New York Times 12.30.03.

HARVESTING POVERTY

The Unkept Promise.

There is a deceiving sense of timelessness to the stillness of rural life. The jungles of Mindanao offer few clues as to whether it's the early 20th century, or the early 21st. Nor do the highlands of Guatemala, the Mekong Delta in Vietnam or the cotton-rich plains of the Sahel in West Africa. But these disparate regions are very much of the present, stitched into the quilt of global commerce. World trade links us to them, as surely as it links London, Tokyo and New York.

In an effort to understand that relationship, we visited some of the poorest nations in the world in the last six months. We listened to 12-year-old Arnel Mamac's parents on Mindanao, the Philippine island besieged by an Islamist terrorist group, tearfully say they often don't let him walk to school because they fear he may not have the energy to make it on an empty stomach. In a cotton-growing village in Burkina Faso we saw a school with two rooms, but because of a lack of funds, only one classroom was finished. Most unsettling, to an American, is the realization that our nation's agricultural policies -- its protectionist trade barriers and the billions in subsidies doled out to its own farmers -- contribute mightily to the hardships felt by poor farmers in the developing world.

The club of rich nations that wrote the rules of global trade has been aggressive in dismantling barriers when it comes to industrial goods and services, in which they hold a comparative advantage. But they refuse to do the same when it comes to agriculture. Politically powerful farm lobbies in Japan, Europe and the United States are not willing to face global competition on fair terms. So agriculture remains the hypocritical asterisk to our fervent free-trade and free-enterprise creed.

It's bad enough that a country like Japan, which became wildly prosperous thanks to the willingness of the outside world to buy its exports, maintains 500 percent tariffs on imported rice. Or that the American Congress would overrule science to decree that catfish from Vietnam, which found popularity among American consumers, are not catfish after all and cannot be marketed as such.

Worse, the developed world funnels nearly $1 billion a day in subsidies to its own farmers, encouraging overproduction, which drives down commodity prices. Poor nations' farmers find they cannot compete with subsidized products, even within their own countries. In recent years, American farmers have been able to dump cotton, wheat, rice, corn and other products on world markets at prices that do not begin to cover their cost of production, all courtesy of the taxpayers.

The rigged trade game is not only harvesting poverty around the world, but plenty of resentment as well. In the Philippines, a former American colony, our agricultural trade policy is seen as a plot to perpetuate imperialism. In Vietnam, a nation that was able to start reducing rural poverty only when it deviated from its Marxist orthodoxy and allowed entrepreneurs to have access to global markets, an exasperated seafood exporter told us, "We are made to wonder if you wish us ill as much in the present as you did in the past."

In Burkina Faso, we heard a cotton farmer tell colleagues that America's bizarre cotton program could be explained only by the fact that President Bush is a cotton farmer. He was wrong. It is some leading members of Congress responsible for the $180 billion 2002 farm bill who are cotton farmers, or who blindly follow the dictates of the so-called King Cotton lobby.

The idea that our agricultural protectionism harms poor nations is hardly a fanciful one held only by aggrieved third world farmers. Just about any multilateral economic or development agency you can think of has issued reports railing against rich nations' farm subsidies. The World Bank estimates that an end to trade-distorting farm subsidies and tariffs could expand global wealth by as much as a half-trillion dollars and lift 150 million people out of poverty by 2015.

The urgent need to address globalization's imbalances, and restore the credibility of the free-trade system, has never been as apparent as it was in the raw weeks and months immediately following the terrorist attacks on Sept. 11, 2001. That November, at Doha, Qatar, the members of the World Trade Organization committed themselves to a new round of trade talks focused on the elimination of the farm subsidies that are so harmful to the developing world.

The year 2003 was to be crucial in this endeavor. A deadline of last March was set for the 146 W.T.O. members to agree on a framework to proceed on the subsidy question, with substantive agreements expected by a September meeting in
Cancún, Mexico. Neither happened.

The March deadline came and went with no accord. Even more disappointing, on the eve of the Cancún gathering, American negotiators switched sides. Despite Congressional support for gargantuan agricultural subsidies, Robert Zoellick, the United States trade representative, had taken an aggressive position on the need for reform. But suddenly, Mr. Zoellick and his team joined hands with the more recalcitrant Europeans against much of the rest of the world.
There was a time when the European Union and the United States could jointly dictate terms to the rest of the World Trade Organization, but they cannot any more. Washington's betrayal of its free-trading principles outraged not only the poorest countries, but also some food-exporting allies like Australia. The developing world lashed back. At Cancún, Brazil, India and China created a formidable bloc of 22 nations that rightly opposed proceeding on anything else until some of the more outrageous farm subsidies had been addressed.

