the southern hemisphere. It is possible that the "wall" between the north and the south will break, and then the north will become more comfortable dealing with issues in the south.

So what do Brazilians think about this topic? There is a common feeling amongst Brazilians since Lula's election that we need to form international policy to guarantee new conditions through the WTO in the south. This would encompass respecting the rights of El Salvadorans and other Central Americans, and creating a policy on Latin American integration that is very different from the projected US ideas about the WTO. **We should first consider the path of strengthening ourselves regionally, for example through Mercosur, and only after that should the more stabilized countries integrate with one another.**

As far as the Brazilian government is concerned, they are trying to protect their products but would like access to foreign markets, such as the United States' markets for products such as, orange juice, sugar, etc. These worries correlate to their desire to protect their political autonomy while creating new policy concerning industry, technology, etc. This is the Minister of Interior Relations' position (he speaks on behalf of the Brazilian government's position), but we consider it a contradiction to only defend the interests of the sectors mentioned here (citrus and sugar). The problem is that the Brazilian farmers and agriculture are in an unfortunate situation and have little no direction because the Brazilian government has not openly recognized interests in other agricultural sectors.

I believe the Lula government should review its relationship with the IMF and WTO. Returning to Stiglitz, he spoke of possible Brazilian agreements with the IMF and the WTO negotiations in Cancun. He affirmed that it is better to have no agreement than to have a bad agreement. This is a national sentiment amongst Brazilian people, not only in social movement groups, but it also exists in civic groups and the national government. Brazilians are now saying that if there isn't a chance for increased economic development in the country, then there is no sense for continued participation in the agreement talks.

I would like to share with you some figures about what has happened in the Brazilian agricultural sector. First, it is fundamental to understand that the agricultural sector plays a much more **important national economic role in Brazil** (and in the rest of Latin America) than it does in the U.S. Agricultural production in Brazil represents almost 40 percent of the GDP.

Second, the process of commercial liberalization, for example, the lowering of tariffs and elimination of other barriers, promoted over the last years under GATT were very negative for Brazil's trade balance. The agricultural sector is one exception, that is, it exports more than it imports. Here it is worth mentioning the importance of agriculture and it's recent growth, particularly in grains and in soya. The increase in soya production generated jobs in Brazil and contributed to GDP growth. But it is also worth mentioning that the development of Brazilian agriculture is based on the logic of the monoculture-export model, which generates social exclusion and environmental destruction, for example the expansion of soya cultivation in the Amazon region. So while this sector is important for our trade balance, it is necessary to change our logic and to **promote family agriculture and production for internal markets.**

Here I want to mention the importance of rural social movements in the fight for the consolidation of family-scale agriculture. This sector is very important on the Continental from a social (employment generating) point of view, and from the point of view of the economy (production of food) and the environment (protecting diversity in production, for example). Rural communities have a fundamental role in creating social stability and environmental sustainability in national development.

Third, **there is a profound disequilibria in trade relations and negotiations, from the FTAA to the WTO.** Stiglitz, in a speech before the Brazilian Senate, stated that the protectionism of rich states has increased in recent years. According to him, the fact that barriers exist that bar entry of agricultural products to the United States and Europe is a crucial question for Brazil in the context of the WTO negotiations. Since 1994, we have seen **a great increase in U.S. farm subsidies**, and the best that can be hoped for in an agreement would be a return to the levels of subsidies from 1994. This would not really be a step forward, as it would just return us to levels that were questionable since the very first negotiations on agriculture.

We need to work for more favorable trade agreements, and combined this with changes in our approach to development at the level of the state. **We need state intervention to apply resources and make public investment in strategic sectors.** We need to push for agrarian reform and the strengthening of small-scale agriculture. I'd like to describe the central role of agrarian reform in this process, because it represents the type of economic policy that can promote social equality and economic growth at the same time. Many economists argue that you have to sacrifice equity for economic efficiency. Agrarian reform, combined with investments in infrastructure, credit, technology, etc., is an approach that can combine equality and efficiency, generating employment and distributing profit in rural areas.

