The New York Times

NEW YORK, SUNDAY, JULY 20, 2003

The Rigged Trade Game

Put simply, the Philippines got taken. A charter member of the World Trade Organization in 1995, the former American colony dutifully embraced globalization's free-market gospel over the last decade, opening its economy to foreign trade and investment. Despite widespread worries about their ability to compete, Filipinos bought the theory that their farmers' lack of good transportation and high technology would be balanced out by their cheap labor. The government predicted that access to world markets would create a net gain of a half-million farming jobs a year, and improve the country's trade balance.

HARVESTING POVERTY

It didn't happen. Small-scale farmers across the Philippine archipelago have discovered that their competitors in places like the United States or Europe do not simply have better seeds, fertilizers and equipment. Their products are also often protected by high tariffs, or underwritten by massive farm subsidies that make them artificially cheap. No matter how small a wage Filipino workers are willing to accept, they cannot compete with agribusinesses afloat on billions of dollars in government welfare. "Farmers in the United States get help every step of the way," says Rudivico Mamac, a very typical, and very poor, Filipino sharecropper, whose 12-year-old son is embarrassed that his family cannot afford to buy him a ballpoint pen or notebooks for school.

The same sad story repeats itself around the globe, as poor countries trying to pull themselves into the world market come up against the richest nations' insistence on stacking the deck for their own farmers. President Bush deserves credit for traveling to Africa and trying to focus attention on that continent's plight. But meanwhile, struggling African cotton farmers are forced to compete with products from affluent American agribusinesses whose rock-bottom prices are made possible by as much as $3 billion in annual subsidies. Sugar producers in Africa are stymied by the European Union's insistence on subsidizing beet sugar production as part of a wasteful farming-welfare program that gobbles up half its budget.

Instead of making any gains, the Philippines has lost hundreds of thousands of farming jobs since joining the W.T.O. Its modest agricultural trade surpluses of the early 1990's have turned into deficits. Filipinos, who like referring to their history as a Spanish and American colony as "three centuries in the convent followed by fifty years in Hollywood," increasingly view the much-promoted globalization as a new imperialism. Despair in the countryside feeds a number of potent anti-government insurgencies. Leaders who hitched their political fortunes to faith in the free market have grown bitter.

They include Fidel Ramos, who was Washington's staunch ally when he managed the Philippines' economic opening as president in the mid-1990's. Now, Mr. Ramos blames rich nations' unfair trade practices — especially their "hidden farm subsidies and other tricks" — for much of the suffering in the countryside. Given how long the world's economic powers have been trying to persuade the rest of the world to embrace a more open global economy, Mr. Ramos said in an interview, he was taken aback by their unwillingness to level the competitive playing field. "Poor countries cannot afford to be on the short end of this deal for long," he said. "People are in real need. People are dying."

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Mr. Ramos's plea could have emanated from any number of countries in the developing world, home to 96 percent of the world's farmers. It is a plea that needs to be heeded, before it is too late.

The United States, Europe and Japan funnel nearly a billion dollars a day to their farmers in taxpayer subsidies. These farmers say they will not be able to stay in business if they are left at the mercy of wildly fluctuating prices and are forced to compete against people in places like the Philippines, who are happy to work in the fields for a dollar a day. So the federal government writes out checks to Iowa corn farmers to supplement their income, and at times insures them against all sorts of risks assumed by any other business. This allows American companies to then profitably dump grain on international markets for a fraction of what it cost to grow, courtesy of the taxpayer, often at a price less than the break-even point for the impoverished third-world farmer. If all else fails, wealthy nations simply throw up trade barriers to lock out foreign commodities.

The system is sold to the American taxpayer as a way of preserving the iconic family farm, which does face tough times and deserves plenty of empathy, but it in fact helps corporate agribusiness interests the most.

By rigging the global trade game against farmers in developing nations, Europe, the United States and Japan are essentially kicking aside the development ladder for some of the world's most desperate people. This is morally depraved. By our actions, we are harvesting poverty around the world.

Hypocrisy compounds the outrage. The United States and Europe have mastered the art of forcing open poor nations' economies to imported industrial goods and services. But they are slow to reciprocate when it comes to farming, where poorer nations can often manage, in a fair game, to compete. Globalization, it turns out, can be a one-way street.

