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The Role of Argentina's Government in Food Security and Biofuels

Over the past 20 years Argentina has been suffering from an economic struggle that has greatly affected the country socially and financially. Hyperinflation, debt, and poor market prices are the themes that have overwhelmed Argentina. The country's social factors such as poverty and unemployment have seemed to rise and fall along with it. However, economic and social success does not necessarily mean that subsistence farmers are being helped, encouraged, or even allowed to make progress in helping the country's state of food security. It is hard to think about biofuels in Argentina's situation, when there are already so many issues that need to be addressed. On the other hand, biofuels could be a method for Argentina to stabilize its boom and bust markets and support the subsistence farmers who have the greatest effect on food and nutrition insecurity. Whatever the case may be, there are people living in fear of starvation that cannot help themselves, and the rest of society has a responsibility to lend a helping hand.

In 1989, Argentina was struggling with an unsteady economy. The Latin America debt crisis along with inflation was causing serious problems. Carlos Menem was elected president and drastically changed the government's financial structure. One of these changes was the formation of a currency board. In 1991 the changes began to take effect when Congress enacted the Convertibility Law effectively backing each Argentine peso with a U.S. dollar. For the next few years, Argentina enjoyed economic growth. Then in 1998 foreign economies began to struggle as did Argentina. President Fernando De La Rúa was elected president in 1999, beginning a period of poor economic performance, unemployment, union strikes, increased crime, and rioting that lasted until 2002. During the past five years Argentina has enjoyed a robust economy. Unemployment has dropped to 10% during the first quarter of 2007, and the poverty rate has dropped to 33%. (Valente, Challenges) This is by no means a good number. While this country has made great strides towards supporting its less fortunate, there are still over 10 million people in the country living below the poverty line. Argentina's struggles over the past twenty years there were always periods of improvement that were not sustained. Aspects of their current situation need to be dealt with to avoid past problems. Now that we are aware of Argentina's economic history, we can better understand how these events affect our main focus which is subsistence farmers and food security. We can also look at how the economy government and agricultural performance relate to make changes that will improve the lives of the most vulnerable members of society.

In the past, Argentina's government has bitten the hand that feeds them in more ways than one when it comes to its farmers. According to Bruce A. Babcock, "Argentina provides a near-perfect example of a major agricultural competitor that actually reduces the competitiveness of its farmers through both official and unofficial policy interventions... The impact on agriculture is lower investment, productivity, production, exports, and farmer income." (3) Argentina is the second largest country in South America and the eighth largest in the world. It has 67.905 sq km of arable land per 1,000 people. (Land Per Capita) This number is more than twice that of the United States.

It is plain to see that the biggest obstacle keeping Argentine farmers from reaching their enormous potential is their own government. One of the challenges when looking at Argentina is that the success of farmers does not always coincide with the success of the economy and the food security in the country. In general, Argentina exports a large amount of its agricultural products, which at times has caused food prices in the country to skyrocket because of lack of supply making it extremely hard for Argentina's large number of people living in poverty to get food. Even now, one of the reasons Argentina has improved its economic standing is its huge amount of food leaving the country. If Argentina is going

to become a nation with a truly solid foundation it needs to invest in one of its greatest resources, the subsistence farmer. But, the destination of the food must remain domestic to support the vast amount of people living in destitution.

Argentina is a country full of resources that have not been realized because of a government that has failed to support its agriculture and food industry. The real questions we are struggling with are, “What does this economic struggle and these diplomatic initiatives have to do with food security and poverty and why are the massive natural resources in Argentina not being utilized to help vulnerable members of society?” Most importantly, what changes are being made to help, what barriers are preventing progress, and what can be done to support those that need it most?

The capital of Argentina is Buenos Aires, located on the Rio De La Plata, giving it access to the Pacific Ocean. Buenos Aires is the country’s largest city and also has the country’s largest port making it the hub of Argentina’s export-oriented agriculture. Similar to the U.S., it has a diverse landscape ranging from the mountainous region of the Andes to the fertile plains of the Pampas. Crops grown include cereal, oil grains and seeds, sugar, fruit, wine, tea, tobacco, and cotton. “Argentina is one of the greatest food-producing and food-exporting countries of the world, with an estimated 27,200,000 hectares (67,210,000 acres) of arable and permanent cropland. Agriculture and animal husbandry have traditionally supplied the nation with 70–95% of its export earnings.” ([Argentina Agriculture](#)) The Pampas is often known as the breadbasket of Argentina’s agriculture producing enormous amounts of grain. It is obvious to see that Argentina has vast potential for food production. If Argentina keeps its crop production diversified, and improvements are made in government support to local farmers, this agricultural giant could drastically improve the availability of food to both its own citizens and the rest of the world.

