

# Mounting food crisis in Latin America

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“There is famine in Zacatecas … the rural sector is collapsing,” announced Edgar Rivera Cornejo on Monday, November 14.

Rivera Cornejo, the Zacatecas state leader of the National Farm Federation (CNC), described famine conditions in several Zacatecas communities in the southern part of this north-central Mexican state, the world’s largest silver-producing region. The CNC leader also condemned government authorities for largely ignoring the issue—he made an exception for the Zacatecas governor, Miguel Alonso, who had gone hat in hand to local chambers of commerce and to the national legislature. He demanded an immediate census to determine the scale of the problem and immediate action to move resources from other parts of the country.

The immediate cause of the rural famine is the severe and protracted drought in the region, which has reduced agricultural production by 50 percent and caused an explosion in food prices, as incomes collapse for rural communities that have no savings of wealth to convert to cash. Whatever food stocks remain are then allocated to the wealthy, or exported.

It was reported in July that Zacatecas, one of Mexico’s main sources of beef, had exported to other Mexican states some 60,000 head of cattle. In many cases, cattle are being sold at a fraction of their value as farmers and ranchers confront the dying off of their herds. According to reports, the drought has already killed 450,000 head of cattle in Mexico.

In response to this food crisis, many rural families have been reduced to eating two meals a day, each of which is deficient in vital nutrients. Luis Antonio Martinez, president of the State Food Bank, called for

the reduction and stabilization of food prices. “In Zacatecas, 160,000 people do not have the resources to consume the required nutritional minimum,” said Martinez.

The CNC leader faulted Mexico’s political elites for either ignoring the crisis or for making totally inadequate proposals. In Mexico City the legislature is discussing a 10 billion-peso fund (US \$760 million) to deal with the food crisis in Zacatecas and six other states, a sum that is clearly insufficient and too slow in coming.

In a recent visit to Zacatecas, Andrés Manuel López Obrador, who is campaigning for president as the candidate of the supposedly “left” Democratic Revolutionary Party (PRD), also ignored the food crisis confronting the very poor. In general the candidate’s economic program is demagogic and short on substance—among his promises is the creation of 4 million jobs in 42 days, for example.

The Zacatecas crisis dovetails with a report by the Economic Commission for Latin America and the Caribbean (CEPAL) released in October, which found that indigence—extreme poverty due to an income below what is required to eat decently—afflicts 15 percent of the region’s population.

The report also points out that some 50 percent of the population is teetering on the edge of extreme poverty at a time when food costs have risen over 40 percent in the last four years.

According to Martin Hopenhayn, who is the director of ECLAC’s Social Development Division, what makes poor people particularly vulnerable is poor education, which keeps them out of the formal job

market, and the fact that they own no land. “This leaves them unprotected from any shock,” he said.

Hopenhayn and ECLAC propose that social security protection be extended to workers in the informal sector, “for all those that have no protection through their jobs.” He also pointed out that social inequality in Latin America is more extreme than in any other part of the planet. “Two thirds of all wealth goes to big business, and the future of each person is determined by their education.” He called for increased taxes both on businesses and on wealthy individuals to pay for social benefits.

Another ECLAC expert, Adonimarm Sanches, a UN specialist in agriculture and food, also emphasized the explosion in food prices. He said that this year has seen an extreme variability in food prices. “Nine percent of Latin America’s population wake up hungry each morning,” said Sanches. For Sanches and ECLAC, what up to now was a chronic condition of malnutrition for some 60 million people threatens to escalate into an all-out famine.

Compounding the Latin American food crisis are policies that have integrated regional agriculture into the world market. In Zacatecas, for example, the government has encouraged food producers to shift from the production of dietary staples, such as beans and corn, to that of commodities in greater international demand, including animal fodder.

While drought, floods and other climate shocks have reduced food stocks on a per capita basis throughout Mexico and Central America, the price effect has been magnified by rampant food speculation.

The Food and Agriculture Organization (FAO), a UN agency, has singled out this year, 2011, as the year in which food prices will reach historic records. In the last eight months, the prices of corn, wheat, soybeans, sugar, dairy products, meat and fish have risen by more than 35 percent. This price hike includes a “speculation premium” based on the trade in futures and other derivatives in the Chicago commodity exchange, financed by a handful of large financial institutions, including Goldman Sachs, Barclays, Pimco, and

JPMorgan Chase.

By some estimates, the British bank Barclays makes more than €340 million in yearly profits by financing speculation in food. Since 2006, in response to the collapse of the housing bubble, financial trading linked to food production has aggressively escalated, from US\$65 billion to US\$125 billion a year. Transnational financial institutions are in fact placing bets on famine, making it possible for speculators to paralyze the movement of food stocks while people starve.



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