



House I

Global Food Crisis

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Introduction

In 2009, the number of people in the world suffering from hunger passed the one billion mark for the first time, and by year's end, it was estimated that one child was dying of hunger every five seconds. Precipitated by rising food prices and the economic downturn in 2007-2008, a food crisis of proportions unprecedented in recent history currently confronts the world. Hunger has become a problem rampant not only in developing nations, but also in the world's industrial capitals, including the United States. Though experts do not foresee a repeat of the 2008 crisis in the near future, the food price index hit a 14-month high in November of 2009, and a resurgent rise in oil prices could prevent food production costs from falling anytime soon. Climate change also remains a troubling issue in the fight against hunger. Even in the wake of the conference at Copenhagen, experts worry that not enough is being done to mitigate the effects of global warming on food production. Even as the world recovers from the recent recession, the need for immediate action is becoming more and more apparent as food prices remain too high for many families across the world to afford.

Summary of the Problem

More than a simple question of supply and demand for food, the issue of food shortage is effected by myriad factors, many of which introduce difficult trade-offs for policymakers. First, a tight congressional budget and imminent domestic issues limit the willingness of politicians to commit finances overseas when they could be used to address other pressing issues inside the United States. Even as the economic recession pushed global hunger to astronomical highs, it created problems in developed countries that made them even more reluctant, and indeed less able, to commit resources to struggling nations in Africa and Asia. In addition, more direct