

Coffee, Corn and the High Cost of Globalization

Globalization is pervasive. In our increasingly interconnected world, it is hard to find an isolated corner where Coca-Cola has not already entered, a food market free of fast food or a city that does not depend on internationally imported products. Although globalization directly affects us all, many have a hard time understanding the complex issues, trade agreements and government policies related to globalization. Who profits in an increasingly globalized world, and what is the real cost of our access to products from around the globe? What can we do to advocate for those who are being hurt by globalization? This video helps us understand globalization's wide-reaching effects. We will explore the issues and look at what you and I can do to acknowledge and respond to the disparity and devastation caused by globalization.

Economic globalization includes both the lowering of national barriers to trade and the reduced role of governments in regulating economic activity. This results in a freer movement of goods, services, capital and information throughout the world. The fact that people in North America can buy clothing made in Asia and eat tropical fruit in winter is due to globalization, as is the availability of North American products in other countries. In a fair and just world, this exchange of goods and services would benefit us all. It would help decrease poverty if poor people could sell their products to those who want them at a fair price. It would allow producers and consumers to connect, as well as to educate and inform each other. I enjoy eating papaya and drinking coffee, while in other countries people need markets for these products. But if global exchange is good, why are so many poorer communities suffering from economic globalization?

Coffee – Tilapa, Mexico

Coffee is produced in countries all over the world. Many of the people who produce coffee are small farmers like the women of the state of Tilapa, Mexico. In their village the Mexican government introduced coffee and, in the beginning, helped them plant, cultivate and sell the harvest. The women were satisfied and content to have a product that was marketable. Then the amount they were paid per pound of coffee began to decrease. In 2001, prices dropped so low that it was cheaper to let the beans rot than to harvest and sell the coffee. The women of Tilapa ask, "Why can't we be paid a decent price for our coffee?" With few alternatives, they continue to plant and harvest coffee. It is their livelihood.

What the women of Tilapa didn't know when they began planting coffee is that the price they receive depends on the international market. With less regulation on coffee prices and quotas in the past 15 years, these women now have to compete with the more than 50 coffee-producing countries all over the world. Big companies and corporations trade with countries that give them the cheapest prices. In 2001, imposed quotas and trade restrictions with Vietnam were lifted, and within a year

this country went from being a small coffee producer to the world's second largest coffee producer after Brazil. Vietnam's coffee flooded an already saturated market. In a matter of three years, the price of coffee has dropped more than 50 percent. Overproduction drives prices down and small farmers, like the women in Tilapa, can no longer compete. According to the World Bank, more than 600,000 coffee workers in Central America are without work. Worldwide, more than 125 million farmers have been affected by the collapse of the coffee market. With no market and no money, children go hungry, farmers lose their land and families are separated when people are forced to leave their communities to find work.

Fair trade

One positive response to the worldwide coffee crisis has been the growing number of organizations who engage in fair trade. Mennonites and Brethren in Christ are familiar with fair trade because of Ten Thousand Villages, a program of MCC providing fair income to people by marketing their merchandise in North America. More recently, fair trade organizations such as Equal Exchange and Ten Thousand Villages sell fairly traded coffee. They seek to work with small farmers in developing countries, not only opening for them a market and expanding their trade opportunities, but most importantly giving them a fair price for their product. They see to it that the farmers, not just the processors and international exporters, receive a profit.

Corn – Zacongo, Mexico

People in the village of Zacongo, Guerrero state have been growing corn for as long as they can remember. Until recently they have always passed their plows and seeds down to the next generation to continue farming and feeding their families. Corn is not only the economic foundation of their lives but also an integral part of their cultural and religious lives. In recent years the farmers in Zacongo have been encouraged to use different techniques in their farming. The government gave farmers new hybrid seed to plant and told them it would resist drought, produce a longer, fuller cob and give them a higher price when they took it to be weighed and sold in town. Unfortunately the farmers needed to buy new seed every year instead of saving their seed year after year as they had always done. They were also encouraged to use chemical fertilizers, insecticides and pesticides to improve their yields. These changes, after giving farmers a few positive yields, gradually left them dependent on chemicals and on buying seed and fertilizers.

As with the coffee growers in Tilapa, the farmers in Zacongo need to compete in a global economy. In the United States farmers are also struggling to make a profit. They face high machinery, chemical and seed costs, but in many cases the U.S. government has stepped in and offered to subsidize their production. With an excess of government-subsidized corn, the United States is exporting much its surplus to countries like Mexico where, the corn is sold at such a low price that Mexican farmers can't

compete. Abruptly a country where culture and traditions are based on corn is importing it from the United States while its own farmers face poverty and joblessness. Those who continue to farm must go farther and farther into debt in order to buy fertilizers and seeds, a cycle which only serves to benefit the large agribusinesses and companies that engineer and promote these products.

