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World Food Crisis

Total Failure of Capitalism

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Peluola Adewale

Democratic Socialist Movement

CWI Nigeria, Lagos

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Peluola Adewale, Democratic Socialist Movement, CWI Nigeria, Lagos

On March 31, about 2000 poor masses hit the streets in Cote D'Ivoire chanting "we are hungry", "life is too expensive", while protesting the rise in food prices and attendant high cost of living. The Ivorian protests were aptly expressing the harrowing agony of hundreds of millions of people that have been pushed deeper into poverty by the prevailing global food cost crisis. The last few weeks have witnessed protest marches in Senegal, Cameroon, Burkina Faso, Indonesia, Egypt, Philippines and some other countries in the developing world. Significantly, the protest has brought down the government of Haiti.

Globally, the price of staple crops such as wheat, rice and corn have all risen, leading to an increase in overall food prices of 83% in the last three years, the World Bank says. Specifically according to the Bloomberg survey, between March 2007 and March 2008, the corn increased by 31%, rice 74%, soya 87% and wheat 130%. Worse, there is no hope of improvement around the corner; the poor masses have to gird their loins for expensive foods. The World Bank has forecast that food crops are expected to remain high in 2008 and 2009 and then begin to decline, but they are likely to remain well above the 2004 levels through 2015 for most food crops.

In Nigeria, there have not been protests but beneath the apparent temperate social atmosphere is the growing tempest of anger from workers and poor masses that have started staggering under heavy blows of high cost of living. The costs of staples like sugar, maize millet, wheat and rice have increased considerably in the last few months. The price of a 50 kg bag of rice, for instance, has increased from N6, 000 last December to about N10, 000 at present. The Master Bakers and Caterers Association has given notice of 25% increase in bread prices by May, coming much less than a year after the last increase by the same rate. The association rightly cited the astronomical rise in wheat flour and sugar prices for the planned price review.

The average Nigerian family spends 73 percent of their budget on food. Putting this together with cost of self-

help power generation occasioned by the near collapse of public electricity, it means that almost the entire take home pay is spent on food and energy. Already, the price of a bag of rice is higher than the minimum wage of N7, 500 in the country.

As immediate measures, the labour and pro-masses' organisations must begin serious mobilisation of workers and poor masses for mass action to demand wage increases in line with rate of inflation and suspension of all forms of trade restriction on food importation to the country. To ensure that this translates to lower prices, there should be strict and democratic monitoring of supply of food items to the markets, thereby guiding against hoarding and speculation. All this, however, can only be a temporary relief.

Such measures must not be allowed to lower the already low incomes of the rural poor. The labour movement must act to prevent the elite playing a game of "divide and rule" between the urban and rural working populations. The NLC, TUC and other workers' organisation must demand adequate funding of agriculture with open democratic control in order to develop local production of food crops to a qualitative level. The banks, seed and fertilizer concerns must be nationalised in order to provide farmers with cheap credit and supplies. Clearly, this will not be accepted by the rapacious ruling elite as it threatens huge public resources that are just there for them to loot. The anti-poor neo-liberal philosophy of cuts in government spending provides them leverage to loot. Workers and poor masses have to chase out of power the corrupt, capitalist politicians and put in place a workers' and poor peasants' government that commits public resources, especially the record oil income, with democratic management and control, on social infrastructure and basic needs (food, education, jobs, health, housing, etc) for all.

While Nigerians are already groaning under the dead-weight of sky-high cost of living, Minister of Agriculture, Sayyadi Abba Ruma, is still talking of an "imminent rise" in food prices. This has meant that worse days are ahead for Nigeria's working masses. He painted gloomy

picture of the food crisis situation in the country especially as regards production of rice. "We require 2.5 million metric tones of rice annually and our local rice production is not up to 500,000 metric tones per year" (Daily Trust, April 16). This implies that Nigeria imports 80 percent of its rice consumption. Indeed, Nigerians are just in the frying pan on an inevitable transition to fire. Why? Thailand, China, India, Vietnam and other countries from which Nigeria imports its rice have placed export restrictions on the commodity in order to safeguard their own domestic rice requirements. In Nigeria, rice is already in short supply and speculation has already taken its toll, the continued rise in price stares the poor masses in the face.

But how has Nigeria, with an estimated 70% of population engaged in agriculture, found itself in this crisis situation? Ruma inadvertently provides the answer. "Nigeria has 74 million hectares of arable land but only 34 million hectares is being utilized.....There are only 30,000 tractors operating in Nigeria, a density of 0.2 tractors which serves about 14 million farming families that feed over 140 million people in the country. This is against about 4 million tractors in India." Already, Nigeria is losing vast portions of its arable land to environmental degradation. The danger ahead is sterner. Another ugly fact should be added. Smallholder farmers with their inefficient and primitive production system constitute 80% of all farm holdings in Nigeria

On the reason for abysmal local production of rice, Rima lamented, "This is because we have also not fully utilized our potentials in irrigation farming. We have 2.5 million hectares of irrigation land of which not up to 220,000 is covered."

