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Farming on a Level Field

Today, we live in an unbalanced world . . . a world of haves and have-nots. A world of food shortages and surpluses. The problems we face today in quenching world hunger are not in production but instead distribution and unfair competition. If we want to end world hunger, we need to take a serious look at economic policies.

I live on a family farm in central Iowa. We raise beef cattle as well as corn, soybeans, hay, and oats. I know being a farmer is a risky business in any situation. I also know firsthand what it is like to compete with huge agricultural corporations. These corporations have one hundred times more resources and influence than small producers like my family. We used to raise hogs, too, but we were forced to stop when there was no profit in doing so. The market for our hogs became saturated with truckloads of pigs from gigantic hog confinements. I know we are not alone in this struggle.

I enjoy helping my dad with our cattle, and I own a few head of cattle myself. I'm very interested in improving cattle genetics through selective breeding and crossbreeding. My interest in different breeds of cattle led me to learn about cattle across the world and the people who, like my family, make a living off the land. My search for knowledge of farming practices across the world led me to discover the problems other family farmers face. I found that farmers in Central America deal with the same unfair competition we do. Through this, I came upon the situation in the Central American country of Nicaragua. Economic policies, like the newly released Central American Free Trade Agreement, are the main reasons why such unbalanced competition takes place.

Nicaragua is an agricultural-based country, like my state of Iowa. In my research of Nicaragua I came in contact with Russell Freed, a professor of crop and soil sciences at Michigan State University and the director of MSU's Partnerships for Food Industry Development, which helps small farmers in developing countries market their crops efficiently. He told me that Nicaragua and my home state of Iowa are quite similar saying, "The thing that may surprise you about Nicaraguan farmers is that they have many of the same problems that Iowa farmers have." I agree, but Nicaragua's problems are much more severe.

Nicaragua has certainly had its share of hardships. In Nicaragua's troubled history, it has overcome dictatorship and civil war, as well as devastating natural disasters. These roadblocks have left Nicaragua one of the poorest countries in Central America. In fact, it may now be the poorest in all of Latin America. Its economy still struggles with corruption in the government, which is a major drain on profits and makes the country, as a whole, less competitive. Today, Nicaragua is fighting to stabilize its economy, lower inflation, and bring its people out of poverty.

Nicaragua contains a large amount of land suited for agriculture, rich volcanic soil, a high irrigation capacity, and a tropical climate allowing for crops to be grown year-round. Agriculture is a large part of the Nicaraguan economy accounting for two-thirds of all exports, a quarter of the gross domestic product, and a third of all employment (Nix).

Known as the "land of lakes and volcanoes," Nicaragua has a population of about five million people spread out over 130,000 square kilometers. Most Nicaraguans have a rough life. In 2002, 27% of the country's population was undernourished. That's about 1.4 million people. The average diet consists

of corn tortillas and red beans and sometimes rice or eggs. In times of crisis, Nicaraguans are forced to survive eating whatever they have, whether it be unripe mangos or tortillas with salt (A Profile of Nicaragua).

Common Nicaraguans don't make enough money to support their families. Sixty percent of Nicaraguans are underemployed or not employed at all. A man's annual earnings in Nicaragua were \$3,310/year in 2000. A woman's annual earnings were only 31% of men's, averaging about \$1,431/year. The sex ratio is about one male to one female on average and the median age in Nicaragua is 20.4 years (Smith). In urban areas of Nicaragua, the average family has 4-5 children but in poor rural areas, it is not uncommon for a family to have 7-8 children. Sadly, many of these children don't get enough food to eat every day. In fact, 40% of children in Nicaragua are malnourished (A Profile of Nicaragua).

Most Nicaraguan farmers own only 10 or 15 acres. Generations of Nicaraguans have made a living off their small parcels of land. Farmers used to raise staple crops like beans. The farmers could feed their families with their crops and sell the leftover crops in a local market. Unfortunately, most Nicaraguans are no longer able to raise the crops they need to grow to feed their families. Now, the market for beans is overflowing with beans from the U.S. and elsewhere and the price is dramatically lower. Banks won't give loans for farmers wanting to raise crops for sustainable agriculture. Instead, poor farmers are forced to grow export crops and sell them in a huge international market for next to nothing. The reason for this is the push for globalization of these farms. If this continues, globalization will destroy a way of life for farmers in Nicaragua and other developing countries (Inhuman Economies).

