

TUNE IN TO THE
SOUND OF DEMOCRACY

Justice Talking Radio Transcript

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Half the world--nearly three billion people--live on less than two dollars a day. One billion children--one half of the world's children--live in poverty. Over 10 million children died in 2003 before they reached the age of five. Hundreds of millions of people live without adequate shelter and no access to safe water or health services. Join us on this edition of Justice Talking as we look at the host of U.S. policies aimed at alleviating poverty, from international aid to food programs.

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MARGOT ADLER: From NPR, this is Justice Talking. I'm Margot Adler. Coming up, trillions of dollars have been pumped into poor countries to help lift people out of poverty but over a billion people still live on less than a dollar a day, the situation that one of our guests describes as a trap.

UNIDENTIFIED MALE: Poverty is more than just a lack of income. It's a pervasiveness of early death. It's hunger and poor health. It's denial of a basic education. It's the loss of childhood and it's the sense of powerlessness.

MARGOT ADLER: We'll hear different theories on what to do about foreign aid and see whether all the celebrity focus on fighting poverty helps the situation on the ground. And we'll look at global trade. Can free trade between countries lift millions of people out of poverty? And we'll discover whether buying fair trade coffee really does any good. This and more, after the news.

MARGOT ADLER: This is Justice Talking. I'm Margot Adler. Millions of people around the world live in extreme, stark poverty. They don't have food to eat and can't get simple medical care that could save their lives. Children are dying from dehydration and malnutrition. The story of global poverty isn't new, but as more and more people around the world become impoverished the problem becomes more severe. Economists differ in their approaches to solving the problem. Some say that foreign intervention is needed while others insist that grassroots efforts are more effective. The United Nations has set ambitious goals for getting rid of poverty altogether. And celebrities have used their influence to bring attention to the issue of global poverty. U2 lead singer Bono headed up the One Campaign to fight poverty. Many musicians came together in the historic Live Aid concert. And Hollywood actors are making headlines for encouraging support in reducing global poverty. The problems and solutions are complex. We'll talk with people who have different views on how to address widespread poverty. And we'll look at several efforts that attempt to help poor people, including a look at whether buying fair trade foods is a fair deal for farmers and growers.

First, my interview with Stephen Smith. He's an economist at George Washington university and the author of "Ending Global Poverty: A Guide to What Works." With over a billion people in the world living on less than one dollar a day, I asked him how one can begin to talk about poverty when it just seems like such a huge, abstract issue.

STEPHEN SMITH: Well, I think it's first important to understand that while the dollar-a-day line is a very important line for extreme poverty, poverty is more than just the lack of income. And when you think about poverty in this wide multi-dimensional sense I think that makes it much clearer and more immediate to people. It's pervasiveness of early death. It's hunger and poor health. It's denial of a basic education. It's the loss of childhood and it's the sense of powerlessness. So when you think of individuals and those kinds of circumstances I think it becomes much more personal and immediate.

MARGOT ADLER: Are there different degrees of poverty and can you define those for us?

STEPHEN SMITH: I think that the most extreme poverty is found when people are in what I call "poverty traps," a term that is widely used now. For example, people whose conditions of poverty today make it very likely that their poverty will continue indefinitely. So the worst forms of poverty would be like the under-nutrition trap, and in those kinds of circumstances--you'll see them in famines--you're undernourished so you can't work well, so you can't earn money to get more food, to work better in the future. And that kind of vicious cycle is the worst of poverty.

MARGOT ADLER: And what other poverty traps are there besides hunger?

STEPHEN SMITH: Well, there are quite a few. There's a child labor trap in which, um, if a parent is too poor, perhaps too uneducated, too ill, to prevent sending their children out to work. Then the children have to work. They may not get education and so when they grow up they also might have to send their own children to work. There are in the world many micro-entrepreneurs, small peddlers trying to make ends meet and many of them are in a working capital trap. They can't afford a large inventory, so when they go knocking door to door they

don't make a lot of matches with potential buyers. And so they don't have enough money to expand their inventory. Unfortunately, this list goes on. There are erosion traps in which farmers work harder and harder to get what they can out of the soil this year because they have to feed their families. Even though the soil is getting depleted they have little chance, little opportunities to do otherwise. And I talk about 16 of these poverty traps in my book.

MARGOT ADLER: And when we were looking at this and thinking about this word, poverty trap, we wondered: Why is it important to think about these things as a trap and not just a condition?

