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Excessive Reliance On International Institutions Leaves Region With Few Options To Face Food Crisis

by LADB Staff

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Regional leaders met in Managua in May at the behest of President Daniel Ortega for a Latin American food summit (see NotiCen, 2008-05-08). The discussion was supposed to focus on preventing food shortages and on food security. But critics slammed the meeting as, said Nicaraguan political analyst Cirilo Otero, "a propaganda campaign for ALBA [Alternativa Bolivariana para las Americas]." Indeed there was no shortage of criticism for the "tyranny of global capitalism" that, according to Ortega, had brought on the food crisis. Nor was there a shortage of counter-criticism from the strongholds of capital, leading Michael Shifter of the Inter-American Dialogue to mediate, "It is not surprising that a lot of anger is being aimed at the United States, and not surprising that [Venezuelan President Hugo] Chavez and his allies in ALBA are trying to take advantage of the region's sense of frustration and vulnerability.

Central America is looking for other options; there is a sense that its fate is tied too closely to the United States." Central America and places like it have clearly been caught flat-footed; advocates of competing economic systems are doing more than displaying plumage. Honduras' President Manuel Zelaya, resident of neither camp, nonetheless contends the free-market model has produced for Central America a "culture of dependence," as subsidized agricultural products from the US have crippled the region's ability to feed itself. "There was confidence that globalization would resolve our energy and food problems, but they have made them worse. Now we have less production in our countries and more emigration by those seeking the American dream," he said.

Mechanism broken, alternative worse

But there is more to the food crisis than an opportunity for competing systems to point fingers. The Global mechanism wrought to deal with the macro dynamics of feeding the world, the World Trade Organization (WTO), is currently broken. The so-called Doha round of negotiations is stalled with just a glimmer of hope for recovery (see NotiCen, 2006-09-14). This round of WTO negotiations focuses on the reduction of international trade barriers, particularly in agriculture. Its completion has been subject to innumerable delays as developing countries have repeatedly objected to the heavy hand developed nations employed in imposing their will. The very name of the round, Doha, recalls that its establishing consensus was reached only after some nations' delegations had left Qatar. From the street fighting in Seattle (see NotiSur, 1999-12-17) to the collapse at Cancun (see NotiCen, 2003-09-18), fierce opposition on the part of the developing countries has written the chapter headings of WTO history.

In the absence of a functioning WTO with rules governing trade, countries are taking unilateral action worsening shortages, driving up inflation, and increasing prices of commodities already out of reach for many people. A report from Inteligencia Comercial of Mexico (IQOM) said, "The increase in the cost of foods has generated inflationary pressures in the world; this has brought

countries to take measures that avoid impacts on domestic prices, but the restrictions on exports affect world trade." According to IQOM, even though the General Agreement on Tariffs and Trade (GATT) prohibit member countries from doing this, the WTO extends member countries' right to restrict exports temporarily to prevent or remedy acute scarcity of commodities. IQOM advocates restarting and completing the DOHA round.

Felipe Torres of the Universidad Nacional Autonoma de Mexico's Instituto de Investigaciones Economicas touts the same recipe. "To limit exportations are actions that the food-self-sufficient countries take to guarantee the supply to their populations, but they generate a food imbalance in other countries; it is a subject to take up in the Doha Round," he said. Already in response to global food prices, China has eliminated export subsidies on grains, and applied export tariffs. Argentina has applied export taxes on grains and soy (see NotiSur, 2008-04-11 and 2008-05-09), Russia and Kazakhstan on wheat, and Malaysia on palm oil. Ukraine, Serbia, and India have prohibited wheat exports. Egypt, Cambodia, Vietnam, India, and Indonesia have done so on rice, and Kazakhstan on vegetable oils.

The tendency is to make it difficult for these products to get out, and make it easier for them to enter producer nations. India has reduced import tariffs on wheat flour; Indonesia on soy, wheat, and flours; Serbia on wheat; Thailand on pork, the EU on grains, and Mexico on wheat and rice. Warnings ignored, research abandoned President Zelaya has called for a return to the agrarian reform policies that were the cornerstones of the Arevalo and Arbenz decade in Guatemala (1944-1954), and the programs of the first Sandinista government (1979-1990).

Land reform remains as polemical today as it was during those years, and there are few among the powerful who would speak for a solution to hunger and starvation that would involve upsetting the property relations central to the dominant global economic paradigm. Speaking to the Commission on Sustainable Development, Achim Steiner, Director of the United Nations Environment Program (UNEP), marveled at how unprepared the world was for the present food crisis. "Sobering," he called it, but still, answers from the last century would not do.

Also surprised if not fascinated with the world's growing inability to feed itself, was Philip Dobie of the United Nations Development Program (UNDP). He told the commission, "It's clear, even with all the analysis, we were not ready to deal with the consequences of even modest increases in food prices." He noted that there was a lot of "early warning" data available, but little in the way of understanding or paying attention to it. He pointed out that even before the current crisis blossomed, close to a billion people had already been living on the edge of starvation. Not only has early warning been ignored, so has the research that might have allowed farmers to produce crops that would survive the choking pollution, the climate change, the soil erosion, and the myriad other effects of a species that declines to harness its suicidal proclivities.

Research institutions dedicated to plant research and improvement have seen their budgets slashed, said a recent report in the New York Times, because governments and development agencies left it to food surpluses to feed the world instead of helping poor countries improve agriculture. Robert S. Zeigler of the International Rice Research Institute told the paper, "People felt that the world food crisis was solved, that food security was no longer an issue, and it really fell off the agenda." At

Zeigler's institute for instance, scientists had identified traits that would help rice plants survive the predations of the plant hopper, a bug whose numbers have grown worldwide in response to altered climates and agricultural cycles.