What do the peasants think of the results of the FTAA in Brazil? There are a series of questions and worries that have been addressed:

1) **There will be a significant rise in the control of the multinational corporations over the Brazilian agricultural sector**, specifically in the areas of grains like corn, cotton, sunflower, etc. Also, there is concern over the increased control of agribusiness companies and multinational corporations, especially the North American entities, over Brazilian industries. For example, from 1997-1999, Monsanto appropriated 60 percent of the market in Brazil. With today's conditions, if Brazil approves a law that allows foreign corporations to come into the country, 60 percent of the Brazilians agricultural workers will be trapped in a monopoly without any other alternative. The conditions that the FTAA is projecting are becoming a reality by the corporations. The corporations are able to influence the states on policy matters. We will see a de-nationalization of agro-industry.

2) **Another concern of the people is that the price of agricultural products will suffer with more influence and control from the multinational corporations.** We will see increased internationalization of prices, as multinational companies increased their

control. In Brazil, there will be an increased need to import agricultural products and industrial inputs for agriculture. Some Brazilian products, however, will enjoy increased exports, for example in citrus, coffee and cocoa. But these benefits will only reach a small portion of the sector, benefiting the owners of large *latifundia*. New policies that are meant to benefit us will, in fact, only benefit a very small population of people, and will not contribute to more equitable distribution of wealth.

3) The multinational corporations will become more influential in promoting transgenic products and in controlling the intellectual property rights of certain types of seed, fertilizer, etc. In addition, **the U.S. model for agricultural production will be extended, that is, large land-holdings will be favored over small scale farmers and laborers.** This is already happening in the areas of Mato Grosso and western central parts of the country. These new styles of production require less manual labor and can span a larger area of land, which will make it almost impossible for agricultural workers, like my father, to compete against this new model. This will hurt local food security.

4) There is a very disproportional concentration of people who own land in Brazil and the new policies and agreements [under the FTAA] may very likely increase that gap. Also, the new agrarian policies that only deal with export laws will not benefit Brazilians because they do not deal with the issues, like hunger inside of our country. There is a strong peasant and agricultural worker movement that continuously defends their platform that agri/fisheries should be left out of WTO. **But under the FTAA the Brazilian government will face many impediments in implementing agricultural policies that favor small producers.** They will not be able to use subsidies, credit or other financial incentives to promote Brazilian production. Small producers will be the most hurt, because of the large inequality in land and resources that already exists in Brazil. We will see even greater concentration of land under a model that favors export-dedicated agriculture.

So what are some of the alternatives that have been proposed? In general terms, it is essential to reformulate the international organisms that govern these issues, including the WTO and the FTAA project, and to construct others that are based on equality and representation of all and of less developed countries. Lula's government has come up with a very simple plan that is going to make a substantial difference in Brazilian communities. The plan is to advance money to the farmers who want to produce crops such as corn, beans, rice (the basics). The farmer can then decide at the end of the season whether he would like to pay the government back in a monetary form (if the market is good) or pay the government with a crop equivalency (if they predict no profit from the market).

Any trade policy or international agreement that is committed to just economic development, social equity and environmental sustainability ought to:

- increase income and better the lives of the agricultural families and workers in all their diversity;

- strengthen the economic, social and political organization of the small farm sector in our countries;
- guarantee participation of civil society and social movements, particularly of rural producers and workers, in international negotiations;
- implement policies oriented to strengthen the family farm sector and sustainable development to combat poverty and to guarantee food security in developing countries, making this a universal right;
- guarantee the participation and representation of women in the small farm sector;
- promote international negotiations that will preserve policy flexibility of national and local governments to strengthen and support small-scale agriculture, and the ability of governments to implement food security measures in developing countries, as well as combat unfair trade practices, such as internal supports and export subsidies in developed countries that distort production and prices;
- promote dialogue that favors the exchange of experiences in rural development between countries in Latin America, the Caribbean, Africa and Asia, to promote the concepts of agrarian reform and access to land and credit.

There has been an ongoing debate within the Brazilian government about passing a law before engaging in any international agreements. The main concern is that there will be a provision that will allow Brazilians to have a voice in these international agreements.

Thank you.

**IV. Rural Development Alternatives in the U.S.:
Denise O'Brien, Women, Food and Agriculture Network, Iowa.**

Thanks for being here, especially at the end of the day. It's hard to be the last speaker, because I've had to wait all day to say what I want to say, but it has also been great to listen to everybody else.

