Caroline Kesselem Emma Willard School Troy, NY Nicaragua, Factor 15

Imagine a world where every farmer is fairly paid for his hard work, determination, and commitment to sustain his family. Imagine his wages being fairly compensated, his family fairly nourished, and the work of his own two hands fairly recognized. Some believe this equality can never be reached, never be overcome. But others know that this revolution has already begun. This is the revolution of fair trade in Nicaragua.

Average family life in Nicaragua is based on a large family and supportive work on the family farm. A high fertility rate results in large families, which on average consists of eight members. Each member of the family labors on the farm or, in the case of small children, sells products in markets or on the street. These crops and products mainly include corn, rice, sugar cane, bananas, and coffee. Because of monetary needs, some children may start working as young as five years old, before and after school. When the economy is especially unfavorable families depend on extended families for support. Health care is difficult to come by, especially for rural families. Most of the health care services are located within larger cities, with the rural country sides not being served. Whenever families can come across the care, the services are most likely undersupplied and poorly managed. Education for the children is unsurprisingly inadequate. Because the education system is not a financial priority, it suffers deeply. Because of the large family size children now more than ever are looking for better education. However, the average family is unable to pay for a child past primary school education. (Family Life in Nicaragua, Nicaragua *Encyclopedia*)

The effects of CAFTA on the average Nicaraguan family and their daily life include food insecurity, migration, and worker exploitation. Food insecurity is the result of the seriously competitive market between Nicaraguan farmers and other cheap farmers, and the U.S. government. The U.S. works to import the cheapest food possible, beans for example. This affects farmers when they have to compete against others in order for the U.S. to import their crop. A family who has been growing these beans their entire lives, for themselves to eat and for later exports, must decrease the price in order to sell them. This driven down price eventually results in the family losing money and not being able to feed themselves. The farmer must then make a difficult decision to choose a different crop that has become a more needed export. Banks will only loan him money to plant specific crops. At this point, the international market in now in charge of his success, because if it wants a different crop to be produced, the farmer has no choice but to grow it, sell it, and receive money to sustain his family. If a specific crop does not sell, the farmer loses that money that would have been used for food. Last resorts for this farmer are to sell the land, become unemployed, and make a difficult family decision to migrate to another country. While this situation leaves a little leeway for the families to try planting different crops, other families are not so lucky. (Policy Analysis)

Some family members, most often parents, make a sacrifice to migrate elsewhere to find work and send that money home to the rest of the family. If all other options are gone a person might have to apply for a visa and go to work in another country, most of the time the United States. If she is denied legal entrance to the U.S. she might choose to journey anyway, with the fear of an unknown language, being lost, and final deportation. This is all a sacrifice for the chance to farm crops and send the money back home to families. Sometimes she might not see her family for months, maybe even years. Within free trade itself, the most valuable exports in Nicaragua are people. Persons must venture out of the country in order to provide the primary source of income to Nicaraguan families. Another agreement under free trade is the free movement of capital, rather than people, which promotes the destitute to illegally cross borders for work. (Policy Analysis)

Another prominent choice for the average Nicaraguan family is to fare exploitation in factories. The United States is involved in Nicaragua's Free Trade Zones. These zones invited U.S. companies to "invest" in the area, while allowing the companies to be free from paying taxes for the land. These companies may not even pay for electricity or water for their employees, just because they know that the people are desperate to work in any condition for any amount of money. This specific economic strategy is only short term because it provides quick monetary for the large companies. There are no long-term benefits for the workers. This exploitation affects, not only the immediate workers, but their families as well. If workers make a minimal wage, they are barely able to feed their families. Sending them to receive an education is simply out of the question. Still, these workers are the lucky ones because they are not a part of the majority of Nicaraguans who are unemployed. (Policy Analysis)

The effects of fair trade on family farms promote community, health, education, and a sense of control over community business actions. Most families form a community, which then seeks out a relationship, then business actions, to promote equal trade for all the products each family offers. These families work with customers in the U.S. to trade fairly and coordinate business transactions. The funds that the community receives are then divided equally amongst schools, medical buildings, and family farms. This promotes cooperation within the community to send the children to school, build health care facilities, and provide money to the farmers. When individual families earn enough money, they are able to pay for children's uniforms and education, over the counter medicine in order to make home remedies passed down through the generations, and healthier food options. Homes can also be improved with electricity, and those who have really saved up are able to buy dishes, beds, and toilets.

