



House I

Food Crisis

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Introduction

In the past several years, the world has witnessed an economic downturn unparalleled in recent history. As all facets of the economy seemed to collapse, the prices of many everyday necessities rose sharply. While most Americans were focusing on cost-cutting and re-evaluating their retirement accounts, however, the economic downturn has reaped far more devastating effects on foreign countries. People all over the world have actually been unable to even eat, due to rising food prices. Indeed, food has recently become so expensive in many nations that the world has witnessed a sharp increase in the number of people who can no longer afford to feed themselves. In the past two years, between 130 and 155 million people fell into poverty for the first time—all due to escalating food prices.

Starvation is certainly not a new epidemic across the world; poorer countries have been saturated with starving citizens for years. Recently, however, this global crisis has worsened drastically. Due to the rising costs of transportation, manufacturing, and food itself, the prices of everyday goods have skyrocketed beyond the means of many poorer individuals. As the supply of many fundamental food sources dwindles, the prices are driven up higher and higher. Furthermore, this lack of affordable food has brought with it violence, in addition to starvation. Now unable to purchase their own food, many people worldwide have resorted to theft and rioting.

As millions of people every day find themselves unable to eat due to rising food prices, it becomes more and more evident that something must be done to combat the situation at hand. It is therefore your responsibility as members of Congress to propose legislation which will help make food more affordable to the general public. There are a wide array of possible options, including pledging more food or money to charitable organizations like the Global Food Crisis Responses Program or establishing trade agreements and price restrictions aimed at reducing the already **exorbitant** prices of food. We must act now to accomplish **exorbitant**—highly excessive the twofold goal of preventing more people from being unable to pay for the requisite nourishment and establishing means through which those who are currently suffering from starvation will be able to feed themselves in the future.

Explanation of the Problem

Rising Oil Prices

Oil prices have risen drastically over the past few years, topping out at approximately \$140 per barrel in the summer of 2008. Such a sharp increase in the price of oil spills invariably increases the cost of all facets of production and transportation. The cost of producing fertilizer, transporting food from where it is grown to local distributors, and shipping food supplies across the world suddenly and sharply increased. As these factors increased the costs of production and shipment, those who were previously straddling the border of the poverty line found themselves unable to afford the resulting, higher-priced food.

Climate Changes

Much national attention has been given to the environment as of late as ozone depletion and **global warming** have been brought to the forefront of everyday media. Regardless of what has actually precipitated such changes, the global climate has indeed experienced some devastating climate changes recently, many of which have induced spillover effects in the food market. Intense droughts have plagued African nations, while China recently experienced one of the worst frosts in recent history. Global warming has severely disrupted the weather in many other areas, and many nations, especially those in Europe, have experienced unprecedented warmth. These climate changes alter farmers' ability to grow food. Whether it fully precludes them from using their land for production or instead forces them to change which types of food they are able to grow, the end result ultimately yields higher food prices and dwindling supplies.

global warming—the theory that the Earth's climate is experiencing rising temperatures due to the depletion of the Ozone layer which has been induced by years of environmentally hazardous practices.

Counter Effects of Environmentalist Efforts

In recent years, environmental concerns have dominated the political agenda in many countries. Although environmentalism is certainly a noble venture, it has not come without a distressing immediate price. In order to combat air pollution and the emission of hazardous gases, the American government has recently offered significant **subsidies** to farmers and producers who choose to manufacture environmentally advantageous products such as **biofuels** and ethanol. At the same time, however, this has greatly reduced the food production of these farmers—who had been previously responsible for a large portion of the United States' food production. As a result, the quantity of food available to the general public has dropped dramatically.

subsidy—an additional sum of money paid to produce of a certain product in order to incentivize the production of that product.

biofuel—fuels which are derived from recently deceased or still living biological substances.

Dwindling Stockpiles

In the past, the world has been able to combat transient climate changes and agricultural disasters due to large **stockpiles** of food.

stockpile—reserves of an item such as food which can be drawn upon if necessary.

These stockpiles, which essentially function as an emergency fund of food, haven't fallen precipitously. Global supplies of wheat and rice, two of the world's agricultural staples, have fallen to their lowest levels in decades.