I have been farming for 28 years. The first time I was involved in trade was in 1982, when we began discussing GATT. I was at the last big European anti-GATT rally in 1991. Eighty or ninety thousand farmers showed up, and there were about 6 North Americans there. There are people in my country that are in solidarity and that are really suffering affects of the international negotiations that go on. In my experience, trade agreements are for agribusiness corporations that want to rule the world, that want a return on their investments. That is the bottom line. They have the power and they have the money. We have the people and we need to take the power. We sit so civilly and discuss these issues, and I just want to *do* something. I'm not quite sure what that is though. I'm not going to Cancun. I was at the last round of the WTO. I think working the way I do, that is, locally but with a global perspective, is the best thing I can do with my time on this earth.

There are some parallels I want to draw here with what the Bishop has said and what the rest of the people have said. I'm here today as a farmer. I married a farmer and that's why I farm. I grew up in town and I didn't know much about agriculture, so I've learned from my husband who is a very visionary person. When I met him he said I'm going to farm organically and I thought 'wow, that's very political.' **Well, here I am 28 years later in Washington, DC talking about agriculture. It is very political. It is the very basis of how we survive. We need food to survive.**

Listening to the speakers today I hear this whole talk about independency. Farmers are seen as independent, but in reality much of this has been lost. For example, farmers now tied into Monsanto can not save their seed for the next year because they will get sued by Monsanto because they own the patent. Don't farmers understand that they aren't independent anymore? Everyone today is interdependent. We need to work together and use our best skills to make this world a better place.

I have heard words about people being anti-trade protectionists. I don't think any of us are anti-trade. Trade needs to happen, we know that. It has happened for centuries. It is how people conduct business. But when you have trade negotiations and agreements that take over someone else's agriculture, that is not trade. That's just taking over. I've explained it to people that I live around. How I see the WTO is that corporations are giving orders, basically saying: "you grow things there, and you grow things there." We just do all this stuff, but we are creating systems that degrade the Earth.

Iowa is the least biodiverse state there is in this country. We have cultivated every square inch of Iowa. Now we have corn and soy beans, so what does that create? It

creates the system that makes us increasingly dependent upon fossil fuels that supply the chemicals that kill the bugs, because we don't break up the cycle of bugs or weeds or any of those things. This year in Iowa, for the first time, we had aphids in our soybean crop. We've never had aphids before. The soybean aphids invaded Iowa and they are aerial spraying to kill them. Eighty or ninety thousand organic acres (Iowa is one of the leading organic states) are being ruined by drift. These organic farmers have rights. My friend whose organic crops have been contaminated by GMOs has no rights. Nobody can prove where that pollen came from to contaminate her crops and she is out of the market. It is a lucrative market. The power and the hold that the agribusiness corporations is just phenomenal and it goes very, very deep. It's one of those things that we have to continue to be cognizant of.

Farmers from different countries get pitted against each other. It is really not the farmers, it is really the huge corporations. The market is only controlled by a few corporations so the farmers are not really a part of this. They are just the producers of a raw material.

Agriculture is not part of the equation of economic development in Iowa. We are an agrarian state. Our best resource is the soil. But this has never been factored in to the economic development picture. We are trying to reeducate the economic development directors in the state that we are indeed a part of economic development.

It used to be that an agricultural dollar would turn over seven times in a community. Now it is down to three. As farms have gotten larger and larger, there are fewer and fewer people on the land. There are fewer people to support our churches, our schools. We farm the land that my husband grew up on and has lived on all his life. A school bus used to go by with 30 kids. We are lucky to have two or three kids on those buses now. Our children are migrating out of the rural areas into the urban areas. Many of them would love to stay and farm, but you have to be wealthy to be a farmer and yet wealthy is kind of a funny word, because you have to access to land. You can be land poor. Many people own land but don't have the assets that make them able to continue to farm.