To determine how fair trade is the most economical and ethical trading decision, one must understand the difference between fair trade and the current trading system of the United States, CAFTA (Central American Free Trade Agreement). CAFTA is part of a series of Free Trade Agreements between the United States and five main Central American countries: Honduras, Guatemala, El Salvador, Costa Rica, and Nicaragua. This trade agreement encourages trade liberalization between the U.S. and these countries. Though CAFTA is modeled after NAFTA (North American Free Trade Agreement), its goal is to take a more advanced step towards FTAA (Free Trade Area of the Americas). FTAA would eventually include 34 countries. The timelines between FTAA, NAFTA, and CAFTA are dramatically different. The time it took for U.S. Congress to recognize FTAA and NAFTA was ten years and seven years, respectively. CAFTA, however, took far less time than that to negotiate. The Bush Administration assertively chased CAFTA negotiations, and CAFTA was completed within one year, which drastically cut off civil and congressional contribution. After the U.S. Congress applied for Trade Promotion Authority, "Fast Track" in other words, negotiations for the agreement began in January 2003. Because of this "Fast Track" Congress is unable to alter the trade agreement. (Gass)

Through these trading practices, CAFTA demands market liberalization, a "relaxed restrictions market", for various goods and services throughout Central America, consisting of public services, agriculture, and manufacturing. The U.S. has then promised to raise market access in certain sections of Central America. Because simple evaluations of CAFTA have yet to be conducted in the countries, Central Americans, including Nicaraguans, have to judge for themselves the potential impact, based solely on NAFTA's results. Some analysts believe that CAFTA will indeed draw foreign investments, but this will most likely produce Central American exports in some areas, and not necessarily help individual farmers in poor, rural communities. (Gass, Capital Market Liberalization)

There are obvious oppositions and concerns with CAFTA, regarding workers' rights, the agriculture within the country, and even job loss within the U.S. Regarding labor laws in the Central American countries, CAFTA does not require international labor laws, but rather, enforces domestic laws, which are especially deficient in these countries. The concern involving agriculture is that the urban, poor farmers,

who live entirely off of this kind of employment, are too afraid to contend with the U.S.'s highly financed exports. Lastly, job loss within America is a major problem because Central Americans are taking away these manufacturing jobs. If industries once suffered under NAFTA, then the hardships that come with CAFTA would be inevitable. Those that have spoken against this agreement come from both sides: the U.S. Congress and various assemblies throughout Central America. Though many believe that CAFTA promotes free trade that is better for the economy, it actually carries many disadvantages, regarding economies and ethics of both the U.S. and Central American countries, like Nicaragua. (Gass)

Fair trade started in the early 1940s with a few European and American organizations. In recent years it has boomed into a worldwide effort to recognize the positive effects of ethical trade in the lives of those in poverty. The fair trade effort has become more serious through organizations like Fair Trade USA. In 1999, fair trade coffee was first launched through Trans Fair USA. By 2007, the sales of general fair trade certified products in the U.S. hit one billion dollars. Throughout the years various products, beside the main coffee product, have become Fair Trade Certified, like bananas and honey. Fair trade certification is verified by the company FLO-CERT. In order to receive certification, social and environmental standards must be met, and the producers must receive the Fairtrade minimum price and premium. In 2010, Trans Fair USA changed its name to the commonly recognizable and self-explanatory Fair Trade USA. Within the company Fairtrade International is the Fair Trade Labeling Organizations International, which is also known as FLO. FLO has provided more crafts and food products in addition to the original coffee products. These other goods include herbs and spices, honey, grains, fruits, vegetables, tea, and cocoa, to name a few. Other items such as clothing, woven items, accessories, bath and body products, and jewelry have also been labeled as Fair Trade. When purchasing these goods, not only do the livelihoods of the growers improve, but also the sustainability of the environment improves. (What is Fair Trade, Certifying Fair Trade)

Fair trade seeks to oust the middleman, which means that products are directly linked to the producers, resulting in affordability with consumers and equal returns to the producers. The main goals of fair trade include improving company management, increasing consumer awareness, and implementing fair rewards for farmers. Fair trade works to improve company management by supplying long-term relationships between organizations, family stores, and even the national corporations. These relationships ensure that companies receive the best quality products, while simultaneously supporting underprivileged farmers. At the same time, fair trade works to increase consumer awareness of fair trade practices. Consumer awareness does not stop with the knowledge of fair practice. It involves changing lifestyles into the "Fair Trade Lifestyle". This movement encourages the consumer to make his own choice to support these other farmers and helps the individual to understand how his choices have a significant impact on fair trade farmers. These farmers are also encouraged to farm organically. This is beneficial to the land because there are no harmful chemicals, the consumer because they are not eating these harmful chemicals, and to the actual farmers because they do not have to be concerned with buying the chemicals. When more products are purchased the farmers receive the best, or fair, price. This, in turn, allows the farmers to continue their practice of sustainable agriculture because they now have the means to do so. Fair trade instills in the farmers that they are truly responsible for their own land. (Trade Agreements, Nicaragua CAFTA Intelligence)