When you look at the problems Argentina has faced and food security situation in this country, you have to wonder, “What exactly is success?” A common misconception is that when the economy improves, all problems are solved. This is simply not the case. A huge part of Argentina’s recent economic success is because of the amount of money coming from exports, specifically transgenic soy beans. Starting in the early 1990’s, there became a strong demand for the husk of Soya beans in Europe and China as cattle feed. Pampas farmers were happy to start producing the transgenic soy for several reasons. Not only was there high demand for the crop, but the traditional crops that Argentine farmers usually produce were not performing well. In addition to that, the government was offering incentives on soy so that it could benefit from their 23% levy on cereal exports. By 1996, Argentine farmers abandoned their traditional food crops that fed the nation and began growing GM, genetically modified, Soya. This quote by David Jones in the Saturday Star in South Africa from June 19, 2004 explains just what GM soy has done to Argentina, “In Buenos Aires where ordinary folks are still reeling from the great financial crash of 2001, and child beggars stand at every street corner, speculators who have grown rich by investing in Soya beans, splash out their fortunes in fashionable restaurants and shops. Meanwhile, according to a recent report, more than 250,000 Argentine children are suffering from malnutrition because the cheap, farm-produced foods they once ate are no longer available” (David Jones). The harmful effects of GM soy to Argentina do not end there. The huge amount of pesticides being required to control weeds from GM soy is causing serious problems. Reports are showing that animals are being born with deformities, children are getting unsightly splotches on their legs, and fish in nearby lakes are dying.

GM soy is also beginning to destroy the fertile soil of the pampas by absorbing necessary nutrients while leaving nothing behind. Buenos Aires agro-ecologist Walter Pengue says, “If we continue on this path, perhaps, after 50 years, the land will not produce anything at all. We need to go back to the rotation between cattle and different types of crops, which has been our tradition for the past 100 years”(Walter Pengue in article by David Jones). GM Soya is also eliminating hundreds of thousands of jobs. Where there used to be 70 workers on a three acre lemon grove, only two workers are needed to

cover the same area of GM soy production. What if GM soy ceased to exist? For China and Europe it is no big deal. They will simply feed their cattle some other way. But, instead of this, Argentina continues to permanently destroy their agricultural potential and leaves children hungry in the streets of Buenos Aires. So, why is this happening? The answer is money and a false sense of what success means for the country of Argentina. Let me set the record straight; economic success does not necessarily mean that hungry people are being fed or this country is moving in the right direction.

Too often, it seems, the government in Argentina uses its farmers to dig them out of the problems they are facing. These two sides have never really been on the same team. The competition from each group has kept them from making progress in the future. This quote by Bruce A. Babcock shows the inability of the government to work together with its citizens, "One example of Argentine corruption involves the recent campaign to hold down inflation by pressuring companies to reduce prices. Some food companies were told that their expansion plans were not going to be permitted unless they agreed to reduce their prices. In contrast to the positive attitude in Chile and Brazil about agriculture's future, Argentine farmers and food companies have a fatalistic view of the future"(3). This showed that the government was at least doing something to fix problems, but they failed to create a situation that allowed everybody to prosper. Stability and long term success in Argentina is going to mean that subsistence farmers are given a competitive chance to produce the food that Argentina's 10 million people in poverty need.

This quote from an article written by Marcela Valente in the year 2000 describes one of the reasons Argentina's economy was experiencing so many problems from 2000 to 2002, "The high productivity of Argentina's farms is based on the country's top-notch soil and weather conditions. Because the sector does not depend on any kind of subsidy, local farmers complain that it is unfair for countries in the industrialized North to subsidize their less efficient agricultural production, thus pushing down international prices... The Cairns Group comprised of Argentina and 14 other agricultural exporter countries that provide virtually no subsidies to farmers, and which are in favor of eliminating all subsidies, is drafting a document to be submitted to the WTO Committee on Agriculture. But farmers in Argentina, especially small farmers, cannot afford to wait for the outcome of that process, which is uncertain at any rate... Up to their necks in debt and bearing an increasingly heavy tax burden, thousands of small farmers are facing the choice of barely scraping by in poverty or auctioning off their lands, which generally end up in the hands of large landowners." Not only does it help to explain Argentina's lack of success, it also points out another reason so many large landowners took control of Argentina's agriculture and began growing GM Soya and other products to be exported for a better price than the domestic alternative.

