

# Global Poverty, Food Riots, and the Economic Crisis

Excerpt from: "The Global Economic Crisis: The Great Depression of the XXI Century"

By [Prof Michel Chossudovsky](#)

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*As Tunisia's government collapsed under the protests of its citizens, in part spurred on by dramatically increasing food prices, with protests spreading to more countries in the region and around the world, this excerpt from the most recent publication by Global Research, "[The Global Economic Crisis: The Great Depression of the XXI Century](#)," provides an insight into the background of the current crisis:*

The sugar-coated bullets of the "free market" are killing our children. The act to kill is instrumented in a detached fashion through computer program trading on the New York and Chicago mercantile exchanges, where the global prices of rice, wheat and corn are decided upon.

People in different countries are being impoverished simultaneously as a result of a global market mechanism. A small number of financial institutions and global corporations have the ability to determine the prices of basic food staples quoted on the commodity exchanges, thereby directly affecting the standard of living of millions of people around the world.

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.

Scroll down to read an excerpt of Michel Chossudovsky's chapter focussing on the manipulation of global food prices.

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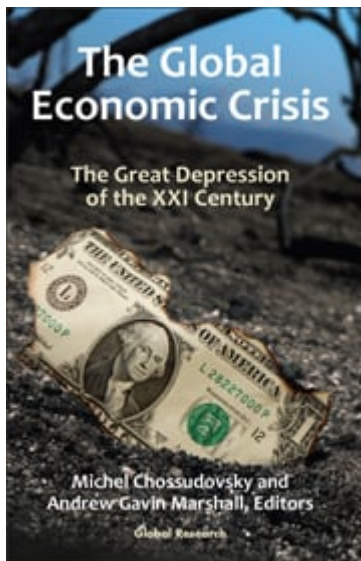
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The Global Economic Crisis  
The Great Depression of the XXI Century

Michel Chossudovsky and Andrew Gavin Marshall (Editors)

Montreal, Global Research Publishers. Centre for Research on Globalization (CRG), 2010.



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### The Outbreak of Famine

The sugar-coated bullets of the “free market” are killing our children. The act to kill is instrumented in a detached fashion through computer program trading on the New York and Chicago mercantile exchanges, where the global prices of rice, wheat and corn are decided upon.

People in different countries are being impoverished simultaneously as a result of a global market mechanism. A small number of financial institutions and global corporations have the ability to determine the prices of basic food staples quoted on the commodity exchanges, thereby directly affecting the standard of living of millions of people around the world.

This process of global impoverishment has reached a major turning point, leading to the simultaneous outbreak of famines in all major regions of the developing world.

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 associated with the 2008-2009 economic crisis, as suggested by several Western analysts.

Poverty and chronic undernourishment are pre-existing conditions. The dramatic hikes in food and fuel prices which preceded the 2008-2009 financial crash contributed to exacerbating and aggravating the food crisis. These price hikes, which reached their peak in July 2008, have hit the market for basic food staples, including domestic retail prices, in all regions of the world.

Protest movements directed against the hikes in the prices of food and gasoline erupted simultaneously in different regions of the world. The conditions are particularly critical in Haiti, Nicaragua, Guatemala, India and Bangladesh:

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 in the past year [2007-2008], 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 [April 2008], 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... [2007-2008] Earlier this month [April 2008] 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.[1]

Spiraling food and fuel prices in Somalia in 2008 contributed to precipitating an entire country into a situation of mass starvation, coupled with severe water shortages. A similar and equally serious situation prevails in Ethiopia. But now with food costs spiraling out of reach and the livestock that people live off of dropping dead in the sand, villagers across this sun-blasted landscape say hundreds of people are dying of hunger and thirst:

Many Somalis are trying to stave off starvation with a thin gruel made from mashed thorn-tree branches called jerrin. Some village elders said their children were chewing on their own lips and tongues because they had no food. The weather has been merciless – intensely hot days, followed by cruelly clear nights.[2]

This is a catastrophe in the making; we have time to act before it becomes a reality. The cost of food [in Somalia and the Afar region of Ethiopia] has escalated by up to 500 percent in some places... People are increasingly becoming desperate... We fear that the worst could be yet to come as the crisis deteriorates across East Africa.[3]

Other countries which were affected by spiraling food prices in 2007-2008 include Indonesia, the Philippines, Liberia, Egypt, Sudan, Mozambique, Zimbabwe, Kenya and Eritrea, a long list of impoverished countries, not to mention those under foreign military occupation including Iraq, Afghanistan and Palestine.

While the price of food commodities declined markedly in the wake of the 2008 financial collapse, the underlying mechanisms of manipulation of world commodity prices by powerful corporate interests and institutional speculators has remained functionally intact. A new wave of speculative trade in food staples and fuel cannot be ruled out.