The glaring credibility gap dividing the developed world's free-trade talk from its market-distorting actions on agriculture cannot be allowed to continue. While nearly one billion people struggle to live on $1 a day, European Union cows net an average of $2 apiece in government subsidies. Japan, a country that prospered like no other by virtue of its ability to gain access to foreign markets for its televisions and cars, retains astronomical rice tariffs. The developed world's $320 billion in farm subsidies last year dwarfed its $50 billion in development assistance. President Bush's pledge to increase foreign aid was followed by his signing of a farm bill providing $180 billion in support to American farmers over the next decade.

A fair shot, more than charity, is what poor nations need. According to International Monetary Fund estimates, a repeal of all rich-country trade barriers and subsidies to agriculture would improve global welfare by about $120 billion. An uptick of only 1 percent in Africa's share of world exports would amount to $70 billion a year, some five times the amount provided to the region in aid and debt relief.

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The rigged game is sowing ever-greater resentment toward the United States, the principal architect of the global economic order. In the aftermath of 9/11, Americans have desperately been trying to win the hearts and minds of poor residents of the Muslim world. Somehow, we expect other nations to take our claims to stand for democracy and freedom more seriously than they must take our insincere free-trade rhetoric.

The beleaguered Philippine island of Mindanao is crawling with Communist and Islamic fundamentalist guerrillas, and links between Al Qaeda and the local insurgents have made the island a battlefield in President Bush's war on terrorism. There is talk of sending in American troops. But to farmers on Mindanao, home to more than two-thirds of the Philippines' corn production, subsidized American imports loom as large as any other threat. Since the Philippines joined the W.T.O. eight years ago, American corn growers have received an astonishing $34.5 billion in taxpayer support, according to an analysis of government data by the Washington-based Environmental Working Group. This helps explain how America is able to export — the less polite word in the patois of trade would be dump — corn at only two-thirds its cost of production.

The resentment is intense. "The common view here is that the United States, our former colonial master, is a destructive force," said Lito Lao, the chairman of the Alliance of Farmers group in the Mindanao province of Davao Oriental. Farmers' despair, he adds, fuels the Marxist New People's Army insurgency.

The global economy is supposed to change the world for people like Rudi and Nelly Mamac, who live with their seven children in a two-room shack on the edge of a massive plantation in Davao Oriental. The Mamacs are lucky if they clear the equivalent of $1 a day. Mr. Mamac, the sharecropper, was ready to imagine the better future promised by the great global trade game. He wishes he could afford a television and, when drawing a blank upon being asked about life beyond his corn-and-coconut-filled existence, he will wave vaguely, somewhat apologetically, toward the corner of their living space where they imagine the tube should stand.

But none of their dreams are happening. Arnel Mamac, 12, already skips plenty of school days, when his family cannot afford to buy rice. His parents don't want him making the two-mile trek on an empty stomach. One thing the Mamacs seem to realize, even without the benefit of a TV, is that the global economy they are forced to compete in is no level playing field. "It's very unfair that the American government takes so much care of its farmers while abusing those in the third world," Mr. Mamac says.

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The United States and its wealthy allies will not eradicate poverty — or defeat terrorism, for that matter — by conspiring to deprive the world's poor farmers of even the most modest opportunities. And the threat of a devastating antiglobalization backlash set off by a widespread resentment of "northern" trade practices is enormous. Acknowledging the imminent crisis, W.T.O. negotiators labeled the current round of trade liberalization talks, begun in Doha, Qatar, in late 2001, the "development round." Any success depends on a commitment by the United States, Europe and Japan to reduce barriers to agricultural imports by 2005, and to cut subsidies. But several deadlines have already been missed. The European Union and Japan are particularly reluctant to make the painful reforms needed to make trade a meaningful two-way street, and the Bush administration has little credibility to prod them along, given its own outrageous farm subsidies. So a crucial September meeting of the W.T.O. in Cancún threatens to be a reprise of its Seattle meeting in 1999, when the last round of trade-liberalization talks stalled, and protesters outside famously threw their anti-globalization fest.

Back on Mindanao, it's a shame Rudivico Mamac cannot have his TV set to watch all those trade delegates gather in picturesque Cancún come September. After all, what they really will be discussing, notwithstanding all the mind-numbing trade jargon, is whether a global economy has room for the world's poorest farmers.