This push for globalization will only be made stronger with the introduction of a new legislation, the Central American Free Trade Agreement (CAFTA.) CAFTA is a trade agreement between the United States and the countries of Central America plus the Dominican Republic. It removes tariffs on goods traded between the United States and these Central American countries. It essentially puts these small farmers into the same market in which huge multinational agribusinesses compete. Additionally, the bill is filled with loopholes allowing corporations to work their way around environmental laws and taxes.

Free trade agreements like CAFTA and the North American Free Trade Agreement (NAFTA), are famous for creating a "race to the bottom" (Another Americas is Possible). These trade agreements force producers to create the cheapest product possible which dramatically lowers the quality of the product and wages for the workers. Trade agreements like these drastically affect manufacturing jobs, hurting workers in the U.S. and in developing countries immensely. Because of free trade agreements, multinational corporations can move their factories from the United States to poor, developing countries and pay their workers minuscule amounts of money. In these poor countries, laws are not in place to protect these workers. This practice of creating the cheapest product no matter what damage is done, is detrimental to all parties involved, except for the white-collar workers at the top of these corporations. These events took place in Mexico after NAFTA went into effect. CAFTA will do the same in Nicaragua.

Agriculture is adversely affected by CAFTA also. Small farmers in developing countries like Nicaragua are severely injured by these policies. They can't possibly make a living with these bare minimum prices. Since NAFTA was created, thousands of small farmers in Mexico have been forced to sell their farms and migrate to the U.S. to find work. The same could happen in Nicaragua with CAFTA if changes are not made. CAFTA would bring dangerous price fluctuations that small Nicaraguan farmers couldn't possibly withstand. CAFTA would also stop the Nicaraguan government from creating safeguards like price floors, while allowing the U.S. to continue giving huge farm subsidies. This would prohibit Nicaragua and other Central American countries from competing with the United States. Worst of all, CAFTA would lower prices for staple crops making it impossible for small Nicaraguan farmers to

sell their crops for a profit and would end up forcing thousands of small farmers to sell their farms and end their way of life.

An American, Ellen Sherby, now living and working in Nicaragua with the CEPAD, (Council of Protestant Churches of Nicaragua), works with average Nicaraguans every day and knows what hardships they face. She feels that CAFTA would not be at all good for average Nicaraguans. She noted, "Free trade agreements will bring wealth to the big business owners and farmers who have the technology and so forth to compete with U.S. farmers. Most Nicaraguans, I'm afraid, will suffer terribly under CAFTA, which has not yet been ratified in Nicaragua but will be soon (and it doesn't matter if it is ratified or not by Nicaragua for it to go into effect). Under CAFTA, I see a very bleak future for Nicaraguans -- both urban and rural. I see farm folk losing their land, being forced to buy beans and corn imported from the U.S. at cheaper prices. They simply won't be able to compete with U.S. subsidized, high-tech agriculture. I see more hunger here and more people dying from hunger. I see farmers having to send their young-adult children off to work in the free trade zones in sweatshops to be able to make ends meet. People will have less access to medicines. The list goes on and on."

The average U.S. farmer has not seen significant benefits from CAFTA either. According to the *Public Citizen*, NAFTA promised to boost farm income. But, since NAFTA went into effect in 1993, farm incomes have instead fallen. The reasons for this are lower prices and an unstable market. In the U.S., farmers still sell their crops at the same low prices as the other countries involved. However, they are paid by the U.S. government for every sale, helping them to make a profit. Government subsidies help U.S. producers when prices are low, but they are devastating to countries trading with them that don't have subsidies. The amount each producer is paid correlates to the amount of grain they are selling. This makes bigger farms more profitable and is running small farms out of business. The smallest farms in the U.S. produce thousands more bushels of each crop than poor Nicaraguan farmers. Still, U.S. family farms alone can't create a significant impact in the market.

