

New Horizons in Third-World Agribusiness Globalization

This lecture was delivered in March 2002 by Dr. Kinnithrung Sprat to an audience of four hundred university students at the State University of New York at Plattsburgh.

Hello to all in this wonderful place! I would like to begin by thanking the Economics and Design Schools for inviting us here to impart to their student clientele just a hint of the wealth of knowledge contained in the vast, great field of what we like to call “Business Without Barriers,” in all its manifold complexity. *[Slide description.]*

Thanks to all you student clientele, too, for coming with us on our mission. Yes, mission: trade liberalization is, truly, a religious undertaking, a project of faith, a crusade of sorts—and it has been ever since its founders declared that financial success comes from God, that wealth is a sign of divine favor.¹ Today we like to make liberalism sound scientific, and pretend that it’s more a matter of fact than of faith,² but it’s only by remembering the divine nature of our convictions that we can fully maintain them.

I’d like to thank as well our corporate sponsor, McDonalds, who is generously providing the refreshments. (Mike Bonanno is passing them out; Mike is Public Relations Officer for McDonald’s for the North New York region. Thank you, Mike!)

Finally, thanks to the traditional owners of the Plattsburgh region, the aboriginal Mohawks. And today, as it happens, I’m going to unveil an ambitious new plan to help all of the world’s downtrodden—yes, including aboriginal New Yorkers!—to integrate more effectively into the global marketplace, conquering excessive hunger while in the process enriching us all.

Why is starvation a problem?

Now let’s start right at the beginning, with the main question: why is Third-World starvation a problem?

First, the facts.

As we all know, investment and exports have been on the rise in the Third World. In 2001, First World enterprises invested three times more money into Third-World

¹ [perhaps information here instead of reference to See gatt.org/resources/#divine.]

² [more information]

projects than they had ten years earlier.³ Third-World exports have increased at a similar breakneck pace.

Yet despite this flourishing of trade, there are now 50% more desperately poor people in the world than just twenty years ago! Inequality has doubled in the same period.⁴ As a result, almost half the world's population lives on less than \$2 per day.

Because of the rise of poverty despite increasing investment and trade, a growing percentage of people suffer from food-insufficiency diseases like marasmus, kwashiorkor, marasmic kwashiorkor, nutritional dwarfism, etc., whose symptoms include lethargy, inability to work, a host of ailments physical, mental and spiritual, and of course early death. In a place like Rwanda, for example, fully 80% of the youth population is malnourished in this way!

This kind of situation creates *huge* problems in the First World. Why? Because every day in which people don't consume food is another day in which they don't participate fully in the global trade that makes us *all* better off. [*Agitation in the third row.*] "The poor are the customers of the future," as our Director-General has said—and right now, starvation makes that future ever so distant! We must *quickly* find solutions to famine and debilitating death, to help these troubled populations become useful members of the booming import-export-investment economy. [*A student near the tenth row breaks out in a very loud cackle or belch, and several nearby students echo with titters. Sprat holds up his hands.*]

Bear with me please. In a few minutes, I'm going to unveil the WTO's own proposed solution to hunger. But first, to help you understand why it's the only real solution, we'll begin by looking at other proposed solutions to hunger, and we'll see why they're completely unacceptable.

The causes of famine

To understand these proposed solutions, we must understand the mechanisms behind Third-World famine today.

In today's world, it turns out that famine is *entirely* within human control. It rarely results directly from drought, flooding, disease, or conflict, as the popular media would

³ United Nations Report of the High-Level Panel on Financing for Development (2001, www.un.org/reports/financing/profile.htm).

⁴ See gatt.org/resources/#inequality.

have us believe, but most often happens simply because people do not have enough money. *[Complete silence descends on the hall.]*

During the Irish Potato Famine, for example, there was *plenty* of food in Ireland, and rich Irish landowners exported many shiploads of it to English consumers. But one million Irishmen starved to death because they couldn't pay for it.

Today's agribusiness companies, like the wealthy Irish farmers, use a variety of means to monopolize a country's land for a single exportable "monocrop" (rice, soybeans, corn... or potatoes). They make it very lucrative for wealthy farmers with a lot of land to convert to the new export crop, and these wealthier farmers then buy out their neighbors.⁵ Eventually all the good land is used for the single export monocrop, and everyone works for the wealthiest farmers.

Before, everyone grew a few different crops, not just one—so that when one crop failed, there were always others to maintain the population in life. The new single crops can be lost all at once to disease, like the potatoes in Ireland, or to a lack or excess of rain. Many famines result from this.