Immigration

As farmers throughout the world face dismal economic situations, more and more people are forced to leave their land. Some look for work outside of the agricultural sector. In Latin America many cross the border into the United States. Others go to the closest city. As with Saturnino and his son Antonio, many continue to do agricultural work but this time for large farms or corporations. Their goal often is to make enough money to be able to return to their country and their families. They send money home to help sustain those who stay behind.

Free trade agreements

The World Bank reports that the North America Free Trade Agreement (NAFTA) among Canada, the United States and Mexico, which took effect in January 1994, has had a positive impact on Mexico and “has brought significant economic and social benefits to the Mexican economy.” Other economic research organizations argue that data does not support this conclusion. Although the gross national product (GNP) in Mexico has gone up in the past 10 years, who exactly has benefited from borders being open to trade? GNP statistics give no figures about how the income is distributed, nor about who gains and who loses. NAFTA has had a substantial impact on subsistence farmers and small-scale producers. The Carnegie Endowment for International Peace in a report on NAFTA confirms, “Real wages in Mexico are lower now than they were when the agreement was adopted. Despite higher productivity, income inequality is greater there and immigration has continued to soar.” The report goes on to conclude that “the pact failed to generate substantial job growth in Mexico, hurt hundreds of thousands of subsistence farmers and had minuscule net effects on jobs in the United States.”

Rural Mexicans have not benefited from NAFTA. Instead it has forced many to abandon their traditional way of life and look for work in factories and cities. This in turn has split families and forced many to work for unfair wages and endure poor work and living conditions. Today farmers across the globe face increased joblessness and poverty while large corporations benefit from higher profits. By looking for cheaper labor in Guatemala or China, transnational corporations have driven down production costs and reap higher and higher profits.

One way to respond or advocate for those who are being hurt by economic globalization is to contact your representatives and elected officials. Newer agreements similar to NAFTA are currently on the table. Central America Free Trade Agreement (CAFTA) is a recently signed trade agreement among the U.S., Costa Rica, Nicaragua, El Salvador, Guatemala and Honduras. The Free Trade Agreement of the Americas (FTAA) is a free

trade area being negotiated among all the nations in the Americas except Cuba. In addition, there are ongoing World Trade Organization negotiations for a new round of agreements. Some of these negotiations and agreements are facing difficulties as developing nations refuse to accede to U.S. wishes. These developing nations demand that rich countries stop subsidizing exports like corn and rice, which in turn are ruining their own domestic markets. In order for all to benefit equally from free trade, developing countries must have the right to regulate trade and investment as well as develop their own domestic economies in order not to be entirely dependent on foreign investments and trade. The CAFTA and FTAA agreements must take into account the voice of small farmers and the fragile industries in developing countries.

Questions for discussion

- Why have coffee prices plummeted around the globe? How could the coffee producers in Tilapa make a living selling coffee? Abel says that fair trade depends on whether you are known or not known. What would you do if you were one of the women in Tilapa?
- What values are needed to have a more just economy? How can we develop these values in ourselves and encourage these values in our institutions, government and representatives?
- What are the problems facing corn farmers in southern Mexico? Who encouraged the planting of coffee in Tilapa and the use of fertilizers and chemicals in Zacongo? How have changes in the farming techniques affected the land and the farmers' yields? What would you do if you were in Saturnino's shoes?
- Why is Mexico importing corn from the United States? Why are Mexicans buying it? How do subsidized agricultural crops affect farmers both in the United States and in other countries?
- Who benefits from globalization? How are large corporations profiting from free trade? Who most influences the decisions that are made on a national and international level? Is it the corporate interest or the human interest that defines public policy?
- What are the long-term environmental effects of depending on food and other products that must be transported far from their source using fossil fuels?
- What biblical basis can we find for a just global economy? How did Jesus respond to the economic inequalities he saw in the first century?
- What are the positive aspects of globalization? What are the costs of globalization?
- What choices can we make to support a more just global economy? What can our churches, institutions and families do?

What can we do ?

We are called to action. The Bible is full of examples of acts of love, compassion and generosity, but it also calls us to live lives of responsibility, lives that refuse to go along with unjust systems. We are called to share our resources and to hold our government and institutions accountable, working toward more just policies for all people. What can we as individuals and communities do?

Get to know the producers

Look around you. What things can you see that are a product of our global economy? Chances are you are wearing a shirt, driving a car or drinking coffee that was produced in another country. Take a quick inventory and jot down a list of the countries from which many of the objects in your closet, refrigerator, garage, etc., originated. Once you've compiled your list, what do you know about the countries you have listed? Locate the countries on a map or in an encyclopedia. Do you personally know anyone from these countries? Although you may have to guess, think about the conditions or circumstances under which these objects were made and imported. Do they encourage the "human economy" that Abel mentioned in the video, an economy that takes into account the workers and the market in the country where it was produced?