STEPHEN SMITH: Well, I think that one of the most important reasons is because it helps us really understand that poverty is not the fault of the poor. It's encouraging on the other hand because there is a way out of most traps. But very often it might need some help from outside. So the poor are working hard. They're trying to escape poverty. The poverty is not their fault and we can help pull them out of these traps.

MARGOT ADLER: Now I might be forcing you to generalize, but doesn't poverty look very different depending on the region of the world?

STEPHEN SMITH: It certainly does and there's no doubt that right now the worst poverty in the world is found in sub-Saharan Africa. In fact, most of the regions of the world have greatly improved, greatly reduced poverty in recent years. But it's important to note that there are nearly twenty countries in sub-Saharan Africa that are poorer today than they were a generation ago. And nearly half of all people in sub-Saharan Africa now live on less than one dollar a day, the equivalent of one dollar a day.

MARGOT ADLER: Give me an example of an effective program that fights global poverty. You know, what makes it effective?

STEPHEN SMITH: A very good, large-scale program is one in Mexico called Progressa, renamed Oportunidades, which basically pays poor parents to keep their children in school so that they don't have to become child laborers, and provides nutrition supplements and health care for them. Um, in health and nutrition, simple programs like de-worming children--many children are suffering from infections of parasitic worms. De-worming drugs are very inexpensive and the evidence is that when they're provided that they make a big difference in improving children's abilities to learn. I think in general that the answer is that programs that effectively address poverty traps help the very poor and all of this economic growth can often be a very powerful, positive influence here.

MARGOT ADLER: Well, thank you so much for talking with me.

STEPHEN SMITH: Thank you very much for inviting me and, again, thank you for tackling this subject. I really appreciate that.

MARGOT ADLER: Stephen Smith is professor of economics in international affairs at George Washington university and author of "Ending Global Poverty: A Guide to What Works." To hear more of my conversation with Stephen Smith, go to our website, justicetalking.org.

MARGOT ADLER: Stephen Smith argues that people living in poverty not only have to have adequate nutrition and education but they also must have access to employment, to a good legal system and ultimately full inclusion in society. A new group works on exactly that. It hopes to eradicate global poverty particularly in developing countries by giving the poor access to property rights and other legal protections. Cate Ambrose is the chief of advocacy and external affairs at the Commission on Legal Empowerment of the Poor. I asked her to explain how the lack of a legal system in a country helps create poverty.

CATE AMBROSE: Well, the problem is in so many developing countries the legal system is enormously complex, and it wasn't built to serve the poor. You know you've traveled over to a developing country if you've been in Mexico City or you've been in Mumbai, or you've been in Nairobi in Kenya, and you've noticed that there are some beautiful towers where certain members of the society live, and then there are these sprawling slums typically or shantytowns. Actually they're informal settlements where hundreds and thousands and actually millions of people are living outside the law. And these people have no title to the houses that they live in. In many cases they may not even have a birth certificate or any kind of documentation that recognizes them as citizens of that country. And if they're out on the street trying to make a living by peddling fruit or selling whatever type of product they've been able to produce to earn a living for themselves, they're typically shooed away by police or asked for bribes--police and other officials who will come and take advantage of the fact that these people are living outside the law.

MARGOT ADLER: How does the Commission hope to create lawful societies around the globe?

CATE AMBROSE: Well, it's a very ambitious undertaking and what we've put front and center is the need to have the people in power on board. I think one of the things that we understand is just, you know, a core idea of this commission is you won't change the status quo if you can't find a way to motivate governments and high-level policymakers to share power or to extend rights and power to those people who are currently living outside the system.

MARGOT ADLER: So how does the conversation work? Do you talk leader to leader? How does the Commission work?

CATE AMBROSE: We see the Commission members as ambassadors of this message and really advocates among their peers around the world. One example is former President Mkapa of Tanzania, who has actually a very ambitious program underway in his country to reform laws so that the poor have better access to rights and are able to improve their own lives. And he is an advocate among other African leaders. He is a very active member of the Commission and is speaking out on our behalf, and on behalf of the idea of legal empowerment around the world.

There's been so much emphasis in the last decade on increasing aid and the G8 agreed to, um, made some very important commitments to poverty reduction and to increasing aid to developing countries. But the other piece of the puzzle that is missing and, again, this commission is focused on empowering people to improve their own lives. Aid is of course important. There will always need to be aid, foreign aid flows from developed countries to poor countries, but if those countries are ultimately going to be able to pull themselves out of poverty that's only going to happen when they extend their citizens' rights and opportunities to improve their own lives. Until those 3 billion people living outside the law are empowered with a birth certificate, a title to their land, a justice system that they can recur to, someplace to settle disputes, until they have all the rights and privileges that the powerful elites have in those countries, all of the aid flows in the world are not going to turn the tide on poverty.

