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FOOD FIGHT: From Haiti to Laos, People are Starving – But they Refuse to do it Quietly

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GLOBALIZATION'S VICTIMS

FOOD FIGHT

From Haiti to Laos, people are starving – but they refuse to do it quietly, says **Michael I. Niman**

Welfare never was about feeding the poor – it was about keeping the tattered fabric of society marginally intact

I remember when President Bill Clinton ended "welfare as we know it." His edict limited an American's time on public assistance to five years. After that, well, you're on your own.

I saw the writing on the wall: In five years our community would start coming apart. Though I wasn't a welfare recipient, most of my neighbors were on one form or another of public assistance. People docilely put up with a lot – the loss of human dignity and rights, of housing security and leisure, and of everything else American that seems to have been tossed out the window in the generation since the "Reagan Revolution." But trust me on this: No one will quietly starve to death or watch their loved ones starve to death. I moved.

Recently, a former neighbor of mine returned to her home to find her steel door kicked in, the wood frame in splinters. The only things missing were canned goods and the contents of her freezer. Her kitchen became someone's Aldi's. Her losses were about $40 for the food and about $500 for the door.

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Fast-forward from Bill Clinton's America to the 21st-century world of global free trade and unregulated capital markets. In the last three years wheat prices have increased by more than 180 percent while corn prices have more than doubled. The global rice markets are in such chaos that it is nearly impossible to track prices, though by most indications they have at least doubled this spring. While rice, corn, and wheat may not seem that important to the meat-and-potatoes crowd, these three foods feed most of the world's population. Without them, people die.

Here are some more numbers to put things into perspective. In the US, we spend, on average, about 11 percent of our incomes on food. When food prices rise radically, as they've just recently done, most Americans have a lot of wiggle room. We can eat ground beef instead of steak, or pasta instead of ground beef. There will always be ramen noodles. Middle-class Americans can trade in the SUV or the McMansion for a more

right-sized car or home when the going gets rough.

People born into the impoverished classes in third-world nations spend 50 to 80 percent of their income on food, according to the World Bank. They don't have the option to switch from fresh organics to Sam's Club bargain packs. Their choices are far starker.

Poor Haitians, for example, are switching from food to mud. Mud mixed with a tad of salt and a bit of vegetable shortening, then baked under the sun, makes for an emergency meal that wards off the physical pangs of hunger. Mud is heavy. It's filling. But if you eat it day after day, you get more and more tired, and then eventually you die.

But people don't starve to death quietly. Hence, Haiti's mud-bellied masses rose up against the only available targets – their own bankrupt government and whatever blue-helmeted UN peacekeepers they could find. The ensuing riots brought down the government and killed a UN peacekeeper, but they didn't reduce the prices of wheat, corn, or rice. Similar riots have recently wracked Egypt, Mexico, Yemen, Bangladesh, Mozambique, Uganda, Senegal, Ethiopia, Cameron, Thailand, Indonesia, and a half dozen other countries. Political unrest spurred by the high cost of food is even threatening to bring down the government in prosperous Malaysia. World Bank President Robert Zoellick warns that at least 30 countries are currently facing the potential for violent social upheaval.

The surge in commodity prices is the result of a perfect storm hitting our globalized economy and food distribution network. First, there's a drought in Australia that decimated that wheat-exporting country's crop. Many climatologists link that drought to global warming, advising us to get used to such disruptions in global food supplies.

Hungry cars

Then there's the Bush administration's push for corn-based ethanol production. About one quarter of the US corn crop is now distilled into ethanol in a carbon-intensive process that actually contributes more to global warming than oil while tainting farmland with oil-based pesticides and fertilizers. Pull into a Sunoco station and you're filling your tank with a 10 percent corn mix. "Gas" up a new tax-rebate-eligible "flex-fuel" SUV with pure ethanol and you've just consumed 450 pounds of corn. While bio-fuels done right do offer an ecologically less damaging alternative to oil, corn-based ethanol offers nothing but hunger, inflation, and environmental devastation.

The third component in this perfect storm is the nastiest. The fact that people have to eat hasn't escaped the hedge fund managers around the world. With the US dollar in freefall and with the Federal Reserve cutting interest rates radically, driving money out of banks and money market funds, money managers have been scouring the globe for safe havens for capital. Precious metals sufficed for a while, until their prices went unstably stratospheric. That leaves commodity futures.

Commodities are the things we just can't live without, like food and energy. And it turns out you can bet on them, just like on the stock market, by buying rights to future crops or products. In commodities markets such as the

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Chicago Mercantile Exchange, you can pony up your bets on such staples as butter, milk, "feeder" or "live" cattle, and of course pork bellies. Other markets around the world sell futures in cotton, lumber, electricity, soybeans, sorghum, rice, wheat, and corn. Things people can't live without. Things they will buy no matter where the price ceiling goes.