More commonly, however, they result from price fluctuations. With the best land monopolized by the one export crop, most people depend on the ups and downs of the global food industry, rather than on their own plot of land. When the trading price of a monocrop falls due to increased competition, thousands of workers lose their jobs or receive lower wages. Without an alternative food source (all land is used for the monocrop), huge numbers of poor people starve to death.⁶

Nearly *all* Third-World countries have been opened for business by First-World companies. Healthy competition like that brings lower prices; so price-based starvation—sometimes slow, sometimes fast—has come to dominate much of the world.

Fortunately, in the worst money-lack situations, our colleagues over at the IMF and World Bank provide loans. These loans can temporarily reduce the starvation death

⁵ The government sometimes helps out. Due to pressure from the U.S. and trade-management bodies, for example, the Mexican Minister of Agriculture currently aims to remove twenty million peasants from the land, so as to force them to buy most of their food from the U.S. This will benefit the national "balance of trade" and bring greater foreign investment to Mexico.

⁶ Northeastern Brazil, for example, was once characterized by subsistence agriculture and well-fed peasants. But ever since WWII, the U.S. sugar industry has used a variety of means to establish its crop on much of the region's arable land. This has brought in much foreign capital to the region's elites—who have, unfortunately, been unable to pay wages sufficient for residents to buy the imported foods they now need for survival. Slow starvation has become the rule.

that accompanies growth and openness and modernity. But to receive such a loan, a borrowing country must *further* open its doors to global agribusiness—which sadly leads to a bit more death along the difficult road to prosperity. [*A series of horrified gasps are heard from the middle of the audience.*]

“Robin Hood” solutions?

Now it’s all too easy for non-specialists to be blinded by the fact that First-World corporations—by replacing local modes of subsistence with monocrops and exposing vulnerable populations to the vagaries of the global marketplace, not to mention the weather—are *technically* responsible for so much starvation and death in the Third World.

This is one of those “false truths” we all know so well, that leads well-intentioned people—the Zapatistas, the Via Campesina and Vandana Shiva crowd, the World Development Movement—to call for restricting big agrobusiness through tariffs, export limitations, etc.

These people think that if corporations were prevented from doing whatever they wanted in Third World markets, the land would return to meeting local nourishment needs rather than enriching elites at home or abroad. With lucrative export options reduced, they say, small local markets would flourish again, and farmers would again grow a few crops instead of just one, enhancing the likelihood that some would survive even in drought or flood or bad-market conditions.⁷

Now God Himself knows these “limit-the-rich”-type solutions all *sound* good. But regardless of whether they could conceivably get rid of starvation, they all have some *extremely* fatal problems, that make them all 100% no-go solutions. [*Bewildered or aghast expressions now occupy approximately half of the audience.*]

1. Culturally insensitive

The first problem with export-limiting, tariff-imposing solutions is, they’re culturally very insensitive.

Imagine you’re a culture whose legacy includes giving the world its first planted field, its first seedbank, its first herd of domesticated animals. Now imagine that the rest

⁷ This, in a nutshell, represents the idea of “alimentary sovereignty” as expressed by the Via Campesina, an organization of mostly French and South American farmers begun by José Bové. [find a real description of both Via Campesina and alimentary sovereignty]

of the world has developed these techniques to exciting new heights, and that it has involved you in the lucrative new markets that result. Wouldn't you be insulted if people suggested you should withdraw from these markets and go back to growing your food for survival, rather than the export enrichment of your best citizens?

Maybe it's this sort of cultural insensitivity that makes the richest, most powerful citizens in these countries so indignant at proposals to limit First-World agribusiness in Third-World markets. What's the potential benefit of such protectionism? Getting rid of a bit of starvation. What's the cost? Nothing less than missing out on the forward march of humanity. [*Three people get up to leave.*]

2. Reduce investment capital

The second problem with "limitation" solutions is that if Third-World economies were more focussed on meeting local needs, getting rich through export would be harder, and the poor—with better land and growing opportunities—would become somewhat less poor. The difference between rich and poor would diminish.

Now this might *sound* very good—but unfortunately, as we all know, the modern corporate economy *depends* on the rich/poor divide!

These poor, you see, need a lot of their money for living; they can't invest very much. If the poor and middle class own 95% of the country's wealth, only about 15% of that wealth can go to financing corporate growth.

The rich, on the other hand, can lose *tons* without going hungry—so they put *most* of their wealth into long-term investments. If the *rich* own 95% of the wealth, fully 70% goes to financing corporate growth. And the less they are taxed for such government programs as education and health, the more that figure increases! As we know from our free-market classes, this equation spells good times for *everyone*.⁸ [*Slide: simple graph.*]

3. Interfere with capitalism

There's one last problem with keeping big agribusiness out of Third-World markets: a problem with theory. The people who want to solve hunger this way just don't understand free-market theory.