The New York Times

NEW YORK, TUESDAY, AUGUST 5, 2003

The Long Reach of King Cotton

If it weren't killing them, people in Burkina Faso might get a good laugh at America's unprofitable cotton-growing fetish. Burkinabe, after all, are known for their sense of humor. And what could be more absurd than the sight of the world's richest nation — a fiery preacher of free-trade and free-market values at that — spending $3 billion or $4 billion a year in taxpayer money to grow cotton worth less than that and selling its mounting surpluses at an ever greater loss?

But those American subsidies are killing the Burkinabe farmers, so the inclination to laugh hardens to sorrow and resentment. As in neighboring Mali and Benin, cotton has long been the sole bright spot in this country's ever-dismal economic prospects. White gold, they still call it, though now there's a hint of sarcasm to the expression. Subsidized American cotton farmers now dump so much product on the market that it has driven down world prices. So much so that it currently costs Burkina Faso's cotton industry, traditionally one of the lowest-cost producers, about a dime more than the prevailing global price to get a kilo of cotton to international markets.

American farm subsidies, like those in Europe and Japan, are intended to support a traditional way of life and save farmland from either development or abandonment. If city-dwelling Americans think of the subsidies at all, it is to complain about their cost, or to express a vague sense of satisfaction that we are protecting what seems like a wholesome part of Americana. The idea that we might be inadvertently ruining the chances of small African farmers never occurs to us. But it certainly occurs to the people in the cotton districts of Burkina Faso.

The odds have always been stacked against Burkina Faso, a small landlocked country in the West African Sahel, the region between the Sahara and the Atlantic. This predominantly Muslim nation, where life expectancy has yet to hit the half-century mark, ranks third from the bottom in global rankings of living standards.

Americans send some of their finest young people to places like Burkina Faso, where there are almost 80 Peace Corps volunteers and plans to double that number. The United States also backs debt-forgiveness programs for Burkina Faso and other types of economic assistance. But Americans would be horrified to learn that all the good accomplished by dedicated volunteers and millions of dollars in aid is overwhelmed by the havoc wreaked by Washington's bloated cotton subsidies. By cutting generous checks to 25,000 American cotton farmers whose average net worth is nearly $1 million, Washington underwrites massive overproduction. This results in depressed global prices and a harvest of poverty for Burkina Faso's two million cotton farmers.

"America wants us to comprehend the evil posed by violent anti-Western terrorism, and we do," said President Blaise Compaore in an interview in the capital city of Ouagadougou. "But we want you to equally concern yourself with the terror posed here by hunger and poverty, a form of terrorism your subsidies are aiding and abetting. If we cannot sell our cotton we will die."

"King Cotton," the evocative old shorthand for the supremacy of cotton in Southern culture, still ranks high among the hierarchy of Washington's power lobbies. No other crop is subsidized to such an outrageous degree, enriching so few at a cost so high to millions elsewhere. America's cotton subsidies, mind you, exceed the gross domestic product of Burkina Faso. Because the federal welfare program for cotton growers is so generous and unlimited, guaranteeing farmers an inflated price for every additional pound of cotton they produce, America's share of the world market has been increasing at a time when global prices have been crashing. More than half of all cotton grown in this country is now exported, only because taxpayers subsidize its sale at below production costs.

HARVESTING POVERTY

All the good will engendered by American aid and the sterling efforts of Peace Corps volunteers is washed away by the outrage ordinary Burkinabe cotton farmers feel about the $180 billion farm bill that Congress approved in 2002. In the small western village of Koumbia, where on a recent sweltering day women stooped over, rhythmically wielding simple hoes, to weed cotton plantings, people make a direct connection between their own impoverishment and that 10-year subsidy authorization passed on the other side of the planet. The way the people of Koumbia see it, their never-completed schoolhouse might as well have been pictured on the legislation's title page.

If the United States terminated its cotton subsidies, commodity prices would rebound to more realistic levels, allowing third-world cotton farmers to compete and earn a profit on their crops. And by terminating trade-distorting farming subsidies, Washington would defuse a potent source of feverish anti-Americanism.

It's hard for most Americans, who don't think about farm subsidies at all, to take this problem seriously. It's also hard for farm states, which think of federal aid simply as a way to help hard-working local farmers, to appreciate how intensely, and bitterly, the Africans feel. But most of the developing world believes in the superpower's omniscience. No one in Burkina Faso imagines the impact on their cotton growers was anything but deliberate.

"If the United States can go to the moon, which is rather complicated, one would think it could figure out a way, if it wanted, to help its cotton producers, without hurting us farmers in Africa," said François Traore, president of Burkina Faso's National Cotton Producers Union. Many Burkinabe farmers erroneously believe that President Bush himself pockets sizable cotton-growing subsidies.