The current outlook on Argentina's diplomatic involvement does not give much hope for the future. "Despite enormous potential for productivity gains in Argentine agriculture, the attitude of the people who would have to do the hard work and investments to achieve the gains is that the government will never allow them to reap the profits from such endeavors" (Babcock 3). This attitude is reflective of a group of people that have seen an economy rise and fall and make false promises for decades, resulting in both feast and famine. They no longer believe anything truly good can come from the government, because after every period of success there is an even greater recession. Failure to live up to promises is currently frustrating farmers in Argentina for good reason. "Farmers are demanding that the president live up to his campaign pledge to renegotiate the rates charged by the privatized utility companies, and that it take anti-trust measures against mergers of agribusiness companies, another development conspiring against small farmers. Rural producers are also demanding the revocation of new taxes created in recent years, like the tax on interest, and have even suggested subsidies for the poorest farmers, similar to those shelled out by the European Union, the United States and Japan"(Valente, Argentina). The challenges for small farmers in Argentina make it nearly impossible for them to make a living and feed their families. This explains the rise in the number of huge corporate farms and the reason for Argentine farmers exporting so much of their goods.

Argentina is quickly approaching a time when it may not be able to reap the benefits of its massive agricultural production. It has nearly neglected its farmers and natural resources to the point of no return. Small farmers raising crops that enrich the soil with as many nutrients as they extract have been all but eliminated. Huge commercial farms are effectively taking all the life giving nutrients from Argentina's fertile plains and shipping them to other countries through their exports of soy beans. The goal of the government in this case should be to direct the flow of nutrients to the thousands of people dying from malnutrition in this country.

Now the question becomes, "Is there any hope of change, improvement, and sustainability?" The real answer at this point is not really. Until a revolution occurs, Argentina seems to be relegated to periods of boom and bust that will eventually result in permanent bust. What I mean by this is the government cannot continue to ignore the shouts of small farmers, starving people, and a deteriorating environment and expect to come out ok in the long run. There is a presidential election on October 28, 2007, but is that really any reason for optimism based on previous elections? History does not give Argentina's subsistence farmers anything to look forward to. Drastic change in this government's way of doing business is going to have to be made in order to truly build a solid foundation for Argentina's agriculture and food security. However, these changes have to be permanent, a shift in attitude and way of thinking. Simply changing policy or names of leaders will not help the 10 million poverty-stricken people of this country. Wholesale change must occur. There is no simple answer for how to go about this, but one thing is obvious. The people with power or money in this case, must realize their responsibility to help the impoverished people of Argentina.

After looking at Argentina's present situation, I know that biofuels are not going to solve this country's current issues, and I am doubtful that they could even help. Everything discussed so far in this paper has established the necessary information to be able to analyze what biofuel's effect would be on Argentina's food security situation. Argentina has been fortunate during this time of unrest in the Middle East to be able to supply itself with its own oil as well as some extra that is exported. My initial thought is, "Why in the world would a country want to produce or care about raising crops to be used for fuel when millions of people are starving and they already have more than enough petroleum to supply their country's needs?" Nevertheless, biofuels could have some positive effects for Argentina's poor population and subsistence farmers. Say the government creates incentives for farmers to produce corn, sugar cane, switchgrass or some sort of crop that could be used to make biofuel. Now think of the effects of this scenario. Initially, more farmers would be inclined to grow these crops if the incentive was worthwhile. More of the country's oil could be exported. Then, there would be a much more diverse rotation of crops that would increase the productivity of Argentina's fertile plains by restoring important nutrients and allowing herbicides to be more effective without having to overuse them. Prices of both crops would increase. With Argentina being the leading exporter of soybeans, reducing their production would reduce global supply and increase price. The international demand for ethanol is already in place. All this would make farming in Argentina much more lucrative, but what about food prices? This is the dilemma. It seems like increasing the demand for a crop by making it usable as a fuel would increase the price and make it harder for starving Argentines to buy it. However, looking at the current situation, most of Argentina's grains are being shipped to other countries as it is, so increasing the demand for a crop such as sugarcane, corn, or switchgrass would most likely have little effect on the prices of food in Argentina.

There is another scenario worth examining if Argentina was somehow able to diversify its crop production to include a dual purpose crop that is both food and biofuel. If one of these dual purpose crops could be implemented, Argentina's government could put policies into effect to control the prices of food. Depending on their situation, Argentina could, for example, reduce taxes on domestic corn used for food or increase levies on foreign oil, allowing them to indirectly determine the price and availability of food.

This creates a situation in which, the more productive Argentina's farmers are, the more effective Argentina becomes at supporting its population in poverty. Then the fertile Pampas would be feeding hungry Argentines instead of huge corporate farmer's billfolds. All of this is merely a theory, but the concept of using Argentina's resources to help its millions of starving people instead of billionaires in foreign countries is crucial. This should be an overriding goal for Argentina's economic policy.

Changes and sustainable progress can occur for Argentina. The determining factor is whether or not the government can and is willing to make the policies and diplomatic initiatives to generate socioeconomic change. That is what it really comes down to. But, can we rely on Argentina's government officials to make all these changes? Merely pointing fingers at government officials certainly is not going to change this situation. In order for people to be able to improve this current condition in Argentina, people need to know exactly what their problem is. After that, it is up to all competent members of society to help the hungry people of Argentina that cannot help themselves.

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