MARGOT ADLER: Thanks so much for talking with me.

CATE AMBROSE: Thanks so much for having me.

MARGOT ADLER: Cate Ambrose is with the Commission on the Legal Empowerment of the Poor.

MARGOT ADLER: Coming up: the U.N.'s Millennium Goals aimed to end poverty by 2025. Can it really happen?

UNIDENTIFIED FEMALE: If you think about just reducing income poverty by half by 2015, it doesn't seem unreachable if you look at the world as a whole, because of the enormous progress that you've seen particularly in China but also in India.

UNIDENTIFIED MALE: I really fail to see how a goal that we already know is not going to be reached for all of Africa and for many other parts of the poor world-- it's just a meaningless exercise that diverts effort away from us really holding people accountable for meeting what are really desperate needs of the poor.

MARGOT ADLER: More on whether global poverty can ever be eradicated--stay with us.

MARGOT ADLER: This is Justice Talking. I'm Margot Adler. There are undeniable facts about global poverty. For one, it's a growing problem that affects millions of people around the world. And on the face of it, it seems like the solution might be more money. But some say the answer is not as simple as just writing a big check to nations around the world. The United Nations has issued Millennium Goals, from eradicating extreme poverty and hunger to reducing child mortality and improving maternal health, all by 2025. The U.N. campaign says that this generation can be the first to eradicate poverty. Is that possible? And if not, what can be done?

Joining me to debate the best way to take on global poverty are Nora Lustig and Bill Easterly. Nora Lustig is the director of the poverty group in the Bureau of Development Policy at the United Nations Development Programme. She co-directed the World Bank's world development report in 2000 and in 2001, called "Attacking Poverty." William Easterly is a professor of economics at New York university and the author of the "White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good." I asked Nora how the U.N. is fighting poverty.

NORA LUSTIG: The U.N. is trying to address the multi-dimensionality of poverty, particularly focusing on the so-called Millennium Development Goals that were agreed to by about 189 countries at the Millennium Summit in 2000. And those goals essentially set a number of targets around poverty per se, but also on education, infant mortality rates, maternal mortality, gender equity, access to water, sustainable development and also global partnerships.

MARGOT ADLER: Bill, you are a critic of what's currently being done by large aid groups. Tell us why.

BILL EASTERLY: Margot, if U.N. goals ended world poverty, poverty would have ended a long time ago. We've had years and decades of U.N. goals that unfortunately haven't accomplished anything. There was a U.N. goal in 1977 to have universal access to clean water by 1990. That year came and went. The goal wasn't met. Nobody was held accountable for that failure. And that is now a goal for the year 2015 as one of the Millennium Development Goals that Nora mentioned. Now, it's so sad that the same failed approaches get tried over and over again, that promises are made for which nobody takes any responsibility for keeping.

MARGOT ADLER: So if the U.N. has a goal now to cut world poverty in half by 2015 which I gather is the Millennium, one of the Millennium Goals...

NORA LUSTIG: Yes.

MARGOT ADLER: That's in nine years. That seems pretty, frankly, impossible.

NORA LUSTIG: If you think about just reducing income poverty by half by 2015, it doesn't seem unreachable if you look at the world as a whole, because of the enormous progress that you've seen particularly in China but also in India. The issue is that there are quite a few countries for which meeting that goal seems unrealistic.

MARGOT ADLER: Bill, you know, I started looking at your book, "The White Man's Burden," and it took me back 45 years to reading "The Ugly American" by William Lederer. In that book I remember that he said the only thing that effectively fights poverty are small grassroots local efforts. For example, I remember giving a village a water pump, for example, which changed lives. Are you making the same argument?

BILL EASTERLY: Well, there is an amazing set of recurrences in the aid business that the same debates happen decade after decade. And the same mistakes and failures happen decade after decade. It's like the aid business as a whole is stuck in sort of a bad version of the movie

"Groundhog Day," you know, where you wake up every morning and start afresh not realizing that you did exactly the same thing the day before.

MARGOT ADLER: Don't you need an organizing body to coordinate efforts so there's not duplication, so it's efficient? And how do localized small-scale efforts add up to big change? I mean, don't we need both?