Nourishing your portfolio

As traders and investors around the world moved their money into commodity futures, the market worked its magic and ran those prices up just like it ran up gold and silver – only people don't die when they can't afford gold and silver. Commodity futures, especially food, quickly morphed from a safe haven to a lucrative investment, returning some of the largest profits in today's financial markets. Hedge fund managers became the new superstars of the global financial markets, often building their hometown creds as "philanthropists" while literally making Haitians eat mud. I don't think even Marx foresaw this twist in global capitalism.

Food, not as a source of sustenance but as a market investment, seems to be riding a bubble right now, just as real estate was 10 minutes ago. Only this bubble isn't destined to burst anytime soon. We now know what people will pay for food – and I doubt we'll ever see the days of cheap food again. That means belt-tightening in the wealthy countries and starvation and war in the poor countries.

At the core of the current crisis of food insecurity is globalization. In the old days, around the world, most food staples were produced and consumed domestically. Now, thanks in part to a shipping system built on cheap oil, most agricultural produce enters the world market, at least in concept: Though much of what people produce never leaves their country, the price is set globally as local farmers in, say, Honduras, bid for their nation's food against consumers in places like New York. The end result is that mud-eating Haiti uses scarce agricultural land to grow coffee, citrus, and sugar cane for the North American and European markets.

When the Bush administration's ethanol policies pushed corn prices up in the US, many wheat farmers switched to corn, exacerbating global wheat shortages. As wheat prices rose, hungry people started consuming more rice, whose price rose, causing them to feed yucky sorghum paste to their families, causing sorghum prices to spike. (No doubt the price of mud has risen as well. So stop bitching about the price of sea bass.)

Then there's China and India. As their economies grow, mostly off the backs of their disposable peasant workers, new privileged elites are emerging – and they want to eat meat just like Americans and Europeans. Add the US-government-subsidized American export of meat-based, fast-food culture to the developing world, and you're seeing a lot more meat-eating across the planet. This means a lot more demand for grain to feed cows, pigs, and chickens. Now the hungriest people in the world aren't just bidding against New York bakeries for grains, but against Nebraska feed lot operators as well. And we all know who wins and who dies.

Nouveau riche Chinese and Indians, like middle-class Americans, also want

cars. One impact on the global food chain is evident in Laos, where rice farmers have transformed their rice patties into rubber plantations to feed China's seemingly insatiable demand for rubber for tires, automotive belts, and hoses for both the domestic and global markets. The result is a severe rice shortage in Laos, where most of the population depends on rice for sustenance. Then there's the issue of fueling all these cars – which will create more market demand for cheap and dirty food-based biofuels.

Pigs like us

This is not to say that Chinese and Indian consumers have any less right to stuff their guts with meat and drive corn-guzzling cars than we do. The problem is that the rapid, Wal-Mart-driven development of China and, to a lesser degree, India, means that there are now a hundred million more pigs like us. Quite simply, the world is too damn crowded and fragile to support more self-centered, hedonistic consumers.

This all comes back to the population issue. In the past, more demand for agricultural products meant more farming. The earth, however, is running out of productive land, with forests giving way to farms and farms giving way to urban development or ecological ruin. Traditionally the US served as the world's largest producer of grain. However, the US population jumped by 50 percent between 1960 and the present, reaching 300 million. That's 50 percent more people wanting to gas up their cars with ethanol, and 50 percent more people wanting that new suburban cul-de-sac home built on last year's corn field. The new reality is that for the first time there is a scarcity of farmable land in North America.

Many people didn't see this coming, since the US birth rate stabilized a generation ago just shy of replacement value. Our population growth is due almost entirely to immigration. The problem for the rest of the world is that often when someone reinvents himself as an American, he transforms himself into a voracious consumer, devouring more than his share of the world's commodities and helping to drive up global food and fuel prices.

The resulting hunger and poverty causes more folks to migrate to the US and other developed nations, thus exasperating the global problem and causing yet more environmentally disruptive migration. The corporate oligarchies that dominate politics in developed nations like the migrations, however, since they depress wages by increasing the supply of easily exploitable workers.

This migration has pushed the US to the limits of its environmental carrying capacity, causing it and other over-consuming nations to scour the globe for resources to feed their insatiable hunger. Hence, we import food from Haiti while China sets up rubber plantations in Laos. And people eat mud, sorghum, or nothing.

The reality is that we are a global village. Our food production and distribution networks are intertwined with mindboggling complexity. People across the world are all showing up hungry at the same global supermarket and bidding against each other for what's left on half-stocked shelves, or locked up in overstocked back rooms. But the playing

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field isn't level. More than one billion of our global neighbors subsist on less than a dollar a day.

So at the end of our shopping trip, some of us will bitch about the price of milk, and how we spend so much on food that we can't afford a new car. Others might be lucky if they score the ingredients for a watery porridge.

This is the real face of globalization brought to us by the Global Agreement on Trade and Tariffs and the World Trade Organization: People will starve. But they won't do it without a fight. **CT**

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