But who is to be blamed for the woe? The President of the Rice Farmers Association of Nigeria (RIFAN), Abubakar Wodi, accused government of not accounting for the rice import tariff which is meant to be set aside to help develop local production of rice. To this special fund, over N300bn has been realised from the rice import tariff from 2003 to date. "Nobody is talking about the money or on using it for the development of agriculture. The fear is that the money may go down the drain," (This Day, April 18). He added that no rice farmer had benefited from the Japanese government's rice-assisted scheme, which had been going on for 8 years. He revealed further that, "Donor agencies like the FAO, IFAD, World Bank, USAID and DFID among others, in the last eight years, injected more than N600 billion into agriculture, and not much impact has been felt."

Every sector of Nigerian economy is a cesspit of corruption. The ongoing probes of some transactions of last administration have confirmed this. Stirring agriculture sector will surely exude more sickening

stench than what Wodi has revealed.

The deliberation of House of Representatives on the food crisis was somewhat revealing of what normally becomes of the allocation to the agriculture. While opposing the motion for supplementary budget for the sector in order to tackle the food crisis, a member of the House, Eta Enang argued that since 1999, an estimated N78 billion average had been voted for agriculture yearly without result. He complained further the bulk of money never got to the real farmers but ended up settling over-head costs or agriculture research that had not come with solutions (Punch, April 17).

This has raised two issues. First, the yearly allocation to agriculture is ridiculously low. N121bn, which is about 7% of the budget, is allocated this year. Though this is an improvement over previous allocations, it is lower than African Union's Maputo recommendation of 10%, which itself is a miserable target for meaningful intervention in agriculture in the continent. Two, the meagre allocation is usually misappropriated. Thus, Labour and pro-masses' organisations should not only demand adequate funding of agriculture but also open democratic control of the available funds.

Nigeria has made much over \$500 billion from the sales of crude oil alone since Independence in 1960 but endemic corruption and neo-liberal economic philosophy have meant that the successive governments, particularly as from late 1970's, have not spent the huge resources to develop agriculture and social infrastructure in order to ensure productive economy. Most of these huge resources have been looted by the rapacious ruling elite in the country.

Trade liberalisation has also meant that Nigeria and other African countries are net-importers of food. In order to generate foreign exchange to either pay debt or, to much lesser extent, develop their local economies, African countries are encouraged to concentrate on production of cash crops as against staple foods. But these commodities have been made to sell at rock-bottom prices by dictate of multinational food companies like Nestle and flooding of markets by cheap, heavily subsidised farm products from the US and Europe. For instance, West and Central Africa potentially lose \$250 million in annual revenue from cotton exports due to the US subsidies alone, a study commissioned by the World Bank reveals.

All this has affected development of agricultural exports in Africa. As a result, Africa's share of global agriculture exports has dropped significantly, for instance, from 8 percent in 1971-1980 to 3.4 percent in 1991-2000. According to the FAO, Africa's agriculture deficit reached \$20 billion in 2001-2003.

The export earnings of most African countries cannot cover the food import bill because the prices of ex-

ports have not kept pace with basic staples. They may be forced into another round of debt peonage. The World Bank is already talking of doubling agricultural loans to African countries from \$400million to \$800million. Though they are booby traps, the World Bank loans are long term. Their more deadly companions, the loans from the commercial banks, may not be forthcoming. The global financial market crisis with its attendant credit squeeze may have tethered the availability of loans for imports to Africa. This is somewhat of a blessing for the poor masses of Africa, as their unscrupulous and irresponsible leaders would not have minded taking the lethal, dynamite loans if they had been available, and plunge the continent deeper into the abyss of debt overhang.

While Africa and other developing countries are the worst hit because the average family spend much over half their income on food consumption; the West is not also immune to the soaring food prices.

In the United States, where the poorest fifth of households spend 16% of their income on food, for instance, nearly every food staple has seen a double digit percentage increase over the past year. This includes a 38% hike for a dozen eggs and 19% for a loaf of white bread according to American Farm Bureau Data. While the effects of high food prices are felt widely in the US, they are especially hard on the lowest income consumers; Business Week reports in its April 14th issue. According to this newspaper, many food banks around the country are reporting empty shelves even as the ranks of hungry people coming in have risen.

Ironically however, the soaring prices of basic foods are occurring at a period of not scarcity, but of abundance. The December 2007 and April 2008 issues of FAO's "Crop Prospects and Food Situation" reports reveal that the world cereal production in 2007 was a record 2.1 billion tonnes, which was 4.6 percent up from the previous year while this year production is expected to increase by 2.6% to 2.16 billion tonnes. This shows that despite drought, flood and other elements of global warming that have affected production in countries like Vietnam, Australia, the world cereal production is at historic level and continues to set new records.