Burkina Faso's hand-picked cotton is the cash crop that permits smallholder farmers to buy fertilizers and invest in the other crops that get rotated on the land. "If cotton doesn't sell at a decent price, it affects everything else," Mr. Traore said. That includes Koumbia's little schoolhouse, whose third classroom remains unfinished.

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The New York Times

NEW YORK, SUNDAY, AUGUST 10, 2003

Editorial Observer/ANDRÉS MARTINEZ

Who Said Anything About Rice? Free Trade Is About Cars and PlayStations

TSUKIDATE, Japan

All of the 250 or so members of the 1971 class at Kurihara Agricultural High School in Miyagi prefecture — three hours north of Tokyo by bullet train — went into farming upon graduating, but by now, fewer than a dozen are still doing it full time.

"Early on, I was so excited to be producing rice for all those people in Tokyo and other cities. And they in turn felt a connection to the land, because people's roots, no matter where they lived, were out here," said Koushi Seiwa, one of the few remaining full-time farmers from his class, in a recent chat in the cafe his wife runs. He pointed emphatically out the window as he spoke, toward the tidy, perfectly irrigated rice paddies.

Farmers here are determined to remind anyone who will listen that the sense of order in the Japanese countryside isn't Mother Nature's doing. "Time was when people felt a responsibility to care for the land you received from your parents and they from their parents, and this was central to Japanese culture," added Hiko Hisamitsu, a friend and Kurihara High classmate of Mr. Seiwa.

This equating of agriculture with land stewardship lies at the heart of Japanese and European reluctance to meet developing countries' demands that they lower their barriers to farm imports. Japan's exorbitant rice tariffs, hovering near 500 percent, are Exhibit A of such reluctance. Yet farmers like Mr. Seiwa worry about the incessant international pressure, combined with younger generations' lack of interest in agriculture.

"Now, younger people in Tokyo wouldn't know how to grow rice if their life depended on it, and a lot of consumers probably wouldn't think twice about buying imported rice," he complained.

Not that they are able to do so. For the Japanese government, which continues to spend billions of dollars each year supporting its farmers, rice protectionism is as much a matter of cultural policy as it is an agricultural matter. The Japanese word for rice, gohan, is also used as the generic term for any meal. Besides being the staple of the traditional Japanese diet, rice is also used to make candies and provides the national drink, sake, or rice wine.

HARVESTING POVERTY

Still, recession-weary consumers here are tired of paying three or four times more for food than people do elsewhere. And Japanese industry resents the fact that the country's farm policies have stymied any number of potential free-trade deals with resentful agricultural exporters. The farmers' aversion to regional and bilateral trade agreements has hurt Japanese manufacturers in dealing with countries like Mexico, where European and American competitors enjoy duty-free privileges. Over the long run, it could affect Japan's critical relationship with China, which is eager to sell Japan cheap rice.

Japan now uses a quota system to import less than 10 percent of all rice consumed, tariff-free. The rest runs up against that whopping 500 percent wall. If the tariffs were abolished or significantly reduced, Japan would find itself importing more than half the rice it consumes, according to Keijiro Otsuka, an economist at the National Graduate Institute for Policy Studies in Tokyo and a leading proponent of liberalization.

An open Japanese market would probably create a trickle-down effect for other rice-producing nations. Farmers in California, Australia and China, where producer prices are one-tenth those in Japan, would be the biggest beneficiaries. They produce the short-grain, stickier Japonica rice that Japanese consumers prefer. Poorer tropical countries unable to produce such rice would, in turn, probably sell more of their own rice to China, which would most likely shift some of its production over to Japonica for export.

Japanese farmers equate that kind of change with the end of Japanese agriculture, but Mr. Otsuka and other economists here don't agree, especially if trade liberalization led to a restructuring of the farming sector. Ever since the implementation of American-prescribed land reform after World War II, farming has been organized around small-time producers. Corporations are literally banned from farming. An end to the current massive protectionism might mean that farms of tomorrow would be larger and more efficient.

Mr. Seiwa sadly views the future in pretty much the same way. "You should wait a few years and once this generation of farmers has all retired, you can then have a few companies here run everything, as they do in America," he said.

For Japan, the question of how much to protect its farmers, and at what cost to its international interests and obligations, is a matter that straddles competing national identities. One is of Japan as an island striving for self-sufficiency, shutting out the rest of the world until well into the 19th century and Commodore Matthew Perry's arrival.