There is an interesting parallel here today as we talk about people migrating. My daughter after she graduated from college was in a three-year program with the United Methodist Church called Mission Intern. She lived 18 months in Honduras and 18 months in New York City working on immigration issues and migrant enterprise development. In Honduras she learned a lot about coffee. She would write home and say "this really reminds me of picking strawberries. I don't like picking coffee very much. It's just like picking strawberries on our farm." What she witnessed in Honduras was that half of her village was living in the United States, legally and illegally. Everyone's goal was to make it to the United States. **One of the things I try to point out to the farmers in Iowa is that so many of the people who are migrating into our state are farmers who have been affected by NAFTA.** It seems so easy to make all these connections, and I don't understand why everybody doesn't just understand that.

I wanted to talk a little bit about how we farmers and consumers are trying to work an alternative. Iowa imports 80 to 85 percent of food of the food we have. And we have a state that has some of the richest soil in the world, and it's really silly that we're ruining it by only planting two crops and not feeding our people. So basically we are a food-insecure state. So we are working on trying to get small farmers started in growing food for people. So we are working on **direct marketing, farmers markets**. We also work in **community supported agriculture (CSA)**, where people buy a membership to a farm, and then for twenty to 25 weeks of a growing season they receive the food from the farm. This helps when we talk about farmers needing credit, it helps by deflecting some of the needs of the farmers by having that money up-front from the consumer. It is sharing the risk of that farming situation. The money is up-front, so the farmer can buy seeds, fertilizer, tools, whatever they need. Throughout the growing season the consumer receives the food.

We're also working to relate food, to where food is not just purchased at the grocery store, but really is grown in the ground, so people understand. Even in a farm state like Iowa, where you think people would know where food comes from, it's like a total mystery. So we are trying to create **"food with a farmers face."** We're trying to create a relationship with farming, where people understand this person here grows the food that you are eating. And it's capturing a sense of community, community that we have been really losing. People are grasping onto something that they have lost, and I think it's community. Community built around food is a wonderful place to begin.

We're working in Iowa, and I know this is happening in other parts of the States. We're trying to work with our state legislature and local governments. And when I say we, we are a group of group of churches, advocacy groups, agencies, nutritionists, dieticians, farmers, a whole bunch of different groups that come together during the legislative season. We call ourselves "Rural Advocacy." We are committed to dialogue, social action and political action, regarding rural Iowa. This last year we proposed initiatives, including one called **"Sustained Economic Development through Small Entrepreneurial Businesses,"** which asks for comprehensive strategies to support small business start-ups, support and expansion. Economic development philosophy has been to chase factories, bring them in, and maybe we get 300 jobs, but maybe those 300 jobs are gone next year. So we are trying to build our community from the base up. So we are focusing on community based development, supporting development teams and small business development entities to re-focus efforts towards community-based, asset driven programs. This involves directing resources to communities.

Our governor just set up this big fund in Iowa. He wants genetically modified organisms, he wants biotech, he wants Iowa to be the biotech capital, as do many other states. But they are looking so short-term about what this means. So they were offering a company, Transopa that is doing work in cloning, \$33 million to come to Iowa. Citizen groups asked, what will this bring us as a community? And the company would not even sign that they would stay in Iowa once they got that money. We are captive to these corporations. They are doing this all over the world.

The other part of what we are proposing is **“Sustainable Entrepreneurial Agriculture for Iowa’s Independent Farmers.”** Farmers have lost the market in rural areas. We have factory farms now that grow pigs that never see the outdoors. Tens of thousands of pigs, and it is causing terrible problems with our water and our air. And so it is this vertical integration that someone mentioned earlier: the company owns the pig from the very beginning to the very end, up to packing it and everything. So there are no markets for people. If I want to go grow ten pigs, I don’t have any place to take those ten pigs to sell. It is a monopoly on the market, and there are laws on the books, but they won’t be enacted. We want to help start small businesses, ensure market outlets for small farmers, initiate local purchasing programs in state institutions. We would like our schools and our institutions to buy local foods. It takes 15,000 miles to get food to our plates in the United States, and we need to cut that down in order to cut down on fossil fuels, given that we go to war for oil.

There is some very strong legislation that is on Capitol Hill called the **“Child Nutrition Act,”** which links farms to school cafeterias so that we have fresh food in our cafeterias. There are fresh salads and fresh foods in schools and kids are loving it. But this is done on such a small scale, and we need to do it on a much larger scale.