#### Food, Fuel and Water: A Precondition for Human Survival

The provision of food, fuel and water is a precondition for the survival of the human species. They constitute the economic and environmental foundations for development of civilized society. In recent years, both prior and leading up to the 2008-2009 financial meltdown, the

prices of grain staples, including rice, corn and wheat, gasoline and water, increased dramatically at the global level with devastating economic and social consequences.

Unprecedented in the history of humanity, these three essential goods or commodities, which in a real sense determine the reproduction of economic and social life on planet Earth, are under the control of a small number of global corporations and financial institutions. The fate of millions of human beings is managed behind closed doors in the corporate boardrooms as part of a profit driven agenda.

Government and intergovernmental organizations are complicit in these developments. The state's economic and financial policies are controlled by private corporate interests. Speculative trade is not the object of regulatory policies, and in fact the opposite holds true: the framework of speculative trade in the commodity exchanges is protected by the state. Moreover, the provision of food, water and fuel are no longer the object of governmental or intergovernmental regulation or intervention with a view to alleviating poverty or averting the outbreak of famines.

Largely obfuscated by official and media reports, both the "food crisis" and the "oil crisis" are the result of the speculative manipulation of market values by powerful economic actors. And because these powerful economic actors operate through a seemingly neutral and "invisible" market mechanism, the devastating social impacts of engineered hikes in the prices of food, fuel and water are casually dismissed as the result of supply and demand considerations.

We are not dealing with distinct and separate food, fuel and water "crises" but with a global process of economic and social restructuring. The dramatic price hikes of these three essential commodities are not haphazard. All three variables, including the prices of basic food staples, water for production and consumption and fuel, are the object of a process of deliberate and simultaneous market manipulation.

At the heart of the 2005-2008 food crisis was a rising price of food staples, coupled with a dramatic increase in the price of fuel. Concurrently, the price of water, which is an essential input into agricultural and industrial production, social infrastructure, public sanitation and household consumption, has increased abruptly as a result of a worldwide movement to privatize water resources. We are dealing with a major economic and social upheaval and an unprecedented global crisis, characterized by the triangular relationship between water, food and fuel – three fundamental variables which together affect the very means of human survival.

In very concrete terms, these price hikes impoverish and destroy people's lives. Moreover, the worldwide collapse in living standards is occurring at a time of war. It is intimately related to the military agenda. The wars in the Middle East and Central Asia bear a direct relationship to the control over oil and water reserves. While water is not at present an internationally traded commodity in the same way as oil and food staples, it is also the object of market manipulation through the privatization of water. Water is a natural resource which is being appropriated and sold. The tendency is toward the commodification of water.

Both the state as well as the gamut of international organizations – often referred to as the "international community" – serve the unfettered interests of global capitalism. The main intergovernmental bodies, including the United Nations, the Bretton Woods institutions and the World Trade Organization (WTO), have endorsed the New World Order on behalf of their

corporate sponsors. Governments in both developed and developing countries have abandoned their historical role of regulating key economic variables as well as ensuring a minimum livelihood for their people.

### The Speculative Surge in Grain Prices

The media has casually misled public opinion on the causes of the 2005-2008 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 presence 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.

[The rest of the chapter excerpted above is contained in The Global Economic Crisis The Great Depression of the XXI Century below, click here for details.](#)

### Notes

1. Bill Van Auken, “Amid Mounting Food Crisis, Governments fear Revolution of the Hungry”, Global Research, <http://www.globalresearch.ca/index.php?context=va&aid=8846>, 30 April 2008.
2. Jeffrey Gettleman, “Famine Looms as Wars Rend Horn of Africa”, New York Times, <http://www.nytimes.com/2008/05/17/world/africa/17somalia.html>, 17 May 2008.
3. Oxfam’s Rob McNeil, quoted in Barry Mason, “Famine in East Africa: Catastrophe threatens as food prices rise”, World Socialist Website, <http://www.wsws.org/articles/2008/aug2008/east-a06.shtml>, 6 August 2008.

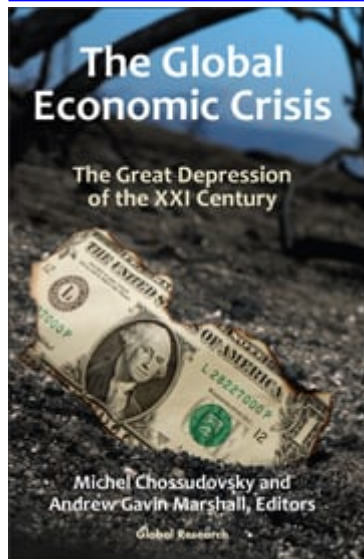
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In all major regions of the world, the economic recession is deep-seated, resulting in mass unemployment, the collapse of state social programs and the impoverishment of millions of people. The meltdown of financial markets was the result of institutionalized fraud and financial manipulation. The economic crisis is accompanied by a worldwide process of militarization, a “war without borders” led by the U.S. and its NATO allies.