Then there is the more contemporary idea of Japan, the world's second-largest economy and a nation that owes its prosperity to its exporting prowess. This outward-looking Japan believes it has the right to unfettered access to global markets, even if it means that a lot of people elsewhere — including plenty of factory workers in America — lose their livelihoods.

The apparent double standard is always resolved by Japanese officials with an assertion that agriculture is different. The view that farm goods should not be regulated by trade rules covering other products is still widely held here — as it is in many other developed nations whose attitude toward their farmers is equally protective, although often more flexible than Japan's.

Tokyo knows it can no longer openly demand to have it both ways, and professes to want progress in the World Trade Organization's so-called development round of trade liberalization talks. At the same time, it is making common cause with the European Union to oppose meaningful concessions before the Cancún W.T.O. meeting next month. The worst nightmare for Japanese officials is that Washington and the Europeans might still come to an understanding on how to go about reducing tariffs and subsidies before Cancún, leaving Tokyo totally isolated in its opposition.

Japan owes it to the world's poorest to alter its negotiating stance, but it also owes it to itself. Nobody stands to lose as much as Japan in the event that the developing world leads a global backlash against free trade.

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The New York Times

NEW YORK, MONDAY, AUGUST 11, 2003

Napoleon's Bittersweet Legacy

Hubert Duez, a successful French farmer, has the English Navy to thank for his good fortune. In response to an English blockade two centuries ago, Napoleon pushed French farmers to replace imported cane sugar with beet sugar. And to this day, a passion for this homegrown, temperate root crop remains a cornerstone of the European Union's protectionist agricultural policy, much to the detriment of farmers in the developing world.

Mr. Duez, who farms in the Picardy region near the Belgian border, acknowledges that the arrangement today is hard to justify on economic grounds. "It is more a political choice for Europe," he said in a recent interview on his tidy farm, a patchwork of ruffled green (those would be Napoleon's beets) and gold, punctuated every so often by islands of poplars.

In a fully liberalized global marketplace, Mr. Duez knows that Europe would produce no sugar whatsoever. It would be far cheaper to import the sweetener from tropical climates that Europeans once colonized precisely because they were rich in things like sugar cane. Poor countries where sugar is one of the few crops capable of bringing in money on the international market would be deliriously happy if that occurred. But in a perverse reversal of traditional trade patterns, Europe ranks among the world's leading sugar exporters. To protect its sugar growers, the European Union mandates that farmers like Mr. Duez get paid 50 euros per ton of harvested sugar beets, or five times the world market price, up to an allotted quota. Mr. Duez runs a well-diversified farm, but the 1,600 tons of sugar beets he sells every year at an inflated price is by far his most profitable crop.

The European Union's extravagant contortions to remain in the sugar business may be the hardest of all its farm policies to defend, much like the United States' irrational protection of its cotton growers. (An official at the French Agriculture Ministry, the most zealous champion of the protectionist status quo within Europe, candidly referred to sugar as "Europe's cotton" when discussing farm policy.) Yet so powerful is the sugar lobby in Brussels — representing not just farmers, but also monopolistic processing companies — that the crop was excluded from the European Union's recent modest reform of its $50-billion-a-year common agricultural policy.

European trade and agriculture officials are sensitive to powerful criticism by the likes of Oxfam and the World Bank, on behalf of farmers in the developing world. They are quick to note that in an effort to even things out, the E.U. does import some cane sugar at its own inflated internal price from developing nations. That is a bit disingenuous. Not all poor countries get this special access and those that do are subject to strict quotas.

Meanwhile, European farmers, eager to profit from the inflated price, produce far more sugar than European consumers can use. The rest is dumped on the international market, depressing commodity prices for farmers elsewhere. (The United States, which has its own politically connected sugar producers, is Europe's co-conspirator in this indefensible system.)

Mr. Duez's good fortune, in other words, comes at the expense of farmers in countries like Mozambique, Brazil and Guatemala, who are being denied their chance to reap the benefits of globalization.

HARVESTING POVERTY

Europeans' sympathy for the travails of farmers in poor countries creates a kind of split political personality when coupled with the desire to see their historic — and picturesque — rural communities stay just the way they are now. Mr. Duez himself has traveled to Burkina Faso to teach farmers in that poor West African nation how to build wells. But he believes that Europe needs to protect its agriculture from unfettered free trade. In his view, a prevalent one in France, agricultural trade should be managed between regional blocs, with an eye toward promoting self-reliance .