Hence the current stalemate. Negotiations meant to inject fairness into global trade are on life-support, thanks mainly to the appalling absence of American leadership. The Bush administration could have joined forces with the likes of Australia and Brazil at Cancún. Our trade representatives could have worked to overcome both the narrowest interests of the American farm lobby and the developing world's own self-defeating protectionism. Instead, the United States meekly aligned itself with a group of countries scared of fair competition.

For all the hand-wringing about a trans-Atlantic rift over Iraq this past year, President Bush stood shoulder to shoulder with Jacques Chirac of France on a matter that is far more pressing to the billion or so people on earth trying to get by on $1 a day. Together, they formed a veritable coalition of the unwilling. Despite their post-9/11 promises, the United States and the European Union defiantly refused to give up their economic weapons of mass destruction: their trade-distorting farm subsidies.

More rational agricultural trade policies would actually be a boon to many American farmers because their high-tech equipment and large, fertile acreage would make them winners in a more open competition. But there would be losers both here and abroad, and we visited some of them as well, to understand all sides of the story. Ronnie Hopper in Texas, Hubert Duez in France and Koushi Seiwa in northern Japan are all smart, gracious, hard-working farmers. But as appealing as they are as individuals, they have been given an unfair advantage by nostalgia-driven policies that are indefensible on economic, and even moral, grounds.

In a rational global marketplace that conformed to our stated values and commitments to the rest of the world, consumers would forgo Mr. Hopper's cotton, Mr. Seiwa's rice and Mr. Duez's sugar, and buy from others who are now being shut out of the global economy.

This does not mean that rich nations ought to halt their rural development programs. But farmers must be weaned from payments that merely reward them for overproducing crops on which they would otherwise lose money. Such madness is no longer sustainable. Besides proving so costly for taxpayers and for the developing world, there is too glaring a gap separating American and European agricultural policies from the entire logic of the global trade system. Now the developing world is demanding consistency, and a fairer playing field.

The Bush administration, which has been so proudly proactive in Iraq, could jump-start reform with a sweeping unilateral gesture. The ideal starting point would be the dismantling of the most wrongheaded market distortions, our astronomical cotton subsidies and our sugar quota system, which props up domestic sugar prices by restricting imports. But instead of moving in that direction, the president, ostensibly a free-trading Republican, signed the most trade-distorting farm bill in history.

The dutiful Mr. Zoellick may travel the world saying all the right things, but his boss does not seem to appreciate the degree to which trade is integral to broader economic and foreign policy, and to the projection of American power around the globe. Does President Bush sit down with Mr. Zoellick, Condoleezza Rice and his top cabinet officials for far-ranging discussions on farm subsidies and the Doha round of trade negotiations? He should.

Next year's election offers little hope on this score. Democratic lawmakers were among the strongest supporters of the 2002 farm bill, and most of the candidates vying for the Democratic Party's presidential nomination seem to have turned against the Clinton administration's belief that freer trade is a win-win proposition for rich and poor nations alike.

Trade frictions may grow worse, therefore, before we stop harvesting poverty around the world with our farm programs. It could take a threatened collapse of the global rules-based trading system for the political balance of power from Washington to Tokyo to shift decisively against the coddled farm lobbies. But until we start chiseling away at our farm subsidies, the promise of trade will remain a promise unkept for many of the world's poor.

Harvesting Poverty: Editorials in this series remain online at nytimes.com/harvestingpoverty.

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New York Times 12.23.03.

HARVESTING POVERTY

A New Trade Deal.

Ten years after entering into a free trade agreement with Mexico, the United States has negotiated a similar deal with four Central American nations — Guatemala, Nicaragua, El Salvador and Honduras. Costa Rica and the Dominican Republic may yet join "Cafta." Though its terms are far from perfect, the proposed agreement deserves Congressional support.

It is hard to energize a pro-trade lobby to counter the political clout of vocal protectionist interest groups, especially in an election year. But this deal should be judged on its merits.