Though there are various myths following fair trade, one can uncover the reality behind them and understand how these misinterpretations have discouraged many people from supporting fair trade. According to the Fair Trade Federation, people believe that fair trade only leads to more expensive products for the consumer, but in reality the products are fairly priced in the competitive market. (Fair Trade Myths)

Others believe that fair trade is just a form of charity, when in fact, it is simply another form of business. This business just happens to compensate their workers fairly for the production of their goods. Though

fair trade does support charitable works, the trade is meant to be a long-term change that can be beneficial to the producers. (Fair Trade Myths)

Still others believe that fair trade limits American jobs because those, from other countries, who are producing the goods are the ones that are being hired to provide products, instead of Americans producing the products in American factories. Fair trade is organized to aid the poorest of the poor. Through the establishment of fair trade organizations, more jobs are created for American workers who work for the fair trade companies. Even when it comes to the products, like woven material, coffee, and woodwork, most of it is indigenous to these Central American countries. (Fair Trade Myths)

One other major misconception is the fair wage itself. Some people believe that fair wages in these developing countries are also developing wages, developing in the sense that they are barely able to support the earner. There needs to be an understanding of the source of these wages. Fair wages stem from the time, effort, skill and context of each living condition. North American wages are structured around the context and locality of how one lives. The same is for these Central American countries. Wages are based on how these people live and how the communities can be affected by fair wages. The true cost of production leads each product to be sold equally for all the work put in by each producer. (Fair Trade Myths)

The immediate effects of purchasing a fair trade product are substantially impacting the communities and families who provide them. One could purchase a simple body lotion from any common drugstore and not think about it after the purchase, but if a single lotion is bought through fair trade businesses like The Body Shop, founded by Anita Roddick, this money can then be used to build a school for 400 children. This opportunity allows 400 more people to receive an education and a chance to better their lives and rise up in society. The Body Shop buys various ingredients, along with other materials, from over twenty countries through fair trade agreements. One of the sellers comes from the small village of Achuapa, Nicaragua. Aware that he was not making enough means to live by selling his sesame seed oil, the company worked with him to understand the actual cost of growing the oil, along with the needs of the community and his own living costs. Then, a contract was set up so that he, along with the other farmers in his community, knew how much the company needed from them. The farmers can then set up investments within their community, and they have direct decisions within their home life. Trading with these farmers creates a long-term impact, instead of just giving them charity. Since this relationship between this company and village began, there have been schools, medicine clinics, sanitary water wells, small banks, and organic testing farms built throughout the community. There has even been a special family workshop, which educates people about gender equality and violence. If one company can do all of these positive steps in just one village, imagine what can happen if millions of companies go fair trade. (Can a Beauty Product Save the World?)

Farming in Nicaragua, especially on the hillside, can be drastically affected by the climate. Heavy rains, also known as papagayo, and hurricanes sweep in and destroy crops and other agriculture along the hillside. Soil erosion may also be an effect from these harsh rains. The damage even forces some to evacuate their homes. This weather especially affects the coffee crop, which is mainly grown on a hillside, because the rains sweep out the plants. In response to possible natural disasters like these, the fair wages provide a financial security. In addition, the fair wages unite community members in support of each other. (Merrill)

Though the fair trade movement is beginning to take great shape, there is still more to be done to promote awareness and equality for everyone. This equality starts with the people making fair trade decisions, and extends to the farmers who are impacted by these decisions. The best way for the promotion is to education children and young adults, for they will make the future decisions. One way to teach them

about fair trade is to transform the schools into fair trade schools. (How to Become a Fair Trade School or University)