Thank you all for staying for the day. I’d be glad to answer questions. We have to work together, and we have to oppose the corporations that are out there for their bottom line of profit. There are values that we have that we need to be fighting for.

APPENDIX I: SPEAKER BIOGRAPHIES

Adolfo Acevedo Vogl is a Nicaraguan economist, consultant and Coordinator of the Economic Commission of Civil Society. He worked in the Ministry of Planning from 1983 -1985 and as the Policy Director in the Ministry of External Cooperation until 1990.

He Coordinated the Area of Economic Policy and Alternative Development Strategies in the Regional Coordination on Economic and Social Research (CRIES). Since 1995 he has been responsible for the economic area of the Institute for Sustainable Development (INDES). Adolfo's recent paper, "*Los Impactos Potenciales del Tratado de Libre Comercio Centroamericana – Estados Unidos en el Sector Agrícola y la Pobreza Rural de Nicaragua,*" can be found on the website of the American Friends Service Committee: <http://www.afsc.org/latinamerica/int/centam.htm>.

Bill Christison is a fourth-generation family farmer from Chillicothe, Missouri. Bill and his wife, Dixie, operate a 2,000-acre farm on which they produce soybeans, corn, wheat, hay and cattle. He is President of the Missouri Rural Crisis Center (MRCC--an NFFC member organization), a grassroots farm organization with over 4,000 member families. Bill serves on numerous boards and appointed positions, including NFFC's executive committee. He also held NFFC's president position for five years (1997-2002). Since the 1980s, Bill has worked on the need to change federal farm programs due to its failure to work for family farmers. This included work to change credit legislation to enable family farmers to refinance their debts and the ongoing need to change the commodity provisions of the farm bill to enable farmers to earn a fair price for what they produce. NFFC has developed a legislative proposal for farm bill changes for 2000. For more information on National Family Farm Coalition, see <http://www.nffc.org>.

Marc Edelman is a Professor of Anthropology at Hunter College and the Graduate Center of the City University of New York. He has studied and written extensively about agrarian issues, transnational rural social movements in Central America and the impact of neoliberalism. His most recent book is *Peasants Against Globalization: Rural Social Movements in Costa Rica*. He also authored "Transnational Peasant and Farmer Movements and Networks," in *Global Civil Society* (Helmut Anheier, Marlies Glasius, and Mary Kaldor, eds., Oxford University Press), which will appear in October 2003 in print and also on the website of the London School of Economics. Marc's websites are: <http://maxweber.hunter.cuny.edu/anthro/faculty.html#edelman> and http://web.gc.cuny.edu/anthropology/fac_edelman.html.

Darci Frigo is an attorney who has dedicated his life to attaining equitable land reform for all Brazilians, and outlawing child labor and the practice of modern-day slavery. Currently, he is the Coordinator of *Terra de Direitos* (Land of Rights), a national non-governmental organization dedicated to the defense of social, environmental, economic, political and civil rights. In addition to his work with *Terra de Direitos*, Mr. Frigo is a founding member of the National Network of Public Interest Lawyers (RENAP), and was an active member of the Pastoral Land Commission for 16 years. Also, as a member of the Brazilian Worker's Party (PT), Mr. Frigo was a key architect of the equitable land reform policy that formed a critical plank in President Lula's winning platform.

Alberto León Gómez-Zuluaga is a Colombian lawyer, independent consultant, author and a member of the *Central Unitaria de Trabajadores* of Colombia, CUT. He is a founding member of the Colombian Commission of Jurists and from 1992 to 2000 was the Commission's deputy director for Economic and Social Rights. Also since 1992, he has consulted for the Inter-American Institute for Human Rights on themes related to Economic, Social and Cultural Rights. Prior to his current work, Mr. Gómez-Zuluaga was a professor in the Department of Law and Political Science at the University of Antioqui in Medellín.