The agreement means more to Central America's fledgling democracies than to the United States. That said, Cafta's terms reflect the asymmetry in negotiating power between us and them. For instance, agricultural tariffs and quotas, a key impediment to Central American exports, are phased out over a longer period than tariffs on industrial goods and services, most of which are from the United States.

Intellectual property is another concern. Congress must ensure that the accord allows developing nations to circumvent pharmaceutical patents in order to combat serious diseases like AIDS.

Some of the agreement's less ambitious terms are sops to American protectionist interests. Take sugar. Robert Zoellick, the trade negotiator, rightly included it in the deal, to the dismay of Florida's cane growers and sugar beet farmers in the Midwest. The accord doubles the amount of duty-free sugar the Central Americans can sell us. It would have been better to scrap the quota system altogether. Still, Cafta promises to be the beginning of the end for America's absurd sugar program, which shields our inefficient growers from competition at a high cost to the developing world.

On textiles, Cafta also serves up free trade with an asterisk. To gain duty-free access to the American market, Central American clothing will have to use fabrics from the region or from a Nafta country. This is an attempt to promote North American yarn — a bow to the textile and cotton lobbies.

Weaving protectionist clauses into a free trade agreement only cuts its value, without necessarily winning over the industry being protected. Catering to special interests tends to backfire, as the White House discovered with its recent reversal on steel tariffs.

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New York Times 12.7.03.

HARVESTING POVERTY

The Case Against King Cotton.

The Bush administration has wisely decided to lift steel tariffs deemed illegal by the World Trade Organization. But an even more potent test of American fealty to principles of fair competition, and to international trade law, looms on the horizon. Will the United States scrap its costly array of cotton-growing subsidies if they, too, are found illegal by the W.T.O.?

The question is of immense importance to impoverished farmers in places like West Africa, whose livelihoods are hurt by America's unfair, taxpayer-financed version of global trade. It is also pressing. Brazil has mounted a strong legal challenge to America's cotton subsidies. It is a historic case, the first time agricultural subsidies are being credibly challenged before the W.T.O. A preliminary decision is expected next spring.

There is nothing that creates more anger and disillusionment in poor and developing countries than the refusal of rich nations to play by fair rules when it comes to agriculture. The United States, Europe and Japan use government subsidies to make their farmers' products more competitive. In many cases, they wind up selling their produce for less than it costs to grow, elbowing other countries' goods out of the global marketplace.

Until now, the losers got no help from the W.T.O. At that body's inception in 1995, the wealthy nations rammed through a so-called *peace clause* that gave them the right to bend the rules as much as they wanted as long as their subsidies did not rise beyond the level of 1992. They argued that it would provide some time to address the issue through negotiations. But as the failed September W.T.O. talks in Cancún showed, Europe, Japan and the United States are unwilling or unable to terminate the addiction to farm subsidies on their own.

Fortunately, the peace clause will lapse next year, despite shameless attempts by Europe and America to have it extended. And Brazil's cotton challenge can proceed regardless because Washington's payments to cotton growers have exceeded the already astronomic 1992 levels. Brazil's lawyers have mounted a compelling case, as even some Bush administration officials privately concede, that America's subsidies have indeed suppressed global prices and stolen market share from others.

American cotton costs a great deal to produce by international standards. Yet even though global cotton prices were crashing from 1999 to 2002, our share of global exports grew to 40 percent, from 25 percent. That was because Washington propped up King Cotton with $12.9 billion in subsidies. We were, in effect, paying the rest of the world to buy American product rather than the cheaper cotton grown in Africa and South America. In recent arguments in its W.T.O. case, Brazil offered credible expert testimony that absent Washington's subsidies, America would have exported some 40 percent less cotton. That actually seems like a conservative estimate. Still, it illustrates the magnitude of the injustice being perpetrated against poor nations for which cotton might be the only competitive export.

Antiglobalization protesters who claim to act on behalf of the world's poor are fond of taking aim at the World Trade Organization, but the cotton case shows that what the developing world needs is not a weaker trade referee, but a stronger one capable of standing up to rich nations.

Poor African farmers and American taxpayers stand to gain if the W.T.O. does what Congress should have done long ago, and kills our cotton subsidies. Brazil should prevail, and with the peace clause's retirement, more such cases should be brought against indefensible agricultural protectionism.

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New York Times (11.29.03).

HARVESTING POVERTY

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.

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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New York Times (11.22.03).

HARVESTING POVERTY

Free Trade, à la Carte.