⁸ The same is true for consumption! A lot of consumption by a few rich consumers is better than a little consumption by many poorer consumers. This is because the rich often consume specialty goods from abroad, which favors the balance of trade.

In 1786, the great English economist Joseph Townsend, sometimes called the grandfather of modern neoliberal economics, spoke about the basis for market capitalism:

Hunger will tame the fiercest animals, it will teach decency and civility, obedience and subjection, to the most brutish, the most obstinate, and the most perverse.... It is only hunger which can spur and goad [the poor] on to labor... Hunger is not only a peaceable, silent, unremitted pressure, but, as the most natural motive to industry and labour, it calls forth the most powerful exertions.⁹

In other words, in society just as in Nature, *hunger helps*. If some people are to some degree hungry and dismal because of their failure to keep up, others, seeing this, will be invigorated to excel. People's overall energy level will be boosted, as will their tolerance for difficult work situations. Hunger is the foundation of free-market theory, and therefore of progress itself. Eliminate hunger permanently and you threaten the solidity of the worker base, the edifice of the market, and the upward swing of all civilization.

We can see what happens when Townsend's "hunger help" model is forgotten. Several First World countries, and even some in the Third World, have a minimum allowance for everyone, whether homeless, worthless, criminal, stupid, or lazy. *Anyone* can receive a monthly allowance, in perpetuity, to ensure that he or she eats sufficiently to survive to a ripe old age. But compare the GNPs of France, or of Cuba, with that of the U.S.A.—you'll see that no-hunger solutions are a sure loser!

The American solution

Now again, we've all read the right books. We've all taken the right college courses. So I don't even have to tell you the correct answer to the conundrum of excessive starvation death in the Third World.

You know, and I know, that as always, the correct answer is simply: the market. [*The disgust in the audience is now just about universal—many groans, much anger. Something even gets thrown.*] And as you probably know, there *is*, already, a market system that works against hunger. It comes from today's "hunger-help" capital: the good old U.S. of A.

Now it's common knowledge that in America, a large proportion of the population is impoverished—and at levels often like those of the poorest Third World countries!

⁹ *A Dissertation on the Poor Laws*, 1786.

But it's seldom malnourished! More precisely, it doesn't suffer from debilitating, work-impairing diseases like marasmus, kwashiorkor, marasmic kwashiorkor, nutritional dwarfism, etc. In fact, the U.S. poor tend to have food-*overabundance* problems—sleep apnea, diabetes, hypertension, coronary diseases, gallstones, pseudotumor cerebri, etc.—problems which are not usually lethal to work. And this happens with the *help* of the market, driven by hunger—*not* by getting in the market's way!

To what can we attribute this miracle? Well, many of you will now find the answer right in your stomachs! In a word, the answer is: *fast food*.

Until the 1950s, many poor Americans grew their own food as they were able, engaging in outside-the-market, communitarian sorts of backbreaking food production—the same sort as still flourishes in a few last corners of the Third World.

In today's USA, these sorts of food production have been replaced with the infinitely more efficient *fast food* industry, which enables the U.S. poor, for a tiny \$5 daily investment, to keep themselves relatively alive, with only minor side effects.

For an example of what happens when the fast-food market *hasn't* been free to provide for a populace, we can again look to Europe. In the early 1900s, the French pseudo-science of “puericulture” taught mothers to measure their children's portions and watch carefully for weight gain. Fast food was strongly discouraged both through law and education. Today the French poor *may* live much longer than in the U.S., but the GNP? Well, enough said! You don't see anyone buying up francs!

How to make it work?

Having found the solution is only half the battle. The world is a very complicated place, and we can't just take a solution that works miracles in America, transplant it to the Third World, and expect it to do miracles there.

The reason is poverty. Whereas the US poor can keep themselves large for about \$5 in fast food per day, even the minimum \$1 per hamburger per day is *far* more than can be afforded by today's Third-World “problem populations” with the wages they make from production of monocrops—under \$2 *per day* in most of the world!

A wide variety of solutions to this problem have been proposed, some of them reasonable, some not.

Some feel that eventually the poor will have more money, enough to buy enough hamburgers to survive on—but clearly that is a long way off, given the fact that income is currently going down.

There are even extremists who, focussing on the *self* rather than on the *sufficiency*, as it were, have suggested reducing the food-intake needs of the poor through *surgery* or even *genetic manipulation*.