Emilio López Gámez is currently a member of the National Executive Committee of the Mexican Independent Center of Farmers and Farmworkers (CIOAC), teaches and conducts research at the Economics Department at the Autonomous University of Sonora and the Economics Department of the National Autonomous University of Mexico (UNAM). He holds a PhD in Economics. He has contributed to the analysis of the agricultural and industrial crises of Mexico, and has served as advisor to organized agricultural producers. He was co-founder of the Economic, Social and Technological Research Center for Agroindustry and World Agriculture (CIESTAAM), of the Autonomous University of Chapingo. As a member of CIOAC he has worked with the Permanent Agrarian Congress (CAP) and the "Countryside Can't Take Anymore" (*el Campo no Aguenta Más*) coalition. Recently, he has participated in the negotiations between the farmer's organizations in Mexico and the federal government which led to the signing of the Rural Agreement in April of 2003.

Denise O'Brien has been an organic farmer in southern Iowa for 28 years with her husband Larry Harris. She is currently the Coordinator for Women, Food and Agriculture Network an organization whose mission statement is to link and amplify women's voices on issues of food systems, sustainable communities and environmental integrity. Ms. O'Brien currently serves on the Iowa Food Policy Council, the Iowa Agriculture Products Advisory Council, the Community Food Security Coalition and Agricultural Missions, Inc. She has just completed a two-year Food and Society Policy Fellowship program managed by the Institute for Agriculture and Trade Policy and the Jefferson Institute. For more information on the Women, Food and Agriculture Network see <http://www.wfan.org/index.htm>.

Kathy Ozer has served National Family Farm Coalition, a coalition of over 35 family farm and rural advocacy organizations, as its Executive Director since 1993. She previously served as the legislative and policy coordinator before coming to NFFC, after working for four years for the United States Student Association. Kathy serves on several organizational boards and has represented NFFC as a variety of events on trade over the past decade. She received her B.A. in Economics and Political Science from the University of Massachusetts in Amherst, Massachusetts. For more information on National Family Farm Coalition, see <http://www.nffc.org>.

Monsignor Álvaro Ramazzini is the Bishop of San Marcos, Guatemala, a post he has held since 1989. Monsignor Ramazzini has gained international recognition—including the 2002 Letellier-Moffit human right prize—for his dedication to the causes of landless *campesinos*, migrant workers, coffee pickers and tenant farmers who form the majority of the San Marcos department. An outspoken advocate of land reform, Ramazzini represented the Catholic Church in the Guatemalan peace negotiations and currently chairs the Catholic Bishop Conference’s Land and Migrants Commissions.

Ursula Roldán is executive coordinator of the Catholic Church’s Interdiocesan Land Commission. With a Masters in Sustainable Development Administration from Guatemala’s San Carlos University, she has spent the last seven years providing accompaniment to rural communities in their struggle to gain access and title to land and in the resolution of labor and land conflicts. The Interdiocesan Land Commission was a driving force in the creation of the Agrarian Platform, conceived as a forum that would bring together diverse sectors in support of rural demands and to draw up proposals for public policy in this regard. The Agrarian Platform Proposal on the coffee crisis can be found

at <http://www.corpotelsa.com/ceg/doctos/2002/refcafe.html> .

Mark Schneider is Senior Vice-President of the International Crisis Group (ICG). Prior to joining the ICG, Mr. Schneider filled a variety of posts, including: Peace Corp Director from December 1999 to January 2001; USAID Assistant Administrator for Latin America and the Caribbean from October 1993 to 1999; Pan American Health Organization Chief of the Office of Analysis and Strategic Planning and Senior Policy Advisor from July 1981 to September 1993; and State Department Senior Deputy Assistant for the Secretary of State for Human Rights and Humanitarian Affairs from 1977 to 1979. For more information on Mark’s work with the International Crisis Group, see: <http://www.crisisweb.org/> .

Leslie M. Schweitzer is the Senior Trade Advisor for the National Chamber Foundation of the U.S. Chamber of Commerce, developing and directing the *TradeRoots Initiative*, a national grassroots international trade education program designed to raise the public awareness of international trade. Schweitzer has over thirty years of experience in the international trade arena. She pioneered U.S./China business beginning in 1977 and is proficient in foreign negotiation, marketing, product development, bartering, counter-purchase and manufacturing, as well as experienced in analyzing growth potential of foreign companies. Before joining the U.S. Chamber of Commerce, Ms. Schweitzer’s background includes founding and managing a full service offshore apparel manufacturing and marketing company in 1987 geared to acquiring advantageous foreign manufacturing sources for U.S. companies. The company specialized in utilizing and developing consumer product industries in third world and developing countries. Schweitzer also owned and managed factories in the Caribbean that produced labor-intensive apparel for U.S. and foreign retail stores, manufacturers and catalog companies. For more information about the National Chamber Foundation, see: <http://www.uschamber.com/nCF/about/default> .