Supply and Demand Effects

The basic laws of supply and demand dictate that when an item is desired and supplies of it decrease, the price must invariably increase insofar as those who are desirous of such an item will pay more in order to outbid others; in other words, as the quantity of any good goes down, its price will rise as long as people are willing to pay more to own it. For the first time in recent history, the world is actually facing the realistic possibility of running out of food. Consequently, people from all countries have greatly amplified the amount they are willing to pay for food. The prices of commodities have increased drastically as speculators have poured billions of dollars into commodities on global exchanges. What results is essentially an upward spiral on food prices. A circular effect results, from which there is no escape, without any outside stimulus. The supplies of food decrease due to the aforementioned reasons. This causes investors to begin to outbid each other. Both of these factors—the dwindling supply and higher bids—combine to apply upward pressure on food prices.

Trade Embargos

With the global supplies of food dwindling, many nations have taken steps to decrease their dependence on other nations in the case of an emergency. Although trade restrictions like **embargoes** may make sense when analyzed from the perspective of a single nation, such restrictions create an overall negative effect on the global economy. Many nations, especially those in the Middle East, have placed tremendous restrictions on food exports in a move to ensure sustenance of their own citizens. As a result, many countries have found themselves unable to obtain food from those nations which they had traded with for many decades. At a time when food supplies are rapidly dwindling to begin with, the effects of limiting other nations' ability to trade for food are greatly exacerbated.

embargo—
exclusion of trade with a specific country which is usually employed to achieve a financial or political goal.

Changing Demographics

Undoubtedly the single most important determinant of the adequacy of the food supply to nourish the world's inhabitants is the population. With all nations growing rapidly and facing swelling populations, the amount of food which used to adequately feed the Earth is now insufficient. The problems of general population growth are further complicated by the changing **demographics** and economic structure of the world. As citizens in developing nations grow wealthier and more

demographic—
characteristic makeup of a particular population.

affluent, their diets change correspondingly. Specifically, they begin to eat more meat. This raises problems because the resources required to raise animals and produce meat are much greater than the resources required to produce grains or vegetables—for example, it takes more than 8.3 grams of grain to produce just one gram of beef.

Congressional Action

Roadmap to End Global Hunger and Promote Food Security Act of 2009 (HR 2817)

This bill, introduced by Representative James McGovern (D-MA), aims to improve global hunger and ensure the security of food for people all across the world. The bill would enable the US to provide greater funds to suffering nations as well as to help such indigent nations become more self-sustainable. This bill would also establish the White House Office on Global Hunger and Food Security. This office is charged with the tasks of advising the president, along with other federal departments, about how to better coordinate a global attack on poverty and hunger as well as to prevent more people from growing impoverished. The bill was referred to both the House Committee on Foreign Affairs as well as the Agriculture Committee, but it has not yet returned to the floor of the House for a vote.

The Affordable Food and Fuel for America Act (HR 3187)

Introduced by Rep. Joseph Crowley (D-NY), this bill would reduce the excise tax credit for alcohol fuel mixtures, and reduce some **tariffs** on ethanol while eliminating others tariffs. By reducing the tax credit for alcohol fuel mixtures, farmers have less of an incentive to produce alcohol fuels instead of food. Environmental subsidies have been reducing the amount of food which farmers have been producing for years. Thus, the reduction of such alcohol fuel subsidies will increase the amount of food produced and thereby alleviate the food shortage, which is driving increased food prices. The bill was referred to the Ways and Means Committee in July of 2009, and has not yet been brought to the floor of the House for a vote.

tariff—*fee which is imposed upon items whenever they traverse a national boundary. In most instances, tariffs are imposed on imported goods.*

The National Agriculture and Food Defense Act of 2007 (S 1804)

This bill bolsters the ability of the United States to anticipate and counteract the effects of natural disasters on the agricultural production of its farmers. In recent years, many nations have experienced severe malnutrition, because of natural disasters. Such catastrophes eliminated the food supplies of nations while and simultaneously driving up the prices of the now more scarce food supplies of other nations. Thus, natural disasters serve to both reduce the food supply and drive up the

price of available foods. This bill establishes organizations aimed at anticipating such disasters as well as outlining protocol and groups which will be implemented in the case of such agricultural disasters. This bill was referred to the House Committee on Homeland Security and Governmental Affairs, but has not yet come to the floor of the House for a vote.