It was a good week for protectionists in Brazil and for subsidized American farmers. The outcome of this week's hemispheric trade gathering in Miami suggests that both will continue to be shielded from full competition in a global market. It also means the ambitious effort to create a mammoth free trade area throughout North and South America by 2005, begun with such fanfare nine years ago, runs the risk of being downsized to a point of near irrelevance.

There was no acrimonious meltdown in Miami, to be sure, as there was in September at the World Trade Organization meeting in Cancún. The 34 trade ministers — from all hemispheric nations but Cuba — agreed to further negotiations toward the creation of the Free Trade Area of the Americas. But it's a vague plan that caters to the lowest common denominator. Brazil and the United States forced upon the other nations a framework that calls for talks in nine areas — like intellectual property rights and agriculture — while giving countries the right not to take on all the obligations in any one of them. Call it free trade, à la carte.

Brazil, by far Latin America's largest economy, has never been eager to create a meaningful free trade area for the entire hemisphere. It would like to protect its industry from outside competition, and it has no desire to agree to the types of rules governing intellectual property, investment and government procurement that should be part of a muscular trade deal.

That ambivalence was to be expected, but American negotiators' deference to it was rather shocking. Nations like Canada, Mexico and Chile — strong Washington allies that have already signed ambitious trade deals with the United States — could not help but feel betrayed by the outcome in Miami. Washington says it wants to strike more ambitious deals with individual Latin American nations, but the prospect of a patchwork of minideals is a messy one, and one potentially unfair to those countries that have made greater concessions to Washington.

The Bush administration succumbed to Brazil's ambivalence because of its unwillingness to end America's trade-distorting farm subsidies. At the W.T.O.'s gathering in Cancún, the United States sided with the European Union on this point and against Brazil. Agriculture is of immense importance to Latin America because its farmers can compete against American agribusiness in some markets if given a level playing field.

The Bush administration's disturbing pattern of defensively siding with the most obstructionist party at these international negotiations mirrors its domestic strategy of trying to placate narrow protectionist special interests, be they steel makers, cotton farmers or the textile lobby. Both at home and abroad, this approach is a recipe for disaster.

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New York Times (Nov. 10, 2003)

HARVESTING POVERTY

Welfare Reform for Farmers.

A great rift is opening in America's once-impregnable farm lobby. It is a gap between those forms of agriculture that can prosper on their own and the ones that must be perpetually propped up by huge subsidies. This is a critical development if this country is ever going to control the costs of its farm programs and deal fairly with poor countries that want their chance to prosper from global trade. The United States has to acknowledge that it can no longer continue to support hopelessly unprofitable agricultural enterprises, even if they are in states represented by powerful members of Congress.

This new schism shows up in the debate over proposals to cap the amounts individual farmers can receive in government aid. Right now, some of the nation's wealthiest welfare recipients are farmers "earning" taxpayer subsidies in the high six figures, or more. Senator Charles Grassley, the chairman of the Finance Committee and an Iowa farmer, has long been eager to impose new limits. Unfortunately, he was unable to get the Senate to debate an amendment to the Department of Agriculture's annual funding legislation last week that would set a new cap on the overall amount farmers can obtain in federal subsidies. Many Southern senators were eager to avoid the issue.

Of course the senator is right in wanting to place tighter limits on farmers' checks, and it's important that a representative of a farm state is leading this charge. The wheat, corn and soybean farmers in Mr. Grassley's area get subsidies, but they tend to be smaller than those for capital-intensive crops like rice and cotton farming in the South (and California). Midwestern farmers also are more enthusiastic about genuine global fair trade. Southern farmers fear, rightly, that it would mean the end of the huge subsidies that allow them to export their product at prices below the cost of growing it. One West Texas cotton farmer jokingly accuses Mr. Grassley of triggering a new civil war.

The farm subsidies are fraudulently sold to the public as a way of propping up the small family farm, when in reality they only accelerate the concentration of farming in this country. Taxpayer handouts amount to almost half of the total net income for American farmers, but two-thirds get no subsidy. Among those who do, the top 10 percent receive 65 percent of all payments, according to an analysis by the Environmental Working Group.