BILL EASTERLY: Well, you know there's a great quote by Robert F. Kennedy that I really love. He said, you know, each of us can only generate a tiny ripple of hope, but as enough of myriads and myriads of people generate their own tiny ripples of hope, these can join together to build a mighty current to sweep down the mightiest walls of resistance. And that's what I see happening from grassroots efforts: that if each aid agent, each nongovernmental organization, charity, each, you know, fieldworker takes responsibility for getting their own tasks done, these efforts build up to achieve a lot of really good things for poor people. Now I'm not saying that aid is going to be the answer to world poverty because I frankly don't think it is. I think it's actually the homegrown efforts of poor people that achieve the end to their own poverty. And that's what happened in China and India, Nora. It wasn't--it didn't have anything to do with foreign aid. It was the homegrown efforts of the Chinese and the Indians.

MARGOT ADLER: Nora, how would you answer that?

NORA LUSTIG: Let me react to several things here. I think that having the goals I frankly don't think goes against asking for accountability. But I think that, you know, what Bill is right about is that it's not aid that's going to be the solution for poverty throughout. And in fact I also don't think that all the solutions will have to be homegrown. I think at this point it would be really a disservice if we try to say that any of us have just one answer that fits all for world poverty.

MARGOT ADLER: Bill, you're not a fan of most foreign aid. Do you believe there's any role for widescale philanthropy? For example, in health, like what the Gates Foundation is doing, for example.

BILL EASTERLY: Uh, yeah, the Gates Foundation is actually more constructive in a lot of ways than the official aid agencies like the U.N. agencies. You know, whereas the U.N. is this sort of bureaucratic nightmare of trying to please everyone and no one is held accountable for anything—and in fact the U.N. every year writes a report documenting its own failures to make progress on the Millennium Development Goals—the Gates Foundation seems to take the notion of responsibility more seriously and to focus on much more specific tasks than these kind of vague goals of cutting world poverty in half. You know, it's focusing on finding medicines for neglected diseases of the world's poor, for example.

MARGOT ADLER: Nora, how much does corruption in the receiving countries limit the effectiveness of what you're trying to do?

NORA LUSTIG: Well, I think that in parts of the world that's significantly a major obstacle. But also you may find corruption in places that are doing well.

MARGOT ADLER: I'd like to ask both of you: Besides the issue of corruption, isn't foreign aid always tainted by the political goals of the country that's opening its wallet? Wasn't much of U.S. foreign aid in the past a way to keep countries on our side, for example?

NORA LUSTIG: Oh yeah, that was the case. That was particularly the case for many, many years. Foreign aid had primarily geopolitical objectives. That's not so true particularly after the fall of communism.

MARGOT ADLER: Uh huh, and Bill, do you think that's still true? Or is it something that was mostly in the past?

BILL EASTERLY: Well, it is shameful that aid is influenced so much by political, strategic objectives of the donors. But using that as an excuse why aid doesn't work doesn't really wash in the data. As Nora just noted, you know, the worst kind of this behavior was going on during the Cold War, but there was no sign that aid became any more effective after the end of the Cold War.

MARGOT ADLER: I'd like to also ask both of you how globalization is affecting poverty around the world. You know some have almost joked that globalization and outsourcing is really the West's real form of foreign aid.

BILL EASTERLY: I think there's something to that, yeah. I think outsourcing is a much more effective form of foreign aid than foreign aid. And it doesn't have the exaggerated destructive effects at home that people think it does. I think it's one of the greatest anti-poverty programs you can imagine.

MARGOT ADLER: Nora, what do you think?

NORA LUSTIG: I think that, you know, there again, I don't think there are substitutes. I would like to see much more, if you want, consistency in terms of the advocacy for freer markets on the part of developed countries and the policies that they apply in the areas such as migration, for example. We're moving in the opposite direction. It's clear that if you had more liberal policies in terms of migration that a lot of people would be better off.

MARGOT ADLER: Nora Lustig is the director of the Poverty Group in the Bureau of Development Policy at the United Nations Development Programme. Ms. Lustig co-directed the World Bank's world development report in 2000 and 2001 called "Attacking Poverty." William Easterly is a professor of economics at New York university and the author of "The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good." Thank you both for talking with me today.

BILL EASTERLY: Sure. It's been good to be here.

NORA LUSTIG: Thank you, Margot. It's been a pleasure.

MARGOT ADLER: We've just heard two different views on fighting global poverty. As Bill Easterly argues, small efforts can make a big difference in individual's lives. As Sonia Varma reports from Puleng, South Africa, a little aid can go a long way.