Needless to say, we at the WTO find such extreme solutions reprehensible, to say the least. Surgery *permanently* alters its subject; these altered, de-hungried consumers remain half-dead to the market, unfit for consumption—even when it revives, like Korea's. Also, surgical solutions and their ilk are culturally very insensitive, and rely on bureaucratic higher-ups—skilled surgeons or geneticists rather than lazy government and U.N. officials, but meddlers nevertheless. Socialistic people-alteration solutions *do* solve the problem of starvation, and *do* have the virtue of freeing capital for where it can best nourish the economy, i.e. the rich. But that is where the advantages end.

Fortunately, there is a much better way to adapt poverty-stricken, monocrop-dependent populations to the level the global agribusiness market has chosen for them—a way that solves the problem of debilitating death without disabling wealth-driving consumption or hunger: a market-based way.

Human Rights?

Now on this long march to progress of ours, we've often heard that old refrain: "Oh, you can't do that, it's not right, it violates human rights." We heard this at every stage of 19th- and 20th-century industrialization, with every improvement in worker-management efficiency, etc. We even hear it today!

But are things so simple in the human-rights realm?

Let's not forget that until 150 years ago, there *was* no concept of human rights for factory workers. They simply needed to "work their way up" the evolutionary ladder. Today we have lost this empowering vision, and we saddle Third-Worlders with a concept of what it means to be human that is out of all measure with history, and this slows down their progress towards the levels that we have arrived at.

Clouding the picture even further is the report from science. Studies conducted on those working twelve-hour days at repetitive tasks show vital patterns that resemble those

of hamsters rather than humans. Given that much of the Third World is subject to this sort of lifestyle, can we afford to ignore the question of biological category when evaluating *human* rights for these people? (We all think hamsters are terrific, and deserve to be treated very well—but do they deserve human rights?)

As we consider these questions, it behooves us to remember the pragmatism of former World Bank Chief Economist and current Harvard University President Lawrence Summers with regard to a similar problem:

Just between you and me, shouldn't the World Bank be encouraging more migration of dirty industries to the LDCs [less developed countries]?... The economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable, and we should face up to that... Under-populated countries in Africa are vastly under-polluted; their air quality is probably vastly inefficiently low compared to Los Angeles or Mexico City... The concern over an agent that causes a one in a million change in the odds of prostate cancer is obviously going to be much higher in a country where people survive to get prostate cancer than in a country where under-five mortality is 200 per thousand.¹⁰

Summers understood the need to consider more than obvious, superficial concerns in evaluating our impact on Third World countries. This sort of pragmatism prepares us well for understanding the *only* solution that can solve Third-World starvation without interfering with today's market mechanisms.

A “Third World Third Way”

Now we in the First World are quite used to the idea of recycling—those big green bins and all.... But most of us don't take it very seriously; we seem to know that the target of recycling—individual consumption of non-edible industrial products—is a tiny part of the problem.

But there is another kind of recycling as well: recycling *what* counts, *where* it counts.

To begin to understand the theory behind this, you must first realize that the human body is not very efficient. When ingesting heavy foods, only about 30% of the nutrients are absorbed by the alimentary passageway, while the other 70% finds itself expelled in post-consumer byproducts.

¹⁰ Former World Bank Chief Economist Lawrence Summers, quoted in *The Economist* in an article titled “Let them eat pollution” (February 8, 1992).

Already twenty years ago, NASA scientists began to tap into this nutritional goldmine by developing filters to transform their astronauts' waste into healthy, hygienic, and even delicious food once again. With the use of this technology, a single hamburger, for example, can be eaten more than ten times, providing a cumulative total of three times the nutritional value of the original "fresh" hamburger.

This technology has proven successful in the commercial sector already. For the past two years the McDonald's Corporation, a leader in private-sector research, has been including 20% to 30% post-consumer waste in certain of its products—including the hamburgers you have just savored. McDonald's has even introduced 100% recycled versions to some Third-World markets, where they hope to appeal to consumers who like hamburgers but cannot afford fresh ones. *[Description of students retching.]*



Now, to reach consumers even poorer than those, the WTO and McDonald's together have developed a version of this technology that is so simple, and so low-cost, that it can be distributed *for free* directly to target populations throughout the Third World. This filter—dubbed the Personal Dietary Assistant (PDA), and about the size and shape of a coffee filter—will enable consumers to decide for themselves just how many times to evolve their results, according to their own particular needs. The WTO's goal is get PDAs to two billion needy consumers in the next five years.



More "Robin Hood," I'll bet you're thinking. Just giving things away for free. Well, in fact, no. The PDA is not only as cheap to produce as a single cupful of rice (again, it's really just a glorified coffee filter), it is also a one-time investment, for it can be reused almost indefinitely.

