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COMMENTARY May 30, 2008

The Real Tragedy Behind the Global Food Crisis

By Sophia Murphy and Carin Smaller

The United Nations is preparing to hold its largest gathering since the outbreak of the global food crisis. UN Secretary-General, Ban Ki-Moon, has called on world leaders to attend a summit in Rome beginning June 3. The latest global forecasts show food prices are finally stabilizing after months of sharp increases. Is the crisis coming to an end? The short answer is no.

Perhaps the most tragic thing about the global food crisis is that it takes riot police and violent deaths to expose a crisis that has been with us all along. Before prices started to jump, an estimated 850 million people were living with extreme hunger. More than 30,000 children were dying every day from hunger-related diseases. Hunger compromises every stage of human development. It perpetuates poverty by stunting mental and physical capacities. Hunger is a scourge. It has no place in a world in which governments spend hundreds of millions of dollars each day on war.

At the World Food Conference in 1974, governments pledged to eradicate child hunger in a decade. At the World Food Summit in 1996, governments settled for halving the number of people living with hunger by 2015. In 2000, governments made halving hunger one of the Millennium Development goals. In 2008, not only are the world's governments failing to make headway on this objective, but even to halve the number of people living with hunger just got a lot harder because so many cracks in the existing food and agriculture system have burst open at once. The tragedy was already there, beneath the surface.

For thirty years, governments, aid donors and development agencies have neglected agriculture. The sector was seen as backward, unproductive and a poverty trap. The result is a shocking investment deficit that will take years to recover.

At the same time, an ideological obsession with the world market as the best insurance policy for food security led to a dramatic reduction in publicly held food stocks. Global rice and corn stocks have shrunk by almost half since 2000. Governments abdicated their responsibility for public stocks to the private companies that dominate world markets. The companies' priorities lie elsewhere. When harvests fail, as too many did last year, governments now depend on a volatile market to replenish their stocks.

So more investment in agriculture and more responsible storage policies—is that the answer? In part. But other aspects of the crisis also need attention.

In particular, it is essential to determine if the crisis is about high prices, or in fact about price shocks, in which extreme price movements go both up and down, making risk management and agricultural planning more difficult. For several decades, many analysts have argued that agricultural prices, especially commodity prices

paid to farmers, are too low. Farmers and farm labourers were unable to make a decent living from their production, which in turn kept millions of people in poverty. Many small farmers were forced off their land.

Low food prices are not the answer. Instead, policy-makers should be thinking about how to reallocate the profits within the food system, to increase the return to farmers and reduce the burden on consumers. Support for farmer organizations and investment in infrastructure to strengthen local markets is also needed. Stronger regulation of corporate activity, especially where they have monopoly or oligopoly power, is essential. Better documentation of corporate influence and the creation of national and international competition laws would be a good first step. Finally, consumer subsidies, like those set up in Mexico, may be required, to stimulate demand for increased local production to meet local demand for food.

When world leaders meet next week in Rome they will be tasked with finding solutions to the current food crisis. Increasing humanitarian assistance will be high on the agenda. This is only the tip of the iceberg. The time is ripe for a break with the past and the start of a radically new vision for food and agriculture.

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