That the greatest harvest in history can only breed high food prices shows there is a fundamental problem. The problem is that of capitalist production for profit. It has also revealed capitalism as a vicious cycle of crises. In search for alternative, renewable and greener source of energy, particularly in the face of soaring crude oil price, the world capitalism resorted to biofuels, or agrofuels as some experts prefer to call them. This has been at the great expense of food security.

Though, the increasing demand for meat in India,

China and elsewhere has shifted more grains to be used for feedstock for livestock, a dominant reason for the spiralling food prices is the use of grains for biofuels. Also related is the high crude oil price, which has had knock-on effects on fertiliser price and cost of food production and distribution. But this factor as the reason for rise in food price is of much lower scale than biofuels.

While the world cereal production has increased, the crops that are used to make biofuels like maize constitute the highest portion. The "Crop Prospects and Food Situation" December 2007 reported bumper harvest of maize in the United States which contributed to a better overall coarse grain harvest at the World level than was expected in the year. In the United States and Europe, more and more maize crops have been turned into ethanol used as biofuel. The United States, the world's largest maize exporter, now uses more of its maize for ethanol than it sells abroad. According to the IMF, the corn ethanol production in the US accounted for, at least, half the rise in World corn demand in each past three years. According to a study, half of the US corn harvest, which accounts for some 40% of global production, will be diverted to ethanol production by the end of 2008.

There are incentives for production of crops for ethanol in the US and Europe. As the New York Times April 10 Editorial reveals, the US provides a subsidy of 51 cents a gallon to ethanol blenders and slaps a tariff of 54 cents a gallon on imports. In the European Union, most countries exempt biofuels from some gas taxes and slap an average tariff equal to more than 70 cents a gallon of imported ethanol. The US government's policy on ethanol subsidies is put at \$6bn a year.

As a result of huge profits associated with high demand of corn, most farmers have been attracted to its production at the expense of other food crops by planting maize on land previously meant for wheat, rice and soyabeans. With less land available for their cultivation, there is short supply of these food crops and their prices go up accordingly. Ethanol production has also led to rising cost of livestock and poultry, which are fed with corn derivatives. Capitalism is a production for profit and not for basic needs of humanity.

Meanwhile, biofuels have not been able to solve the energy crisis and does not have potential to achieve it. Ethanol consumes much more energy to make than it puts out. Besides, it has less energy per unit than the gasoline/petrol. Yet, the world capitalism has stuck to it at great expense of basic food requirement of humanity. According to the World Bank, the grain needed to fill up an SUV would feed a person for a year! Even the argument of greener energy to reduce global warming hardly holds water; corn ethanol only

delivers a small reduction in greenhouse gasses compared with petrol.

The soaring food prices, further triggered by heinous and parasitic activities of capitalist speculators on commodity markets, have created another scary chapter in the growing crisis of world capitalism, which is already grappling with a serious financial market crisis. Some economic analysts have already seen another Great Depression lurking in the shadow. At present the developing countries are the worst hit of the food prices. But the IMF has warned that if food prices continued to rise sharply the problem could lead to trade imbalances that may eventually affect developed nations.

In many developing countries, workers and poor masses have taken to streets protesting food price rise. As the crisis hit harder, more working people will be drawn to streets, raising question on capacity of capitalism to offer basic needs like foods, jobs, decent housing for the poor. Some protests will threaten elements in government as it has ousted the prime minister and collapsed government of Haiti. But any change within confines of capitalism cannot offer fundamental solution.

A Guinean told IRIN (April 1, 2008) after the government cancelled fuel subsidies even in the face of growing anger against rising food prices, "We thought it was [President] Conté who was at the root of our problems and that with the appointment of [Prime Minister] Kouyaté, everything would settle. But unfortunately we realise that neither of them can deliver happiness". The government of Guinea (Conakry) said it had to end the subsidies as one of the conditions imposed by the International Monetary Fund (IMF) if it is to receive IMF funding in future. More and more working people will find out that nobody can deliver happiness for poor masses under capitalism. Capitalism has become fetter to further human development. More and more Workers and poor masses will look for alternative, which will take them close to genuine idea of socialism.

Already, the strategists of world capitalism have started seeing the serious danger the food crisis poses to their iniquitous, profit-first system. The IMF Director General, Dominique Strauss-Kahn, alarmed, "As we know, learning from the past, those kind of question sometimes end in war". This war is not the one waged among contesting sections of capitalist class, but by the poor working masses and aimed at the very foundation of the system that takes food, the basic need of life, out of their table. The two of greatest events in human history, the French Revolution and Russian Revolution were sparked by food crisis. Remembering this is a nightmare for the bastions of global capitalism.