

# Global Famine

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*Humanity is undergoing in the post-Cold War era an economic and social crisis of unprecedented scale leading to the rapid impoverishment of large sectors of the World population. National economies are collapsing, unemployment is rampant. Local level famines have erupted in Sub-Saharan Africa, South Asia and parts of Latin America. This “globalization of poverty” –which has largely reversed the achievements of post-war decolonization– was initiated in the Third World coinciding with the debt crisis of the early 1980s and the imposition of the IMF’s deadly economic reforms.*

*The New World Order feeds on human poverty and the destruction of the natural environment. It generates social apartheid, encourages racism and ethnic strife, undermines the rights of women and often precipitates countries into destructive confrontations between nationalities. Since the 1990s, it has extended its grip to all major regions of the World including North America, Western Europe, the countries of the former Soviet block and the “Newly Industrialized Countries” (NICs) of South East Asia and the Far East.*

*This Worldwide crisis is more devastating than the Great Depression of the 1930s. It has far-reaching geo-political implications; economic dislocation has also been accompanied by the outbreak of regional wars, the fracturing of national societies and in some cases the destruction of entire countries. By far this is the most serious economic crisis in modern history. (Michel Chossudovsky, [The Globalization of Poverty](#), First Edition, 1997)*

## Introduction

Famine is the result of a process of “free market” restructuring of the global economy which has its roots in the debt crisis of the early 1980s. It is not a recent phenomenon as suggested by several Western media reports. The latter narrowly focus on short-term supply and demand for agricultural staples, while obfuscating the broader structural causes of global famine.

Poverty and chronic undernourishment is a pre-existing condition. The recent hikes in food prices have contributed to exacerbating and aggravating the food crisis. The price hikes are hitting an impoverished population, which has barely the means to survive.

Food riots have erupted almost simultaneously in all major regions of the World:

“Food prices in Haiti had risen on average by 40 percent in less than a year, with the cost of staples such as rice doubling.... In Bangladesh, [in late April 2008] some 20,000 textile workers took to the streets to denounce soaring food prices and demand higher wages. The price of rice in the country has

doubled over the past year, threatening the workers, who earn a monthly salary of just \$25, with hunger. In Egypt, protests by workers over food prices rocked the textile center of Mahalla al-Kobra, north of Cairo, for two days last week, with two people shot dead by security forces. Hundreds were arrested, and the government sent plainclothes police into the factories to force workers to work. Food prices in Egypt have risen by 40 percent in the past year... Earlier this month, in the Ivory Coast, thousands marched on the home of President Laurent Gbagbo, chanting “we are hungry” and “life is too expensive, you are going to kill us.

Similar demonstrations, strikes and clashes have taken place in Bolivia, Peru, Mexico, Indonesia, the Philippines, Pakistan, Uzbekistan, Thailand, Yemen, Ethiopia, and throughout most of sub-Saharan Africa.” ([Bill Van Auken, Amid mounting food crisis, governments fear revolution of the hungry](#), Global Research, April 2008)

### **“Eliminating the Poor”**

With large sectors of the World population already well below the poverty line, the short-term hike in the prices of food staples is devastating. Millions of people around the World are unable to purchase food for their survival

These hikes are contributing in a very real sense to “eliminating the poor” through “starvation deaths”. In the words of Henry Kissinger: *“Control oil and you control nations; control food and you control the people.”*

In this regard, Kissinger had intimated in the context of the *1974 National Security Study Memorandum 200: Implications of Worldwide Population Growth for U.S. Security and Overseas Interests*. that the recurrence of famines could constitute a de facto instrument of population control.

According to the FAO, the price of grain staples has increased by 88% since March 2007. The price of wheat has increased by 181% over a three year period. The price of rice has increased by 50% over the last three months (See [Ian Angus, Food Crisis: “The greatest demonstration of the historical failure of the capitalist model”](#), Global Research, April 2008):

“The most popular grade of Thailand rice sold for \$198 a ton, five years ago and \$323 a ton a year ago. In April 2008, the price hit \$1,000. Increases are even greater on local markets — in Haiti, the market price of a 50 kilo bag of rice doubled in one week at the end of March 2008. These increases are catastrophic for the 2.6 billion people around the world who live on less than US\$2 a day and spend 60% to 80% of their incomes on food. Hundreds of millions cannot afford to eat” (Ibid)

### **Two Interrelated Dimensions**

There are two interrelated dimensions to the ongoing global food crisis, which has spearheaded millions of people around the World into starvation and chronic deprivation, a situation in which entire population groups no longer have the means to purchase food.

First, there is a long term historical process of macroeconomic policy reform and global economic restructuring which has contributed to depressing the standard living Worldwide in both the developing and developed countries.

Second, these preexisting historical conditions of mass poverty have been exacerbated and aggravated by the recent surge in grain prices, which have led in some cases to the doubling of the retail price of food staples. These price hikes are in large part the result of speculative trade in food staples.