It's astonishing that a program can continue to get Congressional support when it hurts virtually everybody our representatives are supposed to be concerned about — small farmers, other taxpayers and poorer nations struggling to join the global economy. According to a government report issued in September, the lack of realistic caps on individual subsidies only encourages more overproduction by large farms. Meanwhile, industrial-scale farms awash in subsidies have the incentive to accumulate more land, further inflating prices beyond the reach of modest farmers, many of whom are renters. Smaller farmers are also afflicted by depressed crop prices.

The 2002 farm bill set a $360,000 cap on an individual's subsidies, but that's widely abused as farmers create legal entities with interests in the same land, each entitled to a payment. Still, in opposing Senator Grassley's efforts to rein in the abuses and to limit payments, earlier this year the National Cotton Council shamelessly stated that such a move would drive farmers to "make cropping decisions based on program benefits rather than market signals."

Get it? The cotton lobby would like you to think that smaller payments distort market realities more than unlimited subsidies. This is the kind of nonsensical claim underlying the nation's absurd farm policies. Stringent payment limits would be a step toward some semblance of sanity. Senator Grassley should persevere.

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New York Times (10.19.03)

HARVESTING POVERTY

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.

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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New York Times (10.6.03)

HARVESTING POVERTY

The Looming Shrimp War.

The nasty catfish war with Vietnam has tempted American shrimpers to engage in some trade mischief of their own. Using spurious allegations of unfair trade practices, American catfish farmers have been able to hoodwink the federal government into slapping tariffs of up to 64 percent on Vietnamese catfish. A group of shrimpers from eight Southern states is now preparing to file a claim requesting a similar tax on imported shrimp.

Americans believe in the free trade game until they start losing at it. Then we accuse the other side of cheating. That is the message these baseless dumping cases send to the rest of the world. It is understandable for people to seek protection when their livelihoods are adversely affected by trade. But as a nation that benefits from freer trade, the United States cannot afford to continue encouraging these cases. They antagonize poor farmers and laborers around the world who discover that the world's superpower does not really believe in what it preaches.

Trade laws allow domestic industries to seek protection to keep imports from being "dumped" into the United States, either below their cost of production or below their price in their countries of origin. True dumping should not be tolerated, but these claims are judged by Commerce Department officials, who tend to be highly solicitous of domestic lobbies. Vietnam is an enticing target for such cases. It is also the second-largest exporter of shrimp to the United States. Because Vietnam is considered a "nonmarket economy," the department is free to ignore actual production costs and determine what they theoretically ought to be, making it even easier to establish that imports are being dumped.

The good news for Vietnam, and American consumers, is that this time, in contrast with the catfish wars, it will have powerful allies. The Southern Shrimp Alliance will also be doing battle with other major shrimp exporters, like Brazil and Thailand. These countries' sophisticated shrimp farms can get products to market at a lower cost than American trawlers can, and since both Brazil and Thailand are classified as market economies, the Commerce Department cannot engage in accounting shenanigans to fudge reality.

Sales of shrimp by American fishermen have been flat for some time while imports have surged, accounting now for more than 80 percent of the market. Plummeting prices have allowed shrimp, once an expensive delicacy, to rival tuna as the most popular seafood in the United States. If a case is filed, seafood importers will side with the foreign defendants on behalf of consumers, arguing that this is not a case of dumping but a textbook example of the theory of comparative advantage.

The government should heed this argument, and avoid further erosion of America's reputation as a fair trader. For their part, American shrimpers should rethink their decision to pursue what amounts to a groundless case. They would do better to focus on becoming more competitive, or to lobby for some transitional aid for fishermen whose livelihoods are threatened.

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September 16, 2003 (NYT)

HARVESTING POVERTY

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.

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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September 10, 2003 (NYT)

HARVESTING POVERTY

Showdown in Cancún.

The world's attention should be focused on the World Trade Organization's meeting at Cancún this week for reasons having nothing to do with the anti-globalization protests. The protesters will be trying to be as colorful and disruptive as they were when the W.T.O. met in Seattle in 1999, but their role is marginal. The real drama involves the delegates from 146 nations. They are bound to be speaking in eye-glazing bureaucratic Esperanto, but they will be engaged in crucial negotiations aimed at making life fairer for poor countries' farmers, who are struggling haplessly against a rigged global trading system.

Few things could improve the lives of more people — including the more than one billion struggling to live on a dollar a day or less — than a positive outcome in Cancún. By that we mean a strong W.T.O. commitment to create a fair and efficient global market for agricultural goods.