Focus of Debate

Conservative View

Conservative Americans feel that the United States should reduce its recent emphasis on the production of **ethanol** and other biofuels. Conservatives acknowledge that these practices artificially drive up food prices by creating a disincentive for land-bearing farmers to produce food. Thus, conservatives have begun to push for a reduction of government subsidies for environmental reasons, under the premise that if the United States reduces such subsidies, many farmers will be inclined to shift their production from that of ethanol to food staples. Generally, conservatives support less intervention by the federal government, and so they are likely to oppose subsidies of any kind, but they particularly disagree with agricultural subsidies that clearly have negative effects on our food supply. Similarly, many conservatives have supported less restricted trade, arguing that tariffs and other such trade barriers artificially inflate the prices paid by consumers for food.

ethanol—a type of renewable fuel that is often mixed with gasoline and used in automobiles. Ethanol is produced by processing agricultural crops such as corn or sugar cane.

Liberal View

In response to the riots and poverty precipitated by rising food prices, liberals agree that the US should take proactive measures to preclude rising prices, such as establishing committees aimed at investigating food prices and penalizing those companies which are engaging in price-gouging. In order to do so, some liberals have proposed increasing the taxes on the oil industry, since one of the main causes of rising food prices is the rising price of oil, as well as the fact that oil corporations have experienced enormous financial success in recent years. Generally, liberals support taxing the wealthiest members of our society in order to benefit the least well-off; they believe it is the proper role of government to redistribute resources in this way. Additionally, liberals have continued to press for a greater emphasis on the usage of clean-burning ethanol in future automobiles.

Presidential View

Although a staunch advocate of environmentalism, President Obama has in the past stated that his top priority as president is assuring the safety and prosperity of all Americans. As a result, if it is determined that a reduction of the subsidies afforded to ethanol farmers will,

in turn, decrease food prices, then President Obama will reduce environmental subsidies in hopes of making food affordable for all people. President Obama has also advocated for greater scrutiny of financial markets, asserting that excessive **speculation** by Wall Street investors on the agricultural trading markets has artificially driven up food prices in recent years.

speculation—*financial term assigned to the buying of assets in a risk manner which does not ensure a full return of the principal investment.*

Interest Group Perspectives

Heritage Foundation

The Heritage Foundation is a conservative **think-tank** that promotes the “principles of free enterprise, limited government, individual freedom, traditional American values, and a strong national defense.” The organization has recently intensified its focus on curtailing rising food prices. It has advocated for myriad measures, such as the elimination of government subsidies for the production of ethanol and other biofuels, which incentivize the usage of land for the production of things other than food, thereby decreasing the food supply and driving up food prices. Similarly, the Heritage Foundation believes that establishing free trade for nations to share food supplies by reducing tariffs will lower the prices paid by consumers. Additionally, the Heritage Foundation, acknowledging the plight of those billions of people plagued by starvation and poverty, realizes that some financial assistance must be given to those who cannot afford to provide food for themselves or their family.

think-tank—*organization that conducts political or public-policy related research and advocacy*

Center for American Progress

The Center for American Progress is a liberal public policy research and advocacy group. It argues that one of the most severe problems associated with the food crisis is the disproportionate effect that higher food prices have on the poor. Higher food prices result not only in decreased purchasing power for poor families, but for the aid agencies and food banks that help support them in times of need. For these reasons, CAP supports increased funding for food stamps and other public nutrition programs.