Welcome the newcomer

Many people need to immigrate because their way of life will no longer support them and their families. Saturnino left his wife and seven girls behind and with his son Antonio went north to pick lemons in California. Why couldn't they keep planting and harvesting corn in southern Mexico? What are their hopes for the future? What will become of small subsistence farmers in the next 10 years if trends continue and large-scale farms monopolize both the local and international market?

We are from the United States and Canada, countries made up of immigrants, and we have experienced the richness that this diversity brings. Do you know any immigrants who have recently arrived here to the United States or Canada? What stories have they told you? What can they tell us about life in their country? Did they immigrate for economic reasons? Did they immigrate because of violence or unrest in their home country? Economic instability is a large contributor to unrest and violence. How could a more fair global economy help their family and loved ones whom they left behind? Welcoming these immigrants into our communities is a way of refusing to let our government speak for us with its unjust economic policies. Friendly smiles, dinner invitations and stopping by to chat with new immigrants are all simple ways we can connect and counteract the high cost of globalization.

Fair wage

After spending an evening in the run-down, one-room home of Cuka, Guess jeans looked less appealing. Cuka, from Zacongo, Mexico, is now an undocumented immigrant living in Los Angeles and working in a Guess factory where she sews jeans. She works long days but doesn't get paid by the hour. Instead she gets paid 15 cents for every pair of jeans, which means that some days she can make only \$3 U.S. an hour, depending on how fast she works. The same garment then goes to the retail store and is sold for over \$50 U.S. Cuka doesn't complain. She doesn't even mind the long hours, the stiff shoulders or the monotonous work. Instead she wonders why the pair of jeans she made is sold for so much money and who reaps the profits.

What is a "fair wage" in Los Angeles, in Mexico, in

China? What allows a company to use the label "fairly traded?" Do factories help poorer areas by providing jobs? These may be a few of the questions you have as you consider our global economy and your role as consumer.

Consumer choices

As consumers we have choices that we must make daily. What are our priorities when we go to the store or buy a product? Is our first priority the cheapest price, the quality of the product or the name brand or label? The video promotes making choices based on the conditions in which a product was produced. Yet sometimes it is difficult to know how people or the environment have been treated in the producing of what we buy.

Do you know anyone who works in a large corporation? What are their thoughts on globalization? Instead of de-humanizing these companies, how can we dialogue and call these corporations to be accountable?

We can refuse to support corporations and companies that hurt the environment and the social and economic network of poorer communities. We can choose, instead, to support local products, eat what is in season, buy fairly traded products such as Equal Exchange coffee and produce some of our own food so that we are not just consumers, but also producers. We can also choose to invest our money in socially responsible companies instead of transnational corporations, and we can support organizations that engage in fair trade, such as Ten Thousand Villages.

Be informed

Perhaps many of us would like to take into account the empty stomachs, the unfair wages or the trade policies of our government but we feel uninformed or overwhelmed. Informing ourselves is free of cost and will help us make better choices as consumers as well as give us opportunities to speak out for those who are suffering. Many resources are available from MCC that will assist us in considering global economic justice. There are also organizations whose primary objective is to help us make just choices (see Web sites). As Christians we can model just consumer choices while advocating for more just global economic policies. From our plates and our wardrobes to the agreements being negotiated by our government, we can have a positive impact on our world and help to globalize justice, equality and compassion.

Recommended resources:

Videos

The Global Banquet: Politics of Food — Examines how giant corporations control the world's food system through free trade policies. Spells out the effects of mass-produced, low-cost food imports on developing countries. Borrow from MCC.

Food: A Plate Half Full — Meet Alan Entz in Kansas and Danny Gumapac in the Philippines, farmers who are both adjusting to the growth of large agribusinesses that threaten to exert more control over their farms than they do. Shows through personal stories the effects of globalization. Borrow or purchase from MCC.

Where Are the Beans? — After eating several meals

without the traditional beans, an MCC worker returning to Honduras sets out to discover, “Where are the beans?” Explains how economic policies and other factors deprive Honduran farmers of their bean harvest. Illustrates how North Americans are also affected by international economic policies. Borrow or purchase from MCC.

Other resources

MCC Washington Office Guide Series — Three fliers: Economic Globalization, The Environment: The Earth is the Lord’s, and Food and Farming look at the effects of globalization. Includes faith reflections and actions for churches. Free from MCC Washington Office, 202-544-656.

MCC U.S. Global Economic Justice Packet — Economic policies have a powerful impact on people living in poor countries. This MCC U.S. Washington Office packet is a resource for Christians who want to learn more about economic issues and advocate for more just international economic policies. Purchase from MCC.

Web sites

www.mcc.org/us/globalization

www.mcc.org/us/washington/coffee

www.tenthousandvillages.org

www.equalexchange.com/interfaith

www.equalexchange.com/index.html

www.christian-aid.org.uk

www.oxfamamerica.org/advocacy

www.tradejusticeusa.org

www.e-alliance.ch

www.iatp.org

www.transfairusa.org