Now its robust populations threaten stocks of the one of the world's most important staples. The Rice Institute, which is the world's main repository of diverse rice seeds, has been decimated over the past few years. Five entomologists used to supervise a staff of 200 there. Now, one oversees the work of eight assistant bug specialists, and similar disregard has, like a plague, shrunk and sucked the life out of other institutions. "Nobody was listening," Thomas Lumpkin of the International Maize and Wheat Improvement Center in Mexico told reporters. There is even now, as populations riot and starve throughout the undeveloped world, ample evidence that nobody is listening.

Jan E. Leach described a potentially lethal psychopathology by dint of which "It's as if we have lost track of the fact that food is linked to agriculture, which is linked to human survival." Leach is a plant pathologist at Colorado State University The US is reportedly slashing by 75% its support for institutions like the rice institute. Through the United States Agency for International Development (USAID), the US has been donating US\$59.5 million annually to the Consultative Group on International Agricultural Research (IRRI). The IRRI is one of 14 institutes that comprise the group. USAID is one of many funding sources choosing to go elsewhere with its food money. Since 1980, the World Bank (WB) has cut agricultural lending from US\$7.7 billion to US\$2 billion in 2004.

This coincided with the time that the world began to see an upswing in dietary consumption as a function of world economic growth. That upswing pushed grain consumption beyond production. Reserves dwindled, prices rose, and those who couldn't keep up with the doubling and tripling of prices, fell victim to malnutrition, or starved.

Some things it might be too late for Both

USAID and the WB have made gestures in the direction of returning some funding to agricultural research and other supports. It is a bit late for that. The atrophy of the rice institute over the years cannot be cured overnight with fresh paint and new hires. Dozens of important rice varieties have been lost as stocks decayed in inadequate storage. These were the varieties that might today have been introduced to thrive in the face of global warming and spikes in salinity that result from rising sea levels. In the case of the plant hopper, researchers had identified types of genetic resistance that could have been bred into plants and made them immune to the bug and the viruses it leaves behind. These pests can destroy 20% of a harvest.

The Doha round might also be too late, or, perhaps irrelevant. The Institute for Agriculture and Trade Policy (IATP) issued a May paper listing "Seven Reasons Why the Doha Round Will Not Solve the Food Crisis." The paper reviewed the many causes of the crisis. On the supply side it enumerated low stocks of staples, poor climatic conditions, and overexploitation of natural resources. Demand side factors were dietary upgrading as more of the world could afford meat and dairy products, and the use of food as fuel. Mediating between the sides, unprecedented investment and speculation push prices "much higher than real supply and demand would warrant."

With those factors as the basis, the IATP listed the following reasons the Doha round offers no solution: 1. It (the Doha Round) will increase dependence of poor countries on food imports because the trade liberalization proposals under negotiation in the round will discourage countries from increasing domestic production and rebuilding local food systems. 2. It will increase volatility of food and agriculture prices. The proposals in the round rob developing countries of the means to set sovereign policies. The governments lose the right to use price controls or consumer support subsidies, or to control volumes of imports and exports. They can no longer support their own food security objectives. 3. It will strengthen the power of transnational agribusiness. "Since the creation of the WTO," the paper asserts, "multilateral trade rules have reinforced the position of dominant players in the food system at the expense of farmers and local business in developing countries. The Doha Round will further consolidate their power." By dominant players, IATP points specifically to Cargill, Archer Daniel Midlands, and Bunge. These grain traders have seen their profits soar astronomically, much like the oil industry, since 2006. 4. It will not discipline financial speculation. There are no proposals to control speculation in food markets, which is done for a variety of reasons, not least to hedge against the plummeting US dollar. 5. It will not address the environmental crisis or climate change.

The paper cites the Intergovernmental Panel on Climate Change to predict that extreme weather will continue to disrupt food production. It further notes that governments have not developed ways to account for the costs of pollution or depletion of natural resources linked to trade. "The WTO is at odds with the UN's environmental agreements, including the Convention on Climate Change, in insistence on 'least trade restricting' and its disregard for environmental obligations." 6. It will not reduce oil prices. Oil is used in fertilizers, pesticides, irrigation pumps, farm machinery, and transport, and is a major contributor to food prices.

The Doha round has no mechanisms to deal with oil, or with the market distortions caused by the oligopoly of suppliers. 7. It will not regulate international trade in biofuels. It does not have proposals to intervene in the apportionment of land and water to supply fuel rather than food. The Doha agenda is aimed at expanding trade in any agriculture, not just food. It will therefore not provide incentives for governments to prioritize food production. The IATP called in the paper for the WTO to address all these shortcomings. The WTO, however, bubbles along impassively, concerned for the most part with a successful conclusion to its on-again-off-again deliberations and negotiations.

Said WTO director-general Pascal Lamy in a May 20 press release, "We are getting closer to our end game." So are the world's poor, and the countries where they live. The larger of the developing countries, like India and Brazil, have been standing up for themselves and their smaller allies. As Lamy alluded to smoother sailing ahead, the Brazilian foreign ministry's press release warned of "still inadequate treatment of relevant points of the negotiations."

The release highlighted that "unanswered central questions remain, like the limits of subsidies and tariffs in the most advanced economies." On the issue of subsidies, it is to be noted that the US legislature voted in veto-proof numbers to extend government subsidies to farmers even in the face of record prices for their commodities. As expected, but to no effect, President George W. Bush vetoed the legislation. The overwhelming vote for the farm bill is universally attributed to election-

year politics. India, meanwhile, objected at the WTO to continued limits on policy space to protect agriculture. Officials said the revised texts in the negotiations reduces the number of products India and other developing countries can protect from unrestricted imports from the US, Canada, and Australia.

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