This view is at odds with free-trade orthodoxy, not to mention proven development strategies in which countries benefit when they focus on what they do best. It also creates an impossible situation for countries that have little to sell but farm products, and a desperate need to keep rural residents from migrating en masse to the cities.

Fixing, or at least mitigating, the worst effects of rich nations' farm subsidies is supposed to be the central effort of the ongoing "development round" of World Trade Organization talks. In advance of next month's critical W.T.O. gathering in Cancún, European and Japanese resistance to an aggressive easing of agricultural protectionism is threatening to derail this effort. (Although Congress might ultimately have something to say on the matter, right now American negotiators are pushing for serious subsidy reductions that would prove painful to American farmers.)

Europeans should not allow their farm lobbies to hijack the union's policymaking and obstruct a new trade deal that could bring hope to poor countries living in despair and strengthen the credibility of a global trading system that has helped Europe prosper. Lifting farm subsidies will surely be a gradual process, but Europe must start reining them in and stop dumping its surplus harvests below cost on world markets. Kicking the sugar habit, Napoleon's bequest, would be a good place to start.

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The New York Times

NEW YORK, TUESDAY, SEPTEMBER 16, 2003

The Cancún Failure

Cancún means "snakepit" in the local Mayan language, and it lived up to its name as the host of an important World Trade Organization meeting that began last week. Rather than tackling the problem of their high agricultural tariffs and lavish farm subsidies, which victimize farmers in poorer nations, a number of rich nations derailed the talks.

The failure by 146 trade delegates to reach an agreement in Mexico is a serious blow to the global economy. And contrary to the mindless cheering with which the breakdown was greeted by antiglobalization protesters at Cancún, the world's poorest and most vulnerable nations will suffer most. It is a bitter irony that the chief architects of this failure were nations like Japan, Korea and European Union members, themselves ads for the prosperity afforded by increased global trade.

HARVESTING POVERTY

The Cancún meeting came at the midpoint of the W.T.O.'s "development round" of trade liberalization talks, one that began two years ago with an eye toward extending the benefits of freer trade and markets to poorer countries. The principal demand of these developing nations, led at Cancún by Brazil, has been an end to high tariffs and agricultural subsidies in the developed world, and rightly so. Poor nations find it hard to compete against rich nations' farmers, who get more than $300 billion in government handouts each year.

The talks appeared to break down suddenly on the issue of whether the W.T.O. should extend its rule-making jurisdiction into such new areas as foreign investment. But in truth, there was nothing abrupt about the Cancún meltdown. The Japanese and Europeans had devised this demand for an unwieldy and unnecessary expansion of the W.T.O.'s mandate as a poison pill — to deflect any attempts to get them to turn their backs on their powerful farm lobbies. Their plan worked.

The American role at Cancún was disappointingly muted. The Bush administration had little interest in the proposal to expand the W.T.O.'s authority, but the American farm lobby is split between those who want to profit from greater access to foreign markets and less efficient sectors that demand continued coddling from Washington. That is one reason the United States made the unfortunate decision to side with the more protectionist Europeans in Cancún, a position that left American trade representatives playing defense on subsidies rather than taking a creative stance, alongside Brazil, on lowering trade barriers.

This was an unfortunate subject on which to show some rare trans-Atlantic solidarity. The resulting "coalition of the unwilling" lent the talks an unfortunate north-versus-south cast.

Any hope that the United States would take the moral high ground at Cancún, and reclaim its historic leadership in pressing for freer trade, was further dashed by the disgraceful manner in which the American negotiators rebuffed the rightful demands of West African nations that the United States commit itself to a clear phasing out of its harmful cotton subsidies. American business and labor groups, not to mention taxpayers, should be enraged that the administration seems more solicitous of protecting the most indefensible segment of United States protectionism rather than of protecting the national interest by promoting economic growth through trade.

For struggling cotton farmers in sub-Saharan Africa, and for millions of others in the developing world whose lives would benefit from the further lowering of trade barriers, the failure of Cancún amounts to a crushing message from the developed world — one of callous indifference.

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The New York Times

NEW YORK, SUNDAY, OCTOBER 19, 2003

The Fabric of Lubbock's Life

Lubbock is a rock-solid, conservative kind of place, located where northwest Texas meets the southernmost part of the great American plains. Its citizens like to think of themselves as self-reliant straight talkers. It seems strange, then, to think of this region as a sprawling welfare case.