Jose Angel Tolentino is an economist and technical adviser to the Forum on Agriculture of the *Iniciativa CID*, the Mesoamerican Initiative for Trade, Integration and Development. The *Iniciativa CID* was formed in order to influence the development and practice of public policies relating to trade, integration and development. Comprised of cooperatives, community groups and federations, social movements and non-governmental organizations in El Salvador, Guatemala, Honduras, Nicaragua and Costa Rica, the *Iniciativa* promotes full respect for human rights, the state of law and sustainable development. During the past year, CID has engaged in the limited format for participation offered by governments in the Central America Free Trade Agreement (CAFTA) negotiations, and has put forward alternative proposals for regional integration and rural development. Mr. Tolentino is also a technical adviser for the FUNDE, the National Foundation for Development, which was founded in El Salvador in 1992 as a research center to generate alternative economic and social development policies. The website for the *Iniciativa CID*, where their Agriculture proposal to the CAFTA process can be found is: <http://www.iniciativacid.org/index>.

M. Ann Tutwiler is President and Chief Executive of the International Food & Agricultural Trade Policy Council (IPC). Ms. Tutwiler co-founded the IPC in 1987 to develop and advocate pragmatic policies that support an open global food and agricultural system. She served as Associate Director of the Council from its inception until 1992. From 1992 until 2002, she was Director of Government Relations for Eridania Beghin Say's North American oilseed crushing and corn refining companies. In that role, Ms. Tutwiler co-founded the Coalition for a Competitive Food and Agricultural System, which advanced the significant agricultural policy reforms contained in the 1996 US Farm Bill. Currently, she sits on the board of trustees for the National Center for Food and Agricultural Policy. Prior to her work with the Council, Ms. Tutwiler was a Policy Associate with the National Center for Food and Agricultural Policy and a policy analyst with the US Department of Agriculture. For more information on Ann's work at IPC, see <http://www.agritrade.org/>.

APPENDIX II: SPONSORING ORGANIZATIONS

ActionAid USA is the Washington DC office of one of the UK's largest international development agencies, working in partnership with poor people in over 30 countries worldwide to combat poverty. ActionAid USA promotes a rights-based approach to development efforts and advocates for major policy changes in current global trading rules that would allow developing countries to put the interests and rights of their own peoples ahead of those of global foreign investors.



The **American Friends Service Committee** carries out service, development, social justice, and peace programs throughout the world. Founded by Quakers in 1917 to provide conscientious objectors with an opportunity to aid civilian war victims, AFSC's work attracts the support and partnership of people of many races, religions, and cultures. AFSC has worked in Central America for more than 50 years; over the last few years the program has focused on implications of trade, debt, privatization and GMO policies on social and economic development and poverty.



Catholic Relief Services (CRS) was founded sixty years ago as the official international relief and development agency of the U.S. Conference of Catholic Bishops. Catholic Relief Services works closely with local partners in over 90 countries to provide humanitarian relief; reduce poverty and promote peaceful and democratic development.



CEDPA (Centre for Development and Population Activities) is an international non profit organization that pursues a global mission of empowering women at all levels of society to be full partners with men in creating a more sustainable future for their families, communities and nations. Key elements of CEDPA's strategy in Central America include building leadership skills within grassroots organizations and local NGOs, and increasing the political participation of civil society at all levels of decision-making. Current programs in Central America emphasize leadership development, institutional strengthening, and alliance and network building, and focus on themes of women and gender, organizational sustainability, reproductive health, economic security and the facilitation of dialogue around constructive approaches to conflict transformation and advocacy.