### **Speculative Surge in Grain Prices**

The media has casually misled public opinion on the causes of these price hikes, focusing almost exclusively on issues of costs of production, climate and other factors which result in reduced supply and which might contribute to boosting the price of food staples. While these factors may come into play, they are of limited relevance in explaining the impressive and dramatic surge in commodity prices.

Spiraling food prices are in large part the result of market manipulation. They are largely attributable to speculative trade on the commodity markets. Grain prices are boosted artificially by large scale speculative operations on the New York and Chicago mercantile exchanges. It is worth noting that in 2007, the Chicago Board of Trade (CBOT), merged with the Chicago Mercantile Exchange (CME), forming the largest Worldwide entity dealing in commodity trade including a wide range of speculative instruments (options, options on futures, index funds, etc).

Speculative trade in wheat, rice or corn, can occur without the occurrence of real commodity transactions. The institutions speculating in the grain market are not necessarily involved in the actual selling or delivery of grain.

The transactions may use commodity index funds which are bets on the general upward or downward movement of commodity prices. A “put option” is a bet that the price will go down, a “call option” is a bet that the price will go up. Through concerted manipulation, institutional traders and financial institutions make the price go up and then place their bets on an upward movement in the price of a particular commodity.

Speculation generates market volatility. In turn, the resulting instability encourages further speculative activity.

Profits are made when the price goes up. Conversely, if the speculator is short-selling the market, money will be made when the price collapses.

This recent speculative surge in food prices has been conducive to a Worldwide process of famine formation on an unprecedented scale.

### **The Absence of Regulatory Measures Triggers Famine**

These speculative operations do not purposely trigger famine.

What triggers famine is the absence of regulatory procedures pertaining to speculative trade (options, options on futures, commodity index funds). In the present context, a freeze of speculative trade in food staples, taken as a political decision, would immediately contribute to lower food prices.

Nothing prevents these transactions from being neutralized and defused through a set of carefully devised regulatory measures.

Visibly, this is not what is being proposed by the World Bank and the International Monetary Fund.

### **The Role of the IMF and the World Bank**

The World Bank and the IMF have come forth with an emergency plan, to boost agriculture in response to the “food crisis”. The causes of this crisis, however, are not addressed.

The World Bank’s president Robert B. Zoellick describes this initiative as a “new deal”, an action plan “for a long-term boost to agricultural production.”, which consists inter alia in a doubling of agricultural loans to African farmers.

“We have to put our money where our mouth is now so that we can put food into hungry mouths” (Robert Zoellick, World Bank head, quoted by BBC, 2 May 2008)

IMF/World Bank “economic medicine” is not the “solution” but in large part the “cause” of famine in developing countries. More IMF-World Bank lending “to boost agriculture” will serve to increase levels of indebtedness and exacerbate rather alleviate poverty.

World Bank “policy based loans” are granted on condition the countries abide by the neoliberal policy agenda which, since the early 1980s, has been conducive to the collapse of local level food agriculture.

“Macro-economic stabilization” and structural adjustment programs imposed by the IMF and the World Bank on developing countries (as a condition for the renegotiation of their external debt) have led to the impoverishment of hundreds of millions of people.

The harsh economic and social realities underlying IMF intervention are soaring food prices, local-level famines, massive lay-offs of urban workers and civil servants and the destruction of social programs. Internal purchasing power has collapsed, health clinics and schools have been closed down, hundreds of millions of children have been denied the right to primary education.

### **IMF Shock Treatment**

Historically, spiraling food prices at the retail level have been triggered by currency devaluations, which have invariably resulted in a hyperinflationary situation. In Peru in August 1990, for instance, on the orders of the IMF, fuel prices increased overnight by 30 times. The price of bread increased twelve times overnight:

“Throughout the Third World, the situation is one of social desperation and hopelessness of a population impoverished by the interplay of market forces. Anti-SAP riots and popular uprisings are brutally repressed: Caracas, 1989. President Carlos Andres Perez after having rhetorically denounced the IMF of practicing “an economic totalitarianism which kills not with bullets but with famine”, declares a state of emergency and sends regular units of the infantry and the marines into the slum areas (barrios de ranchos) on the hills overlooking the capital. The Caracas anti-IMF riots had been sparked off as a result of a 200 per cent increase in the price of bread. Men, women and children were fired upon indiscriminately: “The Caracas morgue was reported to have up to 200 bodies of people killed in the first three days ... and warned

that it was running out of coffins". Unofficially more than a thousand people were killed. Tunisia, January 1984: the bread riots instigated largely by unemployed youth protesting the rise of food prices; Nigeria, 1989: the anti-SAP student riots leading to the closing of six of the country's universities by the Armed Forces Ruling Council; Morocco, 1990: a general strike and a popular uprising against the government's IMF-sponsored reforms." ([Michel Chossudovsky, op cit.](#))

## **The Deregulation of Grain Markets**

Since the 1980s, grain markets have been deregulated under the supervision of the World Bank and US/EU grain surpluses are used systematically to destroy the peasantry and destabilize national food agriculture. In this regard, World Bank lending requires the lifting of trade barriers on imported agricultural staples, leading to the dumping of US/EU grain surpluses onto local market. These and other measures have spearheaded local agricultural producers into bankruptcy.

