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Starving the Poor

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The chaos that derives from the so-called international order can be painful if you are on the receiving end of the power that determines that order's structure. Even tortillas come into play in the ungrand scheme of things.

Recently, in many regions of Mexico, tortilla prices jumped by more than 50 per cent. In January, in Mexico City, tens of thousands of workers and farmers rallied in the Zocalo, the city's central square, to protest the skyrocketing cost of tortillas.

In response, the government of President Felipe Calderon cut a deal with Mexican producers and retailers to limit the price of tortillas and corn flour, very likely a temporary expedient.

In part the price-hike threat to the food staple for Mexican workers and the poor is what we might call the ethanol effect — a consequence of the US stampede to corn-based ethanol as an energy substitute for oil, whose major wellsprings, of course, are in regions that even more grievously defy international order.

In the United States, too, the ethanol effect has raised food prices over a broad range, including other crops, livestock and poultry.

The connection between instability in the Middle East and the cost of feeding a family in the Americas isn't direct, of course. But

as with all international trade, power tilts the balance. A leading goal of US foreign policy has long been to create a global order in which US corporations have free access to markets, resources and investment opportunities. The objective is commonly called “free trade,” a posture that collapses quickly on examination.

It’s not unlike what Britain, a predecessor in world domination, imagined during the latter part of the 19th century, when it embraced free trade, after 150 years of state intervention and violence had helped the nation achieve far greater industrial power than any rival.

The United States has followed much the same pattern. Generally, great powers are willing to enter into some limited degree of free trade when they’re convinced that the economic interests under their protection are going to do well. That has been, and remains, a primary feature of the international order.

The ethanol boom fits the pattern. As discussed by agricultural economists C Ford Runge and Benjamin Senauer in the current issue of *Foreign Affairs*, “the biofuel industry has long been dominated not by market forces but by politics and the interests of a few large companies,” in large part Archer Daniels Midland, the major ethanol producer. Ethanol production is feasible thanks to substantial state subsidies and very high tariffs to exclude much cheaper and more efficient sugar-based Brazilian ethanol.

In March, during President Bush’s trip to Latin America, the one heralded achievement was a deal with Brazil on joint production of ethanol. But Bush, while spouting free-trade rhetoric for others in the conventional manner, emphasized forcefully that the high tariff to protect US producers would remain, of course along with the many forms of government subsidy for the industry.

Despite the huge, taxpayer-supported agricultural subsidies, the prices of corn — and tortillas — have been climbing rapidly. One factor is that industrial users of imported US corn increasingly purchase cheaper Mexican varieties used for tortillas, raising prices.

The 1994 US-sponsored NAFTA agreement may also play a significant role, one that is likely to increase. An unlevel-playing-field impact of NAFTA was to flood Mexico with highly subsidised agribusiness exports, driving Mexican producers off the land.

Mexican economist Carlos Salas reviews data showing that after a steady rise until 1993, agricultural employment began to decline when NAFTA came into force, primarily among corn producers — a direct consequence of NAFTA, he and other economists conclude. One-sixth of the Mexican agricultural work force has been displaced in the NAFTA years, a process that is continuing, depressing wages in other sectors of the economy and impelling emigration to the United States. Max Correa, secretary-general of the group Central Campesina Cardenista, estimates that “for every five tons bought from foreign producers, one campesino becomes a candidate for migration.”

It is, presumably, more than coincidental that President Clinton militarised the Mexican border, previously quite open, in 1994, along with implementation of NAFTA.

The “free trade” regime drives Mexico from self-sufficiency in food towards dependency on US exports. And as the price of corn goes up in the United States, stimulated by corporate power and state intervention, one can anticipate that the price of staples may continue its sharp rise in Mexico.

Increasingly, biofuels are likely to “starve the poor” around the world, according to Runge and Senauer, as staples are converted to ethanol production for the privileged — cassava in sub-Saharan Africa, to take one ominous example. Meanwhile, in Southeast Asia, tropical forests are cleared and burned for oil palms destined for biofuel, and there are threatening environmental effects from input-rich production of corn-based ethanol in the United States as well.

The high price of tortillas and other, crueler vagaries of the international order illustrate the interconnectedness of events, from the Middle East to the Middle West, and the urgency of establish-

ing trade based on true democratic agreements among people, and not interests whose principal hunger is for profit for corporate interests protected and subsidised by the state they largely dominate, whatever the human cost.