SONIA VARMA: It's hard to see Katherine Mohumbe's face as she leans over to grind two stones together. This is the ancestral, painstaking way of making peanut butter. For generations women have used this grinding technique to make the paste. It's a traditional food in many parts of Africa. Seven years ago Mohumbe and a few other women in her village decided to try to make a living by making and selling jars of peanut butter. In those early days they'd grind for eight hours every day.

KATHERINE MOHUMBE [translated by Sonia Varma]: We would start grinding at eight o'clock until four o'clock to make four kilos of peanut butter. We were seven. Just imagine seven people producing just four kilos of peanut butter after a whole day. That's only about nine pounds. The women made just enough peanut butter to supply the local school, their one buyer. And even though the business wasn't exactly a cash cow, the women weren't complaining. They knew things could be worse. Before the peanut butter project life was grim. We had to go out and search for work, and I would leave my kids at home. There was no income and people were poor.

SONIA VARMA: Mohumbe was unemployed so she and her five kids were living off her mother's pension, about \$110 a month. It wasn't much to live on, not enough to fill their plates. But the other 2,000 people in the village weren't much better off. Puleng is a three-hour drive from the nation's capital of Pretoria, but has little in common with it. Generations ago black families were exiled to villages like Puleng with its dry, unfertile land. Even today, Puleng is so insignificant it's not mentioned on maps. But Mohumbe wasn't going to let herself be a victim of circumstance.

KATHERINE MOHUMBE [translated by Sonia Varma]: I had a vision or dream that I could do something with the women of the village, especially since the school kids needed to be looked after. I wanted to group the women closer to where the school kids were so that when they finished classes we could properly look after them.

SONIA VARMA: The women brainstormed business ideas, everything from selling clay pots to basketweaving. But Mohumbe put forward the idea of making peanut butter. She actually heard a recipe for the paste while listening to the radio, and a light bulb went off in her head. While the village is dry and rocky, one thing hearty enough to grow there are peanuts. So the women unanimously agree a peanut butter business it would be. For two years they worked out of a borrowed schoolroom. Then in 1999 the women had a stroke of luck. The aid agency Africare had money and was looking for a good cause. The two came together and Africare agreed to fund the fledgling business. It helped build a factory and invested in hand grinders. Eventually Africare helped the women purchase a diesel power grinder. Remember how the women would slave away to make just nine pounds of peanut butter per day? The diesel engine pumps out twelve times that amount in a fraction of the time. Today the business known as the Kudmilla Trading Cooperative has branched out its customer base. It employs seven full time workers and

a number of seasonal workers who tend to the peanut fields. Mohumbe says that the steady income has changed the life of her family and others in the most basic of ways. She pulls at her skin.

KATHERINE MOHUMBE [translated by Sonia Varma]: In the past it was dry and shrinking. Now, thanks to peanut butter, it's shining. People and old kids are looking better, looking healthy.

SONIA VARMA: To say the factory has changed these women's lives doesn't really get to the heart of the matter. The women, all at least middle-aged, had little in the way of education. Only two of the founding members can read and write. The women most certainly would have been relegated to a life of laboring away for someone else for little money. But with the factory they've become breadwinners and bosses. People come to us asking for work. We have the ability to hire. Maddie Bola Mamila grins as she says that. Mamila is one of the projects seven full time workers and a founding member.

MADDIE BOLA MAMILA [translated by Sonia Varma]: Before I worked an hour away on a white man's farm. And I was leaving my kids home alone. Now with the peanut butter project I can keep a close eye on my children's well-being, and see how they're doing in school.

SONIA VARMA: On the farm, Mamila only made \$10 a month. The factory pays her nine times that amount. The future of the peanut butter business appears bright. The local tribal authority has just given additional land to the project. That means more peanuts and more jobs. Back at the factory the women sing as they pack plastic bottles full of the spread. It's a local tune, but they've changed the lyrics so they can pay tribute to--what else--peanut butter. The song says, "Women stop talking unnecessarily. You need to work hard. Using your hands you will make a good peanut butter to feed your family." For Justice Talking, I'm Sonia Varma.

MARGOT ADLER: Coming up, we'll find out if fair trade is just a feel-good way for people to live local and act global. And you may find it surprising that the idea of fair trade isn't new.

UNIDENTIFIED FEMALE: Fair trade is actually a very old idea and, um, in the post-World War II period we find that groups here in the U.S. were actually interested in supporting Europe devastated after the war. And the initial strands of purchasing handicrafts produced by war-ravaged Europe is the initial strands of what we see now as the fair trade movement.