A "free market" in grain –imposed by the IMF and the World Bank– destroys the peasant economy and undermines "food security". Malawi and Zimbabwe were once prosperous grain surplus countries, Rwanda was virtually self-sufficient in food until 1990 when the IMF ordered the dumping of EU and US grain surpluses on the domestic market precipitating small farmers into bankruptcy. In 1991-92, famine had hit Kenya, East Africa's most successful bread-basket economy. The Nairobi government had been previously placed on a black list for not having obeyed IMF prescriptions. The deregulation of the grain market had been demanded as one of the conditions for the rescheduling of Nairobi's external debt with the Paris Club of official creditors. ([Michel Chossudovsky, The Globalization of Poverty and the New World Order, Second Edition, Montreal 2003](#))

Throughout Africa, as well as in Southeast Asia and Latin America, the pattern of "sectoral adjustment" in agriculture under the custody of the Bretton Woods institutions has been unequivocally towards the destruction of food security. Dependency vis-à-vis the world market has been reinforced leading to a boost in commercial grain imports as well as an increase in the influx of "food aid".

Agricultural producers were encouraged to abandon food farming and switch into "high value" export crops. often to the detriment of food self-sufficiency. The high value products as well as the cash crops for export were supported by World Bank loans.

Famines in the age of globalization are the result of policy. Famine is not the consequence of a scarcity of food but in fact quite the opposite: global food surpluses are used to destabilize agricultural production in developing countries.

Tightly regulated and controlled by international agro-business, this oversupply is ultimately conducive to the stagnation of both production and consumption of essential food staples and the impoverishment of farmers throughout the world. Moreover, in the era of globalization, the IMF-World Bank structural adjustment program bears a direct relationship to the process of famine formation because it systematically undermines all categories of economic activity, whether urban or rural, which do not directly serve the interests of the global market system.

The earnings of farmers in rich and poor countries alike are squeezed by a handful of global agro-industrial enterprises which simultaneously control the markets for grain, farm inputs,

seeds and processed foods. One giant firm Cargill Inc. with more than 140 affiliates and subsidiaries around the World controls a large share of the international trade in grain. Since the 1950s, Cargill became the main contractor of US “food aid” funded under Public Law 480 (1954).

World agriculture has for the first time in history the capacity to satisfy the food requirements of the entire planet, yet the very nature of the global market system prevents this from occurring. The capacity to produce food is immense yet the levels of food consumption remain exceedingly low because a large share of the World’s population lives in conditions of abject poverty and deprivation. Moreover, the process of “modernization” of agriculture has led to the dispossession of the peasantry, increased landlessness and environmental degradation. In other words, the very forces which encourage global food production to expand are also conducive antithetically to a contraction in the standard of living and a decline in the demand for food.

### **Genetically Modified Seeds**

Coinciding with the establishment the World Trade Organization (WTO) in 1995, another important historical change has occurred in the structure of global agriculture.

Under the articles of agreement of the World Trade Organization (WTO)), the food giants will have unrestricted freedom to enter the seeds markets of developing countries. The acquisition of exclusive “intellectual property rights” over plant varieties by international agro-industrial interests, also favors the destruction of bio-diversity.

Acting on behalf of a handful of biotech conglomerates, GMO seeds have been imposed on farmers, often in the context of “food aid programs”. In Ethiopia, for instance, kits of GMO seeds were handed out to impoverished farmers with a view to rehabilitating agricultural production in the wake of a major drought . The GMO seeds were planted, yielding a harvest. But then the farmer came to realize that the GMO seeds could not be replanted without paying royalties to Monsanto, Arch Daniel Midland et al. Then, the farmers discovered that the seeds would harvest only if they used the farm inputs including the fertilizer, insecticide and herbicide, produced and distributed by the biotech agribusiness companies. Entire peasant economies were locked into the grip of the agribusiness conglomerates.

### **Breaking The Agricultural Cycle**

With the widespread adoption of GMO seeds, a major transition has occurred in the structure and history of settled agriculture since its inception 10,000 years ago.

The reproduction of seeds at the village level in local nurseries has been disrupted by the use of genetically modified seeds. The agricultural cycle, which enables farmers to store their organic seeds and plant them to reap the next harvest has been broken. This destructive pattern – invariably resulting in famine – is replicated in country after country leading to the Worldwide demise of the peasant economy.

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Michel Chossudovsky is Professor of Economics at the University of Ottawa and Director of the Centre for Research on Globalization (CRG), which hosts the critically acclaimed website [www.globalresearch.ca](http://www.globalresearch.ca) . He is a contributor to the Encyclopedia Britannica. His writings have been translated into more than 20 languages.

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