

## *Hungry World*

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There is a crisis in food production and distribution which is causing high prices and rioting by hungry masses all over the world.

Last year wheat prices rose 77% while rice prices rose 16%. "The global food bill has risen 57% last year, the price of rice is up by three quarters and wheat has more than doubled" (Jeremy Laurance, 'Is changing our diet the key to resolving the global food crisis?' *The Independent*, 16 April 2008).

Much of this price increase dates from the beginning of this year: "Since January rice prices have soared 141%; the price of one variety of wheat shot up 25% in one day" ('The new face of hunger', *The Economist*, 17 April 2008).

The effect of these rises on the masses of the people is devastating:

"The middle classes in poor countries are giving up health care and cutting out meat so they can eat three meals a day. The middling poor, those on \$2 a day, are pulling children from school and cutting back on vegetables so they can still afford rice. Those on \$1 a day [roughly a billion people!] are cutting back on meat, vegetables and one or two meals, so that they can afford one bowl. The desperate -those on 50c a day -face disaster" ('The silent tsunami', *The Economist*, 19 April 2008).

"In Haiti where three quarters of the population earns less than \$2 a day and 1 in 5 children is chronically malnourished, the one business booming in all the gloom is the selling of patties made of mud, oil and sugar, typically consumed by only the most destitute. 'It's salty and it has butter and you don't know you're eating dirt', said Olwich Louis Jeune, 24, who has taken to eating them more often in recent months. 'It makes your stomach quieten down'." (Marc Lacy, 'Across globe, hunger brings rising anger', *International Herald Tribune*, 18 April 2008).

The full effect in different countries is not yet known. Since the biggest price rises have taken place since January, official statistics are not yet available for most of the countries affected, but it is well known that even in countries such as Britain, prices of food have been escalating, undermining demand for products that are not strictly necessary. However, it is known, for instance that in El Salvador the poor are eating only half the amount of food they were eating a year ago, whereas in Afghanistan, people are spending half their income on food, when in 2006 they only had to spend a sixth.

At times like this the fact that it is the people who make history becomes explicit. As food riots break out, governments are forced to cede to mass pressure and/or they crumble. Although people have heard little about this in the media, there have been food riots for quite some time now in Burkina Faso and in Bangla Desh. In Senegal, "one of Africa's oldest and most stable democracies, police in riot gear beat and use tear gas against people protesting high food prices and later raided a television station that broadcast images of the event". In Came-roon, 24 people were killed in food rioting.

Haitian food riots have toppled prime minister Jacques-Edouard Alexis, following insensitive remarks made by the Haitian President, Preval, along the lines that since Haitians can afford cell phones they can certainly afford to feed their families. The Malaysian government was almost defeated at the polls as a

result of discontent at rising prices and prime minister Abdullah Badawi is thought likely to be eased out as a scapegoat in the troubles.

As a result of mass movement, governments have had to act and be seen to act. Egypt has had the army baking bread, while Indonesia has introduced food subsidies. Several governments have banned food exports and measures have been taken to prevent hoarding. In the Philippines this has been made a criminal offence punishable by life imprisonment. 48 of 58 countries whose reactions have been tracked by the World Bank have imposed price controls, consumer subsidies, export restrictions or lower tariffs to try to keep food affordable, although in most cases these measures will probably cause inflation and therefore provide only temporary relief.

Price movement is caused on the one hand by changes in underlying values (themselves determined by the amount of socially necessary labour needed to produce the different types of commodity) and on the other hand by the relative strength of supply and demand which cause prices to fluctuate, often violently, above or below the value of the commodities in question. As far as underlying values are concerned, modern technology introduced all over the world has made food cheaper to produce, which is perhaps the main reason why for the past 30 years the problem of world hunger has been easing slightly - though it has certainly never been eliminated! Infant deaths due to poverty have declined from 12 million a year to 10 million, it was announced recently. This trend is now going into reverse.