To date, globalization remains a flawed game whose rules have been fixed by rich nations. The United States, Europe and Japan have succeeded in forcing others to reduce trade barriers in services and in the industrial goods they excel at producing, while maintaining high tariffs on imported agricultural goods. Or they dole out lavish farm subsidies — the developed world pays its farmers roughly $1 billion a day in subsidies — and the produce is then dumped on the international market at prices below the real cost of growing it. That has devastating effects on poorer nations, many of which could improve living standards if only given a chance to export farm products at fair market prices.

Agriculture, the key export industry for many poor countries, is the cornerstone of these trade talks — called the "development round" — launched at Doha, Qatar, in late 2001. Nobody doubts what needs to happen to restore the credibility of the global trading system. Eliminating agricultural protectionism could help the developing world's income grow by an estimated $1.5 trillion in the next decade, and that possibility makes the developed nations' selfish reluctance to abandon their farming subsidies all the more appalling. Repeated deadlines have already been missed in this effort, and unless substantial progress is made in Cancún, with all the trade ministers locked in the same conference hall, the chances of coming up with an agreement by the scheduled end of the development round next year seem slim.

Since World War II, the United States has been a steadfast champion, and beneficiary, of freer trade and ever-greater global economic integration. It is in the nation's broadest economic and security interests for the Bush administration to reassume this leadership role, but doing so entails offending powerful farming interests — cotton and sugar lobbies, for starters — that stand to lose if forced to compete fair and square against foreign farmers.

Despite the barrier-reducing proposals put forth in the past by his trade czar, Robert Zoellick, President Bush's record of abandoning principles to score cheap political points with special interests like steel unions and the farm lobby raises doubts about whether he will have the stomach to defend the broader national interest and do right by the world's poorest.
Japan and Europe have been even more resistant to the idea of surrendering their harmful agricultural policies. Last month, the United States and the European Union agreed to a vague joint negotiating framework, roundly denounced by others as insufficiently ambitious. It fails, for instance, to stipulate the complete elimination of egregious export subsidies. Mr. Zoellick was no doubt trying to pull Europe

closer to the American position, but he must now try again, rather than digging in his heels at the side of European protectionists.

No longer can the two richest trading powers set the world's trading rules on their own. At Cancún, an influential alliance of developing nations and major agricultural exporters — including Brazil, Thailand, India, Australia and South Africa — will be pressing, and holding out, for a meaningful liberalization of agricultural trade. The United States ought to make common cause with them.

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August 11, 2003 (NYT)

HARVESTING POVERTY

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. 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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August 5, 2003 (NYT)

HARVESTING POVERTY

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 Compaoré 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.

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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July 22, 2003 (NYT)

HARVESTING POVERTY

The Great Catfish War.

For Tran Vu Long, who lives atop his floating catfish trap on the Mekong River near the border with Cambodia, the recent biannual harvest day was not the joyous payday it usually is. Mr. Long, a 35-year-old Vietnamese catfish farmer, sold his flapping fish — 40 tons' worth, all painstakingly weighed and carried in bamboo buckets onto the trading company's launch — at a loss of some $2,000, a small fortune here.

Mr. Long, who stood sullenly to the side as his hired hands scooped out seemingly endless gaggles of fish from underneath the space that doubles as his living room, has Washington politicians to blame. "The United States preaches free trade, but as soon as we start benefiting from it, they change their tune," he said.

His misfortunes are just another part of the tale of how wealthy countries that preach the gospel of free trade when it comes to finding markets for their manufactured goods can become wildly protectionist when their farmers face competition. The fate of Vietnam's catfish offers a warning to poorer nations short on leverage in the world trading system: beware of what may happen if you actually succeed at playing by the big boys' rules.

After embracing decidedly un-Marxist reforms, Vietnam became one of globalization's brightest stories in the 1990's. The nation, a onetime rice importer, transformed itself into the world's second largest rice exporter and a player in the global coffee trade. The rural poverty rate was slashed to 30 percent from 70 percent.

The normalization of ties between Hanoi and Washington brought American trade missions bent on expanding Vietnamese free enterprise. One of these delegations saw in the Mekong Delta's catfish a golden export opportunity, with the region's natural conditions and cheap labor affording Vietnam a competitive advantage. Sure enough, within a few years, an estimated half-million Vietnamese were living off a catfish trade nurtured by private entrepreneurs. Vietnam captured 20 percent of the frozen catfish-fillet market in the United States, driving down prices. To the dismay of the Mississippi Farm Bureau, even some restaurants in that state — the center of the American catfish industry — were serving the Vietnamese species.