Even better, recycling will eventually lead to full, normal consumption patterns within a fully modern market. How so? Simple. While a PDA user will be able to *safely* extend the lifespan of a hamburger by as much as a factor of ten, the taste advantages of the recycled product will decrease each time the technique is applied. Even a once-recycled hamburger is not quite as appealing, in a marketplace sense, as the original, unevolved item—though I think you'll agree that the taste is hardly distinguishable.

Since everyone *naturally* strives for the very best-tasting product they can afford, users will do all they can to maintain a diet as near to fresh as possible. So people will “let go” of a hamburger as soon as possible—after three recycling cycles, say, rather than four. (By selling their recycled product to those who cannot yet afford higher quality, those who can will be able to bolster their financial income—by the seat of their pants, as it were.)

With *everyone* trying to opt out of re-eating, the culture gravitates towards the full global market in all its freshness—unlike in those crippling forms of socialism such as protectionism or digestive-tract surgery.

But the benefits of widespread recycling technology will be clear even before any market recovery goals have been met. In Australia, for example, there is a situation where lucrative weapons-grade uranium mining is destroying the food and water sources of various indigenous peoples. With the PDA and fast food, these aborigines will no longer depend on the land for survival, and will be able to profit from uranium mining as is their birthright. This will make for a real win-win, “food *and* bombs” situation!

And if the First World, for its part, finds the feel-good food-aid habit just too hard to break—well, exporting our higher-quality, nutrient-rich consumer byproducts to “problem populations” for recycling could be the most humane form of assistance possible.

Further fields

I'd like to conclude here with a few words on openness.

One of the principal beauties of the recycling solution is that it integrates well into the current market situation of these cultures—it is *culturally sensitive* that way. We can foresee being able to seamlessly insert it into the culture; in exchange, as it were, the culture will insert itself seamlessly into the market.

Yet no matter how culturally sensitive recycling is, it is essentially a trait that is alien to the culture. It is a sort of cultural graft—foreign, imposed. The next big challenge, and the far greater one, will be to tap into the profit potential of traits that *already* exist, and to respectfully leverage the *existing* cultural infrastructure in the healthy pursuit of profit.

One possible example comes from right here in upstate New York! You may know about Native American elders going off to die alone so as not to burden the group.

This is very touching, but it also a live, untapped field for profitability. The human body, even near death, produces material worth thousands of dollars, cash that could substantially aid a dying elder's kinship group. Would this not be a more productive behavior, while remaining within the same spirit? On a national scale, the IMF estimates lifesaving loans based on the resources that a country has—resources that can be exploited by First-World companies. If the human organism with its immense natural bounty can factor into this equation, how much more loan-worthy a country becomes! The well-utilized citizen thus becomes a factory for the global economy, and thus for the future of his or her country.

To inspire us in appreciating and uncovering such potential goldmines that lay hidden deep within native cultures, I'd like to close by quoting two bits of history: one from 20th-century industrialization, the other from the pre-Columbian culture of America.

First, let us remember the 1923 words of Henry Ford as he detailed the particular strengths of modern manufacturing techniques. He noted that production of the Model T required nearly 8000 distinct operations. But only 12% of those required “strong, able-bodied, and (practically) physically perfect men.” The remaining 7000 could be filled by men or women missing one or both arms, or one or both legs, or various digits, or having other deformities.¹¹

Second, let us remember the Aztecs, who lived in a region (not far from here) with no meat game to speak of, and with a strict limit to the population it could support, routinely nourished themselves on excellent meat—from their so-called “barbarous” sacrifices.

As we help foreign cultures to unlock the *doors of consumption*, let us remember that as the Aztecs and Henry Ford knew, value is a rich and fluid substance, and it is not always where it appears to be. And this is the greatest challenge as we strive, in this era of enlightened profit-seeking, to raise the bottom line of food management issues past the point of survival and comfort.

[Laughter. Sporadic, sarcastic clapping and hooting. Dr. Sprat begins to ask for questions, then suddenly remembers the design competition.] Oh, I nearly forgot. As you know, one of the reasons I'm

¹¹ See gatt.org/resources/#Ford.

here today is that we at the WTO are having a design competition for our new Geneva headquarters. Well, today I'd like to fast-track any design suggestions you might have, and in order to do that I'd like you to simply scribble down right now whatever designs might pop into your head and give them to me after Q&A.

If you feel a bit under pressure, don't worry: everything we do is improvised this way. Free-market theory itself is a matter of improvisation, as I mentioned at the beginning—divine favor, natural favor, whatever. There's no expertise in this stuff—so just sketch out your thoughts! Your design has as good a chance of being adopted as anything else.