Large U.S. agricultural corporations, on the other hand, can make a huge profit in these situations because they are selling such a large volume and they receive enormous government supplements to make the prices closer to normal. The more of each crop they are selling, the more money they receive. NAFTA and CAFTA both reduce safeguards controlling agribusiness so these companies' power and leverage have grown, allowing them to control prices for farmers everywhere. These agribusinesses will then hire the poor farmers who were forced to sell their farms to work for them and make the poor farmers work for next to nothing ([Down on the Farm](#)).

CAFTA will also allow big corporations to abuse the environment. A perfect example of this is what happened in the Mexican city, Guadalucazar because of NAFTA. Metaclad Corporation, a U.S. toxic waste company, tried to construct a toxic waste dump on land that was declared an ecological reserve in the town of Guadalucazar in the Mexican state of San Luis Potosi. The Mexican government denied Metaclad a municipal building permit. Through NAFTA, Metaclad successfully sued the Mexican government for \$16 million. Metaclad was able to do this simply because when the government denied Metaclad a building permit, their profits were hurt ([Another Americas is Possible](#)).

It is a vicious circle and something must be done to stop it. The first step, however, is realizing the problem. In the U.S., the CAFTA bill was slipped through the House of Representatives in the middle of the night on July 27 and passed by a narrow margin. It was then quickly signed into law by President Bush on August 2. CAFTA has been passed in El Salvador, Guatemala, and Honduras and has yet to be voted on in Costa Rica, Dominican Republic, and Nicaragua.

Trade between developing countries in Central America is a good thing, but CAFTA is not the way it should be done. A trade agreement should contain the following components: it should keep small

producers like those in Nicaragua in mind and establish safeguards including price floors to protect producers for volatile price fluctuations. It should limit large corporations' power and make them adhere to environmental standards, and finally, it should exclude staple crops, which feed poor farmers. Dr. Freed reminded me when I asked him about CAFTA that, "When we talk about free trade, we are really not talking about free trade because of all the subsidies." The bottom line is that small Nicaraguan farmers cannot possibly compete with U.S. subsidies without some help. Dr. Freed went on to say that, "With 'free trade' the farmers that will win are those who have the best technologies, the best growing conditions (weather, soil, etc.) and the best markets (roads, storage, transport, etc.)."

If Nicaragua is to decrease its debt and bring its people out of poverty, it must interact and trade with the rest of the world. However, CAFTA is not dealing with this situation properly. If a trade agreement is reached, it must have the average people in mind and not forget about their needs.

I find it very depressing that most Americans wouldn't ever believe such terrible living conditions occur so close to home. Most citizens certainly would not believe that the U.S. could be causing these problems. If we are to stop this downward spiral of ignorance and greed in our foreign policies, we first need to bring the problem into the light. The first step of any organization aimed at lessening the troubles for Nicaragua and other countries faced with similar problems must be to get the word out. Before any major progress can take place, I believe the general public must be alerted. If this is done and the needed public support is attained, damaging policies can be changed to better fit the needs of the people of Nicaragua.

I believe inconsiderate policies, greedy corporations, and unfair competition are some of the main reasons why so many Nicaraguan farmers are unable to make ends meet. By simply looking at the facts, it is obvious that poor Nicaraguan farmers owning ten acres can't possibly compete with inflated American imports. Only the largest producers with immense selling power will see big benefits from CAFTA.

Looking at it from my standpoint, a free trade agreement is no advantage to a family farmer like me. Since the introduction of NAFTA, prices haven't increased and it certainly hasn't leveled the playing field as far as reducing the government supplements big producers can receive. Even if it did increase the price for our crops, I would still be against it because of the devastating effect it has on farmers in developing countries and the terrible way it encourages abuse of the environment.

As a farmer myself, I know that raising crops is no longer the sole problem in agriculture. Today, what is limiting people in countries like Nicaragua, is economic policy oppressing the poor and powerless. If we are to shorten the gap between the "haves and have-nots" we must first make it a fair game and give every man, woman, and child the same opportunities to succeed.

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