

# Let Them Eat Cake . . .

## THE END OF THE TORTILLA SUBSIDY IN MEXICO

As the New Year celebrations fizzled, Mexicans were dealt a cruel blow by their government. The cost of that most Mexican of basic foodstuffs, the tortilla, jumped by 25% as the government repealed price control legislation. For over 20 years, the price of tortillas has been regulated by the government in order to ensure the poorest sectors of Mexican society access to the flat, corn-based discs. The repeal of the \$1 billion per year tortilla subsidy, which refunded producers for their losses in selling the food at the government-set rate, leaves many Mexicans in a financial and nutritional crisis. In a country where over 50% of the population lives in poverty, tortillas provide half the daily intake of calories to poor Mexicans.



The initial increase in tortilla prices, from 15 cents to 20 cents per pound, must be viewed in its context. Beans, milk, and rice have also shot up in price in the last year. In that same period tortilla prices themselves increased by over 55%, while their cost was government-regulated. Now that the pricing scheme will be set by the vagaries of the market it is not unreasonable to expect further price hikes. All of this is occurring in a country where the average working class wage hovers around \$3.50 per day.

The administration of President Ernesto Zedillo stated that the tortilla subsidy was far too costly to continue, and that the program benefitted the rich as

much as it did the poor. Experts have pointed out that the rich prefer bread to tortillas and that the poor consume up to four times as many tortillas as the rich, but the administration is standing firm on its budget-minded decision. There has been talk of

introducing a new government program that would give away cheap or free tortillas to the poor, but the logic behind such a move is highly suspect considering that the majority of all Mexicans live in poverty and that giving away tortillas for free would surely be more expensive than the old program of subsidizing the production of tortillas and maintaining their price at a level most Mexicans can afford. President Zedillo's announcements concerning new programs seem to be little more than sugar-coating of the bitter truth.

Meanwhile on Sunday, January 3, some 260,000 people made their way to the center of Mexico City to get their hands on slices of a giant free cake being offered by the authorities. The cake is part of a Christmas tradition celebrating the arrival of the Three Kings. This year's mile-long incarnation was also an attempt by 2000 bakers to enter the Guinness Book of World Records. Noting the bitter irony of the event, one 24 year-old mother sighed, "Instead of eating tortillas, I had to come here to get some free cake."

—Eric Fichtl

*This piece was prepared using wire reports from the Associated Press and Reuters, and the New York Times.*