Being a fair trade school requires an immense amount of commitment. There are five goals that a school needs to adopt in order to commit to fair trade. The first goal is for a school council group to approve the fair trade policy, along with the other goals. The second goal is to organize a specific steering committee to track the progress of all the goals. Fair trade status is then rewarded when the group sends a detailed report to the Fairtrade Foundation clarifying how each of the goals was met. In order to keep the fair trade status in the future, the steering committee must send another progress report at the end of every school year. This committee draws its members from the student body, catering staff, teaching staff, and other possible associated institutions. The third goal is to sell fair trade foods, whether it be in the cafeteria, bookstores, or other shops around the school. If this is not possible, there must be a promise to sell it as soon as possible. The fourth goal is to obligate the sale of these foods at meetings and events within the school, such as staff meetings, parents' events, and other hosted events. The fifth and final goal to becoming a fair trade school is to continuously campaign for the consumption of these products. This can be found through discussions in the classrooms, links for local campaigns, and awareness through newsletters and magazines. (How to Become a Fair Trade School or University)

These goals require a lot of commitment, but the end result is well worthwhile. This commitment and result can best be exemplified through Emma Willard School, the first fair trade high school in the United States. Emma Willard commits to the rules by selling fair trade chocolate in the school bookstore, offering fair trade coffee in the dining hall, and selling fair trade clothing items to the student population. Being a fair trade high school instills pride and promotes awareness in its students.

Fair trade symbolizes the freedoms, ethics, and economical choices behind the trade relationship that the United States shares with the rural farmers in Nicaragua. Fair trade is the revolutionary trade agreement that fairly compensates Nicaraguan farmers for their foods, materials, and other goods; whereas, CAFTA exploits them and underpays them for their hard work and struggles. The average fair trade Nicaraguan family is able to afford education, health care, and civil rights. It gives them the power to choose their own futures because they now have the means to do so. Fair trade money also provides financial support to the entire community, encouraging better communication amongst its members. This communication can also be seen through fair trade supporters in the United States, particularly young adults. One way to involve these people is to become a fair trade school. Becoming a fair trade school requires an immense amount of commitment, which can be fulfilled by passionately aware young adults. The fair trade revolution is happening right now, and it is only a matter of time until everyone supports the ethical choice behind it. This is the revolution of fair trade in Nicaragua.

Works Cited

"Can a Beauty Product Save the World?" *Redbook* 2008: 196. *ProQuest Discovery*. Web. 12 Sep. 2011 http://search.proquest.com/docview/222171162?accountid=34702.

"Capital Market Liberalization." *Maps of World*. Maps of World, 2011. Web August 2011. http://finance.mapsofworld.com/capital-market/liberalization.html>.

"Certifying Fair Trade." *Fair Trade International*. Fair Trade Labeling Organization International, 2011. Web August 2011. http://www.fairtrade.net/certifying-fairtrade.0.html>.

"Fair Trade Myths." *Fair Trade Federation*. Fair Trade Federation, 2011. Web August 2011. http://www.fairtradefederation.org/ht/sp/I/198/pid/198.

"Family Life in Nicaragua." *The Nicaraguan Family*. University of Pittsburgh, 2004. Web August 2011. http://www.ucis.pitt.edu/clas/nicaragua_proj/society/Family/Soc-familylife.pdf>.

Gass, Vicki, and Gabi Kruks-Wisner. "What is CAFTA, and Why is it Important?" *Public Citizen,* February 2004. Web July 2011. http://www.citizen.org/documents/wola_whatiscaftasheet_feb04.pdf>.

"How to Become a Fair Trade School or University." *People and Planet*. People and Planet, 2011. http://peopleandplanet.org/fairtrade/guide.howto.php.

Merrill, Tim. "Nicaragua: A Country Study." *Country Studies*. Library of Congress, 1993. Web July 2011. http://countrystudies.us/nicaragua/.

"Nicaragua." The CAFTA Intelligence Center. US Commercial Service 2008. Web July 2011. http://www.caftaintelligencecenter.com/subpages/nicaragua.asp." (Nicragua, CAFTA Intelligence Center)

"Nicaragua." *Encyclopedia of the Nations*. Advameg, Inc, 2011. Web. Aug. 2011. http://www.nationsencyclopedia.com/economies/Americas/Nicaragua.html>.

"Policy Analysis: What CAFTA and Free Trade Agreements Really Mean in Nicaragua." *Witness for Peace*, April 11, 2008. Web August 2011. http://www.witnessforpeace.org/article.php?id=299.

"Trade Agreements: CAFTA," *Global Exchange*. Global Exchange, 2011. Web 12 July 2011. http://www.globalexchange.org/resources/cafta>.

"What Is Fair Trade?" TransfairUSA, 2010. Web July 2011. http://www.transfairusa.org/what-is-fair-trade/history.