MARGOT ADLER: More on ways to fight poverty coming up.

MARGOT ADLER: This is Justice Talking. I'm Margot Adler. Earlier this year the Doha Round trade talks fell apart. Observers around the world lamented that an opportunity to fight global poverty had been lost. They fell apart mostly because of disagreements on agricultural and textile subsidies. To learn more about the link between trade and poverty I talked with Kim

Elliott. She is a senior fellow at the Institute for International Economics and the Center for Global Development. She wrote a book called "Delivering on Doha: Farm Trade and the Poor." I asked her why the talks broke down.

KIM ELLIOTT: Nobody was willing to take the first step to say okay we will reduce support for our farmers in order to get this much bigger deal, dealing with all manufactured goods, with services, with a broad array of much more actually important issues.

MARGOT ADLER: So how significant is it that there wasn't an agreement?

KIM ELLIOTT: Well, the problem with not reaching an agreement this past summer is that in the United States the Constitution delegates authority to regulate international commerce to Congress, not to the president. In order to get these very complex trade deals through the Congress, Congress has passed what's called "trade promotion authority." If the president follows certain guidelines that they set out, then Congress agrees that they will vote on these trade deals within a certain amount of time and they'll do it up or down without amending the agreement, which could cause the whole thing to unravel. That authority expires in the middle of next year, June of 2007. And without that authority the president really--he won't have the credibility to negotiate a deal because he can't insure that Congress will abide by it.

MARGOT ADLER: When the talks collapsed I know that some observers lamented that a golden opportunity to fight poverty was lost. Is that true?

KIM ELLIOTT: Well, I think it was--you have to back up a step and look at the Doha round as being part of a larger package that was on the table. Trade, sort of itself narrowly, opens up opportunities for poor countries and poor people in them. But a lot of those countries need to do a lot of other complementary things to insure that poor people can actually grasp those opportunities. So, for example, part of the Doha agreement was for the rich countries to provide what's called duty-free, quota-free access for products of the least developed countries. That is, they would have free access to the rich country markets. And this is, in the U.S. case, we're talking about a little over 1 percent of total imports. So this would not have any significant impact on the U.S. economy, but would provide important opportunities for the 50 poorest countries in the world. Sort of outside the narrow confines of the trade talks themselves there's a parallel set of talks on aid-for-trade, which would provide external financial and technical assistance to developing countries to help them address some of the supply-side challenges that otherwise could prevent them taking advantage of the opportunities. Twenty-one countries in sub-Saharan Africa are landlocked. They often need to improve roads, access through their neighbors to ports, airports, telecommunications, financial services. All of this complementary infrastructure needs to be there in order for people to be able to actually engage in global markets.

MARGOT ADLER: You talked about agricultural subsidies and that that was one of the major points of contention in the Doha talks. How much does the United States subsidize its farmers?

KIM ELLIOTT: There are lots and lots of different kinds of subsidies, which is part of what makes it complicated. But what the Doha round is addressing are what are called trade-distorting

subsidies. And those in the United States has sort of been in the 15-20 billion dollar range since the last farm bill was passed in 2002.

MARGOT ADLER: What do you see as the consequences of these farm subsidies on the global market?

KIM ELLIOTT: Well, obviously the import quotas lower the amount that developing countries who are most efficient--especially in sugar, not so much dairy, but in sugar--prevent developing countries who are far more efficient than we are from being able to sell their product in our market. On the subsidized side with corn, wheat, soybeans, cotton, rice--these are all things the United States exports. And we export more than we otherwise would because of the subsidies and that in turn tends to depress global prices. And so one of the big issues in this round has been the effect of U.S. cotton subsidies, particularly on cotton farmers in West Africa who are very poor to start with and have been suffering from these very severe price declines in recent years that are in part due to the U.S. subsidies.

MARGOT ADLER: What happens next with the trade talks?

KIM ELLIOTT: Well, it's hoped that after the November election they'll be restarted. It's basically that there's got to be a pretty good outline of a deal in the first six months of 2007. Otherwise, it probably lags until after the United States elects a new president in 2008. So I think it's really important that it get going very quickly after the November elections here in the United States.

MARGOT ADLER: Well, thank you so much for talking with us.

KIM ELLIOTT: Well, thank you.

MARGOT ADLER: Kim Elliott is a senior fellow at the Institute for International Economics and the Center for Global Development. She's written several books on trade and policy. Her latest is "Delivering on Doha: Farm Trade and the Poor." To hear more of my conversation with Kim Elliott, visit our website, justicetalking.org.

