

THE ASSOCIATED PRESS May 11, 2008, 12:01AM ET

Behind the food riots: a debate on how best to farm

By DAVID KOOP

MEXICO CITY

Sitting in a Mexico City office, dressed in a pressed white shirt, Gerardo Sanchez seems a world away from his herds of goats and fields of beans.

But he's no poster boy for the new world agricultural order, in which peasants are supposed to leave their unproductive farms and strive for middle-class prosperity while food production is left to agribusiness in the countries that farm most cheaply and efficiently.

Sanchez works for the National Campesino Federation, a lobbying group for small farmers that has been active lately in protests against the rising price of food, notably a doubling of the price of tortillas. Here, NAFTA and globalization are dirty words.

Around the world, governments are trying every play in their books to stave off food riots -- sending troops to hand out food in slums, ordering sweeping wage increases, banning grain exports. The United States is promising millions in emergency food aid. Some Asian countries want an OPEC-style rice cartel.

But many experts call these Band-Aid solutions, saying what's needed is a radical rethink of how the world gets its food.

However, they're deeply divided about which way to go.

Some would in effect reverse the fundamentals by investing massively in small farmers, instead of letting them sink in a free-trade world. That would be very different from what the U.S. has long been evangelizing -- take uncompetitive food producers off the land and put them in new jobs with paychecks that would buy them cheap food, efficiently farmed.

Others argue that the problem is not that trade is too free, but that it should be freer. U.S. and European farm subsidies are bad enough, they say, and things will only worsen if the present crisis triggers more restrictions.

Those at the sharp end of rising prices feel like victims of a bait-and-switch maneuver -- when they quit the land, they were promised food would get cheaper, and now it's costlier.

"Not only are farmers not growing food, but we are going hungry because we can't afford the foreign food that drove us off our farms," said Mario Aguila, 48, who left his farm in Oaxaca state because he could no longer support his family.

Aguila now sweeps floors in a Mexico City mall and marched in last year's protests against tortilla price rises.

The pain inflicted on Mexican farmers by NAFTA, the North American Free Trade Agreement, was supposed to be offset by cheap grains for consumers, said Jeff Faux of the Washington-based Economic Policy Institute. "But when the U.S. Congress realized the potential of ethanol, corn was diverted there and Mexico was left high and dry," Faux said. "The corn turned out to be not that cheap."

The campesino federation estimates 200,000 Mexicans a year have fled the countryside for the city or the United States since NAFTA was launched in 1994.

World Bank chief Robert Zoellick, a former U.S. trade representative, defended trade pacts and said they serve to lower world food prices, not cause them to increase.

"NAFTA is one of the reasons prices are not higher," Zoellick said Wednesday at a Mexico City news conference.

There are those who say it's not free trade that's to blame but the sudden seismic shift in the global economy -- ballooning oil prices, a biofuel boom that is gobbling up farmland, and a voracious Chinese market for food. Get used to it, they say -- the era of cheap food is over.

But Tyler Cowen, a professor of economics at George Mason University, recalls that the last big food price increase, in the 1970s, was followed by agricultural advances known as the "green revolution" that hugely increased the supply and brought down costs, and "If we don't mess this up we can expect the same today."

However, he worries that U.S. and European Union farm subsidies and tariffs, plus grain export bans and taxes triggered by the latest crisis, will make things worse.

Meanwhile, however, rice alone has more than tripled in price since January. Corn, wheat and other staples also have soared beyond the ability of millions to pay for a healthy diet.

The U.N. Food and Agriculture Organization estimates 820 million people go hungry in the developing world, and Zoellick says the crisis could force as many as 100 million people deeper into poverty.

Despite calls for investment in farming, many governments seem stuck in crisis mode.

Deadly riots have broken out from Bangladesh to Egypt to Burkina Faso. In Haiti, they cost the prime minister his job. At least 34 countries have seen protests in recent months, according to the U.N.'s World Food Program.

"Rice fever" has led nations in Asia to restrict exports and subsidize locally grown rice. Some leaders in Latin America are subsidizing food or placing punitive export taxes on food commodities to control inflation.

So how does the world get out of this mess?

Thailand, the world's biggest rice exporter, has proposed a regional cartel modeled on OPEC. "We import expensive oil but sell rice very cheaply, and that's unfair to us," said Thai government spokesman Vichienchot Sukchokrat.

But Robert Zeigler, who directs the International Rice Research Institute, calls the idea a fantasy, since oil is extracted by a few multinational companies and "rice is grown by millions of farmers on small plots.

Taking a more global approach, U.N. agencies recommend truly leveling the playing field by cutting subsidies to huge agricultural companies, ending export bans, lowering tariffs and increasing investment in small-scale agriculture, one farm at a time.

"This could be a window of opportunity for governments to relaunch the small-farming sector and traditional farming," said Fernando Soto, the FAO's policy chief for Latin America and the Caribbean.

U.N. Secretary-General Ban Ki-Moon says a "green revolution" in Africa, fueled by new techniques and agricultural investment, could double African food production in just a few years for "a relatively modest" \$8 billion to \$10 billion a year.

The U.S. is already the world's largest provider of food aid -- \$2.1 billion last year -- and Bush has asked Congress to approve an extra \$770 million in response to the crisis.

But the world can't donate itself out of this crisis, said Paul Polak, founder of International Development Enterprises, an aid organization that says it has helped 17 million small farmers escape poverty by selling them low-cost technology such

as water-saving drip irrigation systems and foot-powered water pumps.

Polak says of the world's 525 million farms, 450 million are less than five acres, with the poorest working a single acre or less. Modern methods -- especially in irrigation and crop rotation -- won't work well there, he said.

"We need a revolution in small-plot agriculture to allow farmers to grow the food they need to eat and to grow high-value crops they can sell on the market to lift themselves out of poverty," Polak said.

Cowen says the idea is good, but points to Brazil, which has made great strides in strengthening its food security by allowing its farms to get larger and more corporate.

"Small farms," he says, "are a sign that your agriculture is very inefficient."

Associated Press writers contributing to this report included Katherine Corcoran in Mexico City; Parveen Ahmed in Dhaka, Bangladesh; Leslie Josephs in Lima, Peru; Ben Fox in San Juan, Puerto Rico; Paul Alexander in Manila, Philippines; and Marjorie Olster in Cairo, Egypt.

Copyright 2000-2008 by The McGraw-Hill Companies Inc. All rights reserved.

The McGraw-Hill Companies