But the cotton farms that give Lubbock much of its identity thrive from huge government subsidies that drain the federal treasury and shelter the industry from the discipline of the market. The rest of the world rightfully regards those subsidies as unfair to poor countries, whose cotton farmers cannot compete against the below-cost prices at which American cotton sells.

America's cotton farmers are currently at the center of an international outcry against the way rich countries rig the trade game with protective tariffs or agricultural subsidies. ''Judging by what's written in some Eastern newspapers you'd think I murdered my parents or something,'' says Ronnie Hopper, a cotton grower in nearby Petersburg. Mr. Hopper, 57, grows some of the most coveted cotton in the world on a 2,500-acre high-tech farm. But most years his costs exceed the global price, which is why he has relied on nearly a half-million dollars of subsidies since 1995.

''Why do you want to get rid of me?'' asked Mr. Hopper, who works hard and plays by the rules as the government sets them. Like many farmers who receive subsidies — a glaring exception to America's ostensible free-market values — he argues that the United States needs some agricultural self-sufficiency and that no cotton farmer could break even at market prices.

Indefensible as the subsidies are, it's impossible not to feel sympathy for his situation. Lubbock is in the heart of the national cotton belt, and the idea that the United States is no longer well positioned to grow cotton at all is shocking in the top-producing cotton state, where in Dallas last weekend, Texas played Oklahoma in the venerable Cotton Bowl.

There is actually no sign that American cotton farmers are going to suffer from anything but hurt feelings in the short run. The 2002 farm bill's complex cotton subsidies will continue at least until 2007, giving farmers the right to a direct payment of 6 cents for every pound of upland cotton, plus loans pegged at 52 cents a pound. Besides helping growers pay off their loans if the price dips below that, Uncle Sam then makes what are known as countercyclical payments to allow farmers to obtain a lofty ''target price'' of 72 cents a pound. All told, with this web of federal supports — which can exceed $3 billion in some years — American taxpayers often end up footing as much as two-thirds of the cost of growing America's exported cotton.

This helps the United States, among the world's highest-cost cotton producers, rank first in exports. Dumped abroad at below cost, our cotton depresses prices and hurts farmers in poor nations like Mali or Burkina Faso that cannot set aspirational ''target prices.''

African farmers are aware that they are competing in a fixed game — many believe, incorrectly, that President Bush is a cotton farmer himself. They are rightfully outraged that a nation that enjoys all the benefits of open markets for its industrial products keeps putting up walls around its farmers.

At the recent World Trade Organization meeting in Cancún, where attempts to reform the agricultural trade rules ended in failure, widespread outrage against American cotton subsidies dominated the headlines.

HARVESTING POVERTY

If all protectionism disappeared tomorrow, the poor farmers of the world would not all benefit. Small corn or wheat growers abroad might not be able to compete against the huge, efficient farms of the fertile American Midwest. Peasants with tiny plots of land would inevitably give way to bigger agricultural enterprises. There is no magic fix to a world order in which the rich countries invariably hold most of the cards. But the global community has to start moving in the right direction, giving farmers in the poorest countries an opportunity to compete where they have a chance to do so.

The ''cotton-picking truth,'' as they might say in rural Texas, is that the United States has no business growing 16 million bales of cotton a year. Continuing to deny this reality is patently unfair. If the United States eliminated the subsidies, the world prices for cotton would rise, helping farmers overseas but having minimal effect on consumers (there is only about a dollar's worth of cotton in a pair of jeans). It would save the American taxpayers billions of dollars, and it would allow Americans to strike a very visible blow for fairness between rich countries and poor.

The pain in Lubbock, of course, would be real, as it is in any region where new economic patterns deal a mortal blow to a local industry. The government needs to help such places make the transition to businesses with a future. But it cannot afford to prop up inefficient ventures forever. It is not fair to other regions that were forced to accept change, lost jobs and an end to old ways of life. It is not fair to the poor, cotton-producing countries. The subsidies are a bad deal for everyone but the American cotton farmers, and they leave the United States in an unconscionably hypocritical stance when it faces the rest of the world. Free trade cannot work à la carte, only for those sectors where we stand to win.