The Center of Concern is a DC based non profit engaged in social analysis, theological reflection, policy advocacy, and public education on issues of peace and justice. Rooted in a faith commitment and guided by a global vision, its current programs focus on international development, corporate accountability and food security, gender and trade, international debt, education for justice and social theology. The Global Women's Project at the Center currently houses the Secretariat for the **International Gender and**



Trade Network (IGTN) which is a network of feminist gender specialists who provide technical information on gender and trade issues to women's groups, Non-Governmental Organizations, social movements and governments. IGTN also acts as a political catalyst to enlarge the space for a critical feminist perspective and global action on trade and globalization issues such as the WTO and the FTAA. It is a Southern-led network that builds South/North cooperation in the work of developing more just and democratic policy from a critical feminist perspective.



InterAction is the largest alliance of U.S.-based international development and humanitarian nongovernmental organizations. With more than 160 members operating in every developing country, we work to overcome poverty, exclusion and suffering by advancing social justice and basic dignity for all. InterAction is greater than the sum of its parts, a force multiplier that gives each member the collective power of all members to speak and act on issues of common concern. InterAction convenes and coordinates its members so in unison, they can influence policy and debate on issues affecting tens of millions of people worldwide and improve their own practices.



The Latin America Working Group Education Fund and its sister organization, the Latin America Working Group, represent one of the nation's longest standing coalitions dedicated to foreign policy. LAWG and LAWGEF coordinate the work of a coalition of over 60 major religious, humanitarian, grassroots and policy organizations and carry out the coalition's mission to encourage US policies toward Latin America that promote human rights, justice, peace and sustainable development. Our collaboration with human rights networks throughout the region helps to ensure our work reflects the needs of Latin American partners and the values of coalition members.



Lutheran World Relief works with partners in 50 countries to help people grow food, improve health, strengthen communities, end conflict, build livelihoods and recover from disasters. With people in the U.S. we work for justice for those we serve.



Oxfam America is a privately-funded humanitarian and development organization dedicated to finding long-term solutions to poverty, hunger, and social injustice around the world. It works to eliminate the root causes of social and economic inequities by challenging the structural barriers that foster conflict and human suffering and limit people from gaining the skills, resources, and power to become self-sufficient. Oxfam's Make Trade Fair campaign seeks to change the international trade rules, in the belief that trade can be an important engine for development and poverty reduction, but the rigged rules and double standards of the



current global trading system have contributed to increasing poverty and greater inequality.

The SHARE Foundation: Building a New El Salvador Today is an international non-profit organization that works with rural poor communities in El Salvador to construct sustainable solutions to poverty, under development and social injustice. SHARE provides financial aid and technical assistance as well as advocacy support for integral development to Salvadoran cooperatives and communities. In the United States, SHARE works closely with faith-based and civic organizations and communities to promote solidarity and accompaniment of the organized poor in El Salvador. SHARE has a strategic objective committed to “helping build economic justice and democracy in El Salvador by empowering civil society, especially women, and strengthening sustainable development alternatives at the local and national levels.”



The **Washington Office on Latin America (WOLA)** is a nonprofit policy, research and advocacy organization working to advance democracy, human rights and social justice in Latin America and the Caribbean. Founded in 1974, WOLA plays a leading role in Washington policy debates about Latin America. WOLA facilitates dialogue between governmental and non-governmental actors, monitors the impact of policies and programs of governments and international organizations, and promotes alternatives through reporting, education, training and advocacy. WOLA’s Economic Issues program seeks to promote equitable, sustainable development in Latin America from a human rights perspective, with a focus on issues of trade, agriculture and labor rights.



World Neighbors was founded in 1951, and is a participatory, grassroots organization whose mission is to strengthen the capacity of marginalized communities to meet their basic needs and to determine and sustain equitable and inclusive development processes. World Neighbors works with rural communities in 16 countries in Latin America, Africa and Asia. The program approach starts with participatory processes to accompany participants in analyzing and prioritizing needs, identifying and testing potential solutions, and strengthening local capacity to scale these up, sustain them, and link to other actors and networks to broaden development processes. Programs are integrated, focusing on sustainable agriculture, community-based natural resource management, community and reproductive health.



World Vision is an international Christian humanitarian relief and development organization operating in over 90 countries around the world. It is active in 15 countries throughout Central America, Latin America and the Caribbean with a regional office in San Jose, Costa Rica. We help empower children, families and communities to recognize and fulfill their God given potential through the development process.