MARGOT ADLER: We hear about fair trade products mostly when buying coffee, but how does fair trade work? I talked with Lisa Reynolds, who studies the fair trade movement. She's co-director of the Center for Fair and Alternative Trade Studies and professor of sociology at Colorado State university. I asked her what fair trade means.

LISA RAYNOLDS: It's an idea. It's an idea that refers to a critique of unequal international trade in a belief that trade can be and should be made more fair.

MARGOT ADLER: When did the idea of fair trade start?

LISA RAYNOLDS: Fair trade is actually a very old idea. It can be traced back in different ways. In the post-World War II period we find that groups here in the U.S. were actually interested in supporting Europe devastated after the war. And the initial strands of purchasing handicrafts produced by war-ravaged Europe is the initial strands of what we see now as the fair trade movement. Where now, we're not seeking to rebuild Europe after the war but seeking to help disadvantaged producers around the world.

MARGOT ADLER: Let's take one food like coffee. Tell me how fair trade might work for the farmers, for the suppliers, for the coffee drinkers. Why don't you walk me through the process?

LISA RAYNOLDS: Well, if we think about fair trade in the coffee sector--and this is where fair trade has been historically established so it's a great starting point--if we look at the production end, fair trade involves a possibility of certification of particular standards at the level of production. And these standards would involve issues about prices being paid for the coffee. There's established price floors, which deal with the volatility in coffee prices. And then a higher established price for coffee that would insure that producers are paid more equitably. There are also requirements about organizational arrangements, which support democratic organization of small-scale coffee farmers. And there are environmental criteria that help to foster sustainable production. There is a social premium provided to fair trade producer groups which sustain a whole number of community development-style projects in education, health, etc.

MARGOT ADLER: More generally, I know you've studied a lot of fair trade efforts. What have you found that works and what doesn't work?

LISA RAYNOLDS: What we find in our research that really works--it hinges on the ability of producer groups to be able to work for their own interests, to be empowered to protect the interests of their communities. Where we talk about prices from year to year, solid prices help, but if producers don't have better capacity over the long term, these price issues are not really the key benefit that they're going to get. The long-term benefits are going to come from the kind of support we have for local projects, support we have for local communities, the way these communities then can invest in themselves, their children, their environment. These are the long-term benefits we're going to see.

MARGOT ADLER: How large is the fair trade movement?

LISA RAYNOLDS: You know, I would say that the fair trade movement is huge. And I say this because I think the fair trade concept resonates very, very well around the world. So with the level of the idea and in terms of the support that we have both from consumers and producers and everybody around the world I think the fair trade concept is incredibly successful in its ability to capture our ideas. In terms of the actual sale of fair trade commodities, this is much smaller.

MARGOT ADLER: Give me some examples.

LISA RAYNOLDS: Well, I think what we see is, um, in the U.S. we have seen tremendous growth over recent years--the sale of fair trade certified coffee is really exploding. We have new fair trade certified commodities coming online every year in the U.S., so it's not just coffee. It's tea, cocoa, sugar, rice, and fresh produce now like bananas. These are all just becoming available to many of us, or known to many of us. And we're finding tremendous demand.

MARGOT ADLER: How do I know that someone who says something is fair trade is fair trade?

LISA RAYNOLDS: There are two ways. One is if we are purchasing items in our regular supermarket we presumably can't ask the supermarket shelf-stocker. We have to look for a certification, which has a seal. In the U.S. it's called TransFair USA. And that's the seal that will be on the particular item, the package that one is buying that certifies it meets fair trade criteria set by an international labeling organization.

MARGOT ADLER: Thanks so much for coming on the show. That was Lisa Raynolds. She's co-director of the Center for Fair and Alternative Trade Studies and professor of sociology at Colorado State University.

MARGOT ADLER: Actress Angelina Jolie has used her star power to shed light on poverty. She has adopted children from impoverished places and has been named a goodwill ambassador by the United Nations High Commissioner for Refugees.

ANGELINA JOLIE: Extreme poverty means not having enough food to feed your family, walking long distances barefoot to collect safe water to drink, hospitals overflowing with patients suffering from diseases that should be preventable. Rich nations have seen fit to look away from extreme poverty. But do you know that we can wipe it off our planet in just 20 years?