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America's Sugar Daddies

Sugar growers in this country, long protected from global competition, have had a great run at the expense of just about everyone else — refineries, candy manufacturers, other food companies, individual consumers and farmers in the developing world. But now the nation's sugar program, which guarantees a domestic price for raw sugar that can be as much as three times the world price, needs to be terminated. It has become far too costly to America's global economic and strategic interests.

The less defensible a federal policy is on its merits, the greater the likelihood that it generates (or originates from) a great deal of cash in Washington, in the form of campaign contributions. Sugar is a sweet case in point. The Fanjul brothers, Florida's Cuban-American reigning sugar barons who preside over Palm Beach's yacht-owning society, were alone responsible for generating nearly $1 million in soft-money donations during the 2000 election cycle. Alfonso Fanjul, the chief executive of the family-controlled Flo-Sun company, served as Bill Clinton's Florida co-chairman in 1992 — and even merited a mention in the impeachment-scandal Starr report, when Monica Lewinsky testified that the president received a call from him during one of their trysts. Meanwhile, brother Pepe is equally energetic in backing Republicans, so all bases are covered.

The Fanjuls harvest 180,000 acres in South Florida that send polluted water into the Everglades. (A crucial part of their business over the years has been to lobby not just against liberalization of the sugar trade, but against plans to have the sugar industry pay its fair share of the ambitious $8 billion Everglades restoration project.) The Fanjuls had been Cuba's leading sugar family for decades before Fidel Castro's takeover. Crossing the Straits of Florida, they bought land in the vicinity of Lake Okeechobee, which feeds the Everglades, and imported platoons of poorly paid Caribbean migrant workers. Their business was aided by the embargo on Cuban sugar. The crop is protected from other competition by an intricate system of import quotas that dates back to 1981.

The government does not pay sugar producers income supports as it does many other kinds of farmers. Instead, it guarantees growers like the Fanjuls an inflated price by restricting supply. Only about 15 percent of American sugar is imported under the quota rules, and while the world price is about 7 cents a pound, American businesses that need sugar to make their products must pay close to 21 cents. Preserving this spread between domestic and world sugar prices costs consumers an estimated $2 billion a year, and nets the Fanjuls — who have been called the first family of corporate welfare — tens of millions annually. The sugar exporters who are able to sell to the United States also benefit from those astronomical prices. The Dominican Republic is the largest quota holder, and one of the big plantation owners there is — surprise — the Fanjul family.

HARVESTING POVERTY

The sugar situation hurts American businesses and consumers, but its worst impact is on the poor countries that try to compete in the global agricultural markets. Their farmers might never be able to compete with corn or wheat farmers in the United States, even if the playing field were leveled. But they can grow cotton and sugar at lower prices than we can, no matter how advanced our technology. Our poorer trading partners bitterly resent the way this country feels entitled to suspend market-driven rules whenever it appears they will place American producers at a disadvantage.

In fairness, the United States is not alone in distorting the sugar trade, and the European Union's massively subsidized exports of beet sugar make it the biggest culprit. The American sugar lobby uses that fact as a shield, arguing that the crop not be included in any regional trade deals until distortions are addressed by all countries at the World Trade Organization. But quotas are set between trading partners, not on a global level. Right now the United States is negotiating the creation of a hemispheric free trade area that would benefit many United States industries, including other agricultural sectors. It is ridiculous for the sugar lobby to argue — as it does vociferously — that sugar should not be included in the agreement even though it is one of the few products that some Latin American republics can hope to ship to the American market.

So far the Bush administration has rightly rejected the sugar lobby's push to keep the commodity off the table. The danger, however, is that American trade negotiators might still prove far too deferential to sugar industries when hammering out the trade deals' specifics. For instance, any move to phase in elimination of sugar quotas over a period longer than a decade (as was done in the North American Free Trade Agreement) would undermine any promise a trade deal might hold for poor farmers in Latin America. The strength of the protectionist sugar lobby in Washington — which unites Southeastern cane growers and Midwestern beet farmers — was apparent in the success of Senator Mary Landrieu of Louisiana last year in bashing Nafta's modest sugar provision during her re-election bid.

If the sugar trade were liberalized, world prices would start creeping up and domestic prices would fall, which would benefit both the developing world and the American economy. The industry itself cites "alarming" studies that if the United States imported an additional two million metric tons — roughly the amount Central America exports — domestic prices would be cut in half. But that is no argument for opposing trade liberalization. That is an argument for the handful of individuals who control the sugar business in this country to start thinking about a new line of work, and be grateful for the long run they had.

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