This book takes the reader through the corridors of the Federal Reserve, into the plush corporate boardrooms on Wall Street where far-reaching financial transactions are routinely undertaken.

Each of the authors in this timely collection digs beneath the gilded surface to reveal a complex web of deceit and media distortion which serves to conceal the workings of the global economic system and its devastating impacts on people`s lives.

Michel Chossudovsky is an award-winning author, Professor of Economics (Emeritus) at the University of Ottawa and Director of the Centre for Research on Globalization (CRG), Montreal. He is the author of *The Globalization of Poverty and The New World Order* (2003) and *America’s “War on Terrorism”* (2005). He is also a contributor to the *Encyclopaedia Britannica*. His writings have been published in more than twenty languages.

Andrew Gavin Marshall is an independent writer both on the contemporary structures of capitalism as well as on the history of the global political economy. He is a Research Associate with the Centre for Research on Globalization (CRG).



"This important collection offers the reader a most comprehensive analysis of the various facets – especially the financial, social and military ramifications – from an outstanding list of world-class social thinkers." -Mario Seccareccia, Professor of Economics, University of Ottawa

"In-depth investigations of the inner workings of the plutocracy in crisis, presented by some of our best politico-economic analysts. This book should help put to rest the hallucinations of 'free market' ideology." -Michael Parenti, author of *God and His Demons* and *Contrary Notions*

"Provides a very readable exposé of a global economic system, manipulated by a handful of extremely powerful economic actors for their own benefit, to enrich a few at the expense of an ever-growing majority." -David Ray Griffin, author of *The New Pearl Harbor Revisited*

The complex causes as well as the devastating consequences of the economic crisis are carefully scrutinized with contributions from Ellen Brown, Tom Burghardt, Michel Chossudovsky, Richard C. Cook, Shamus Cooke, John Bellamy Foster, Michael Hudson, Tanya Cariina Hsu, Fred Magdoff, Andrew Gavin Marshall, James Petras, Peter Phillips, Peter Dale Scott, Bill Van Auken, Claudia von Werlhof and Mike Whitney.

Despite the diversity of viewpoints and perspectives presented within this volume, all of the contributors ultimately come to the same conclusion: humanity is at the crossroads of the most serious economic and social crisis in modern history.

"This meticulous, vital, timely and accessible work unravels the history of a hydra-headed monster: military, media and politics, culminating in "humanity at the crossroads"; the current unprecedented economic and social crisis... From the first page of the preface of *The Global Economic Crisis*, the reasons for all unravel with compelling clarity. For those asking "why?" this book has the answers." -Felicity Arbuthnot, award-winning author and journalist based in London.

"The current economic crisis, its causes and hopefully its cure have been a mystery for most people. I welcome a readable exposition of the global dimensions of the crisis and hope for some clarity on how to better organize money locally and internationally for the future." -Dr. Rosalie Bertell, renowned scientist, Alternative Nobel Prize laureate and Regent, International Physicians for Humanitarian Medicine, Geneva

"This work is much more than a path-breaking and profound historical analysis of the actors and institutions, it is an affirmation of the authors' belief that a better world is feasible and that it can be achieved by collective organized actions and faith in the sustainability of a democratic order." -Frederick Clairmonte, distinguished analyst of the global political economy and author of the 1960s classic, *The Rise and Fall of Economic Liberalism: The Making of the Economic Gulag*

"Decades of profligate economic policies and promiscuous military interventions reached a critical mass, exploding in the meltdown of globalization in 2008. Today, the economic meltdown is reconfiguring everything – global society, economy and culture. This book is engineering a revolution by introducing an innovative global theory of economics." -Michael Carmichael, prominent author, historian and president of the Planetary Movement

[The Global Economic Crisis:  
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Michel Chossudovsky and Andrew Gavin Marshall (Editors)

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#### About the author:

Michel Chossudovsky is an award-winning author, Professor of Economics (emeritus) at the University of Ottawa, Founder and Director of the Centre for Research on Globalization (CRG), Montreal, Editor of Global Research. He has taught as visiting professor in Western Europe, Southeast Asia, the Pacific and Latin America. He has served as economic adviser to governments of developing countries and has acted as a consultant for several international organizations. He is the author of 13 books. He is a contributor to the Encyclopaedia Britannica. His writings have been published in more than twenty languages. In 2014, he was awarded the Gold Medal for Merit of the Republic of Serbia for his writings on NATO's war of aggression against Yugoslavia. He can be reached at [crgeditor@yahoo.com](mailto:crgeditor@yahoo.com)

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