CAP also believes that rising global food prices constitute a threat to US national security. It notes that families in developing countries spend between 60% and 80% of their income on food, so increasing prices risk pushing more and more people into **acute poverty**. Additionally, CAP argues that rising food prices have contributed to instability in strategically important areas around the world, including Egypt, Indonesia, Afghanistan, Somalia, Haiti, Pakistan, and India. Consequently, CAP believes the US should increase its contributions to the World Bank and other global anti-poverty agencies.

acute poverty—*living on under \$1 per day.*

Possible Solutions

Pledge More Aid

Given that the bulk of starving people reside outside of the United States, it seems relatively intuitive that the US, the world's wealthiest country, would aid these starving people by providing more funds to those international organizations aimed at providing the destitute with free or more affordable meals. In spite of such an unprecedented economic downturn, however, the US must remain very prudent with its financial outlays, and, at a time when more and more Americans are falling into poverty, one must take into account the economic condition of American citizens as well as those in other parts of the world.

Reduce Environmentalist Subsidies

The large subsidies paid to farmers and producers who transition from the production of food to other, more environmentally beneficial items, such as ethanol and biofuels, have created a far-reaching disincentive to produce food. Although our society cannot afford to irreparably harm the environment, it may be that our first and foremost concern must be to provide for the citizens of the world and ensure that we are able to feed human beings before we focus on environmental concerns.

Increase Free Trade

Trade embargos and tariffs are very disrupting to the natural markets governed by supply and demand. By preventing items from being sold at their ideal economic value, trade restrictions artificially drive up prices. Consequently, the increased freedom of trade might have a two-fold benefit for consumers. First, it would increase the quantities of food available to all nations. Countries who were previously unable to acquire food due to trade restrictions would now have access to global food markets. Secondly, free trade would also decrease prices of food by allowing food to make its way to the lowest possible bidder, thereby eliminating the artificially high prices created by restrictions.

Research and Preventative Measures

One of the foremost reasons for increased food prices in recent years has been the **synergy** of catastrophic natural disasters and climate changes. Subsequently, developing means to combat the negative ramifications of such natural occurrences would help stabilize food prices in the future. Although such measures are entirely preventative in nature and would have no immediate effects, they might prove pivotal in the future if the Earth were to experience serious climate change. Additionally, by coping with the ongoing climate changes of the world, the

synergy—combined action of two or more forces such that their combined effect is greater than the sum of their individual effects.

United States would be able to stunt the ongoing effects of climate changes on food production levels.

Questions a Bill Should Address

There are a plethora of issues a bill should address with respect to the exorbitant food prices across the world which have recently precluded many individuals from being able to purchase food. Should the United States **subordinate** environmentalist affairs to the health and prosperity of its people? Does the US have a moral imperative to provide additional funds to nations whose people are unable to purchase foods, or should it instead focus its resources internally on its own citizens? If subsidies are eliminated, will farmers be able to sustain their work? What are the implications of fewer trade restrictions? How can we limit the effects of future natural disasters and climate changes on food supplies and prices? Is it more important to feed the people of the world or ensure that fuel production is as environmentally-safe as possible?

subordinate—*place into an inferior position.*

Summary and Conclusion

In the past several years, food prices have skyrocketed. As citizens around the world have been unable to obtain the food necessary to live, riots have erupted across the globe and international debates have arisen in hopes of addressing how to best combat this global concern. Food is an undeniable staple of life, and it is your responsibility to address this concern, not just for the sustenance of our own citizens, but for those the world over. It is imperative that we devise effective and innovative ways to combat rising food prices, for to sit by and do nothing would condemn to death millions of people around the globe.

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Guide to Further Research

<http://www.youtube.com/watch?v=o-pTYmS36DE>

This Youtube video provides a great depiction of how Wall Street commodities markets and financial investors affect the global prices of food.

http://topics.nytimes.com/topics/reference/timestopics/subjects/f/food_prices/index.html

This New York Times topics page includes a **triad** of visual graphs which do a great job of representing just how much food prices have risen in the past few years.

triad—*a set of three.*

<http://www.youtube.com/watch?v=Tvfkezx5aQU>

It is often evident that rising food prices imperil the lives of the billions of impoverished people throughout the world. This video, however, depicts just how devastating rising food prices can be to middle-class Americans.

<http://www.foodtimeline.org/foodfaq5.html>

This website does a tremendous job of providing tangible, real-life examples of food price increases via means such as tracking the price of a box of cereal over the past 100 years.