Soon Mr. Long and the other Vietnamese farmers were caught in a nasty two-front war being waged by the Catfish Farmers of America, the trade group representing Mississippi Delta catfish farmers. The Mississippi catfish farmers are generally not huge agribusinesses, and many of them struggle to make ends meet. But that still does not explain how the United States, the international champion of free market competition, could decide to rig the catfish game to cut out the very Vietnamese farmers whose enterprise it had originally encouraged.

Last year, with the aid of Trent Lott, then the Senate majority leader, the American catfish farmers managed to persuade Congress to overturn science. An amendment, improbably attached to an appropriations bill, declared that out of 2,000 catfish types, only the American-born family — named Ictaluridae — could be called "catfish." So the Vietnamese could market their fish in America only by using the Vietnamese terms "basa" and "tra."

That was only the first step in a bipartisan assault. Congressman Marion Berry, an Arkansas Democrat, joined in a stupendously tactless disinformation campaign against the Vietnamese, suggesting that their fish were not good enough for American diners because they came from a place contaminated by so much Agent Orange — sprayed over the countryside by American forces during the Vietnam War. Catfish Farmers of America, for its part, ran advertisements warning of a "slippery catfish wannabe," saying such fish were "probably not even sporting real whiskers" and "float around in Third World rivers nibbling on who knows what."

Not satisfied with its labeling triumph — an old trade-war trick perfected by the Europeans — the American group initiated an antidumping case against Vietnamese catfish. And for the purposes of this proceeding, Congressional taxonomy notwithstanding, the fish in question were once again regarded as catfish, not basa or tra. (Don't try explaining to Mr. Long how two branches of the

American government, conveniently enough, can simultaneously maintain that his fish are two different creatures.)

Antidumping cases involve allegations that imports are being sold more cheaply than they are back home or below cost, practices rightly banned by trade laws. But too often, domestic industries allege dumping in an attempt to shield themselves from legitimate competition.

In this case, the Commerce Department had no evidence that the imported fish were being sold in America more cheaply than in Vietnam, or below their cost of production. But rather than abandoning the Mississippi catfish farmers to the forces of open competition, the department simply declared Vietnam a "nonmarket" economy. The designation allowed it simply to stipulate that there must be something suspect going on somewhere — that Vietnamese farmers must not be covering all the costs they would in a functioning market economy. Tariffs ranging from 37 percent to 64 percent have been slapped by the department on Vietnamese catfish.

Hence Mr. Long's hardship. Prices along the Mekong crashed, as the exporters who buy his fish moved to protect their margins. Many farmers are refusing to sell at a loss. Faced with the prospect of losing their investment, they might be shocked to learn that our Commerce Department says they do not operate in a free market.

The other shoe is expected to drop as early as tomorrow, when the United States International Trade Commission, an administrative agency in Washington, decides whether the American catfish industry was indeed hurt by unfair competition. Such a finding would make the tariffs permanent.

There is usually a decided home-field advantage in these proceedings, but Vietnam's cause has been taken up by a half-dozen senators from both parties, led by John McCain, Hanoi's former prisoner. He considers this case not only naked protectionism but also a betrayal of the nation's strategic commitment to use trade to encourage change in a Communist society.

Senator McCain is right. The catfish war is an obscure story here, but it is front-page news in Vietnam. Washington's solicitousness on behalf of a few thousand domestic catfish farmers has stirred a great deal of anti-American resentment in Vietnam, a country of 80 million, resurrecting images of an imperial bully. One lawyer on the case compares the Vietnamese public's strong interest in the catfish saga with Americans' obsession with the Lewinsky scandal.

This all saddens Nguyen Huu Dung, the general secretary of the Vietnam Association of Seafood Exporters, who said in a recent interview, "Our nation has a heavy history, and we try to forget it, try something new based on a spirit of cooperation and free trade, but now we are made to wonder whether you wish us ill, as much in the present as you did in the past."

We urge the International Trade Commission to listen to Senator McCain and his colleagues and decide this case on its merits. If not, Vietnam will become yet another case study in the way the United States, Europe and Japan are rigging global trade rules so they remain the only winners.

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July 20, 2003 (NYT)

HARVESTING POVERTY

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.

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."

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 farmers. 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.

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.

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.

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