If prices are suddenly soaring, this is not because food has become more laborious to produce. It is because of a disturbance in the relative position of supply and demand. Supply is decreasing, in relative terms, while demand is increasing. The last time food prices were so high in relation to income was some 30 years ago, and the result was to attract capital into food production via agribusiness and loans to both countries and farmers. This brought about enormous increases in production of food, an excess of supply over effective demand (people who could afford to buy) which caused prices to fall. The new farming technology enables food to be produced more cheaply because less labour is used, reducing the demand for wage workers and thus lowering the price for labour power, i.e. wages, and therefore impoverishing the working masses who cannot afford to buy as much as the new technology is producing. The effect of this is that demand for the products of capitalist production declines and prices have to decline too. This makes food more affordable for the poor, but it is a disaster for farmers, especially those who are least efficient in capitalist terms, i.e., those who are least mechanised. It is well known that in India, for instance, farmer suicides have reached almost epidemic proportions, as a result of failure of their farms. It is well known that, all over the world, from the paddy fields of Kerala to the wheat fields of Europe, land has been left uncultivated because it had ceased to be profitable to work it, with European farmers being paid by the European Union to let their land lie fallow.

And yet "There was a record global grain harvest last year. It topped 2.1 bn tons, up 5% on the previous year" (Jeremy Laurance, *op. cit.*). The fact remains that if poorer farmers had not been driven out of business and farmers in rich countries had not been paid to let their land lie fallow, the amount of food produced in the world would have been considerably higher, and would have gone a long way towards meeting this new demand which seems to have surfaced.

The increase in demand for the products of agriculture appears to be due to a number of factors. The first that should be mentioned is that with advancing industrialisation in China, in particular, but also India and Brazil, for instance, and the economic recovery of Russia, standards of living have increased in these countries, as well as in other countries that are doing business with China. This means the people of these countries have been in a position lately to pay for more and better food. "In China meat consumption has risen from 20kg a head in 1980 to 50 kg a head today", for instance (Jeremy Laurance, op cit). However, "it takes 2kg of feed to produce 1 kg of [chicken] meat and 8 kg of grain to produce 1 kg of beef". One assumes, however, that demand will now drop sharply because rising prices will knock millions of people back to subsistence level.

A second reason for increased demand is the spread of biofuels. In the UK, for instance, from 15 April 2008 "all transport fuel sold must be mixed with at least 2.5% biofuel made from crops". But according to the United Nations, it takes 232 kg of corn to fill a 50-litre car tank with ethanol, "enough to feed a child for a year", says Jeremy Laurance (op.cit.). The implication is that the food is being snatched out of the mouths of hungry children in order to provide petrol for the *indolent middle classes*, but the truth of the matter is that without the higher prices generated by increased demand for crops, many more farmers would be shutting up shops and leaving their fields untilled. In fact, high crop prices are themselves driving less capitalistically "efficient" farmers out of business, as they cannot afford to feed their animals, for instance, despite higher meat prices.

Another reason for high food prices is high transportation costs caused by the record price of oil whose supply has been disrupted by the Iraq war and sanctions against Iran, while at the same time capitalist speculators rush into purchasing oil in the expectation that they will be able to resell at a tidy profit as the price continues to rise.

Finally, the locust swarm of speculative capital desperately searching for profit after gutting the western housing markets has descended on every other kind of commodity, including food, and is undoubtedly the cause of the extremely sharp and sudden rises in food prices that people are witnessing today. It is buying up stocks of wheat, rice, maize, etc., in the expectation of being able to sell later at a profit. The very fact that there are so many wealthy purchasers demanding food not for eating but for investment is driving up the prices and attracting even more speculators, thereby putting the price of food beyond the reach of those who only want to eat it -just as only yesterday they were driving up the price of houses beyond the reach of ordinary people who merely needed somewhere to live.

Thus it can be seen that there is no resource reason why there should be a shortage of food. The world has produced a record crop and is capable of producing far more. Indeed, European farmers are expected to be able to increase the wheat crop next year by 15%, according to the FAO. Were the purpose of production not profit but meeting people's needs, sensible choices could be made as to whether it was more important at a given moment to produce grain for eating or meat, or biofuels. Market however, leaves the decision to the owner of the capital who will and must produce what is most profitable, and if that means producing biofuel for the affluent rather than food for the destitute, well so be it!□