MARGOT ADLER: But does attention from Angelina Jolie and other Hollywood stars make a difference? I talked with Stacy Palmer, the editor of *The Chronicle of Philanthropy*, to find out. What effect do stars have when they champion a particular cause?

STACY PALMER: Well, the money that they raise is important and they do sometimes raise a lot of money. What's really important is that they generate a whole lot of attention because everyone wants to know what celebrities are doing. So people who maybe weren't interested in the cause all of a sudden became quite interested in it because their favorite celebrity is part of it.

MARGOT ADLER: Now, is this a relatively new approach to get people to open up their wallets or have celebrities been doing this for a while?

STACY PALMER: Celebrities have always been doing it. If you think about the Jerry Lewis telethon that raised money for muscular dystrophy for years and years and years--it's been a common thing. But I think we see it now especially in the celebrity culture. People are more interested in what celebrities are doing, and celebrities realize that and so it's a good marketing thing for them.

MARGOT ADLER: What do you know about efforts where celebrities are the spokespeople for campaigns? I just saw Glenn Close in an ad for a breast cancer fundraiser. What's the value for the foundation and for the potential giver in having her be the spokesperson?

STACY PALMER: As long as it's a person that a lot of people respect and have a reason to think that you know what Glenn Close says is very important and meaningful to them--if you have a spokesman who isn't very well respected then it doesn't do much good for your cause. So it has to be somebody who seems to know about the issue and who you have some reason to think that they would be associated with a good legitimate charity.

MARGOT ADLER: I've always been suspicious that most of the money raised in large superstar campaigns and telethons go to the organizations and not to the people in need. Is my suspicion justified?

STACY PALMER: There aren't a lot of records that help us figure that out and it's very frustrating, but unfortunately it does seem that sometimes there's a lot of overhead involved in these events. And a lot of times celebrities donate their time but there are a lot of other things involved so it doesn't always get to the charitable causes. And that's something that before any donor gives you should ask just what percentage is actually going to make it to the cause. And the charity really does have to tell you that before you give.

MARGOT ADLER: And so there's a real difference between celebrities giving their time and celebrities giving money?

STACY PALMER: Right. In a lot of cases the celebrities who are talking about these various things, they aren't actually making a donation. In a couple cases, however, they do make relatively big donations. After Katrina, for example, a lot of musicians gave money both in small amounts and in large amounts out of their own pockets. And so, you know, they can say, you know, not only am I encouraging you to give, but I gave myself.

MARGOT ADLER: Do we know how much individual celebrities give each year?

STACY PALMER: We don't know a lot about their giving because they tend to be quiet about it. But most of them don't give in such big amounts that they cause attention. One celebrity who is very different in that is Oprah Winfrey, who gives about \$50 million a year. And she makes it onto our annual list of America's top donors.

MARGOT ADLER: And what issues are celebrities mostly giving to?

STACY PALMER: They tend to get involved in causes that they think will be popular with their fans. So, you know, you see a lot of disease-type charities because everyone wants to kick a disease, or kind of safe kinds of groups that nobody could have a problem with, um, and clearly lately poverty in Africa has been the big thing that everybody wants to be associated with it. But I'm sure in the next couple of years there'll be another cause that people will groove onto. They don't usually last for a very long time. The one charity that has lasted for a long time is

certainly the association with breast cancer causes, because that's been going on for about 10 years.

MARGOT ADLER: And what causes does Oprah give to?

STACY PALMER: Oprah supports a school in Africa and a lot of things that help poor people in Africa. But she also does a lot of causes in the United States, and she encourages her fans to support her charities as well. So she gives a lot of her own money but she also raises a lot of money. So all together it's a great powerful force.

MARGOT ADLER: As you look over the changes in celebrity giving over the last 10 years, what have you noticed?

STACY PALMER: In part, that while celebrities are getting more involved in these campaigns, charities are getting smarter about how they use them. It is striking that a lot of them are not donating their own money. Even though some of them have a lot of wealth, they tend not to give a lot of their own money to it. And certainly the power of the attention they give is important. But it might be interesting to see a few more of them on our list of the most generous donors.

MARGOT ADLER: Well, thanks for talking with me, Stacy.

STACY PALMER: Happy to do it.

MARGOT ADLER: Stacy Palmer is the editor of The Chronicle of Philanthropy.

We've heard about different ways to combat global poverty. Do the pleas of celebrities make you want to give money to the cause? Give us your thoughts on our website, justicetalking.org. See what other listeners have to say and check out our podcasts of other shows. Thanks for joining me. I hope you'll tune in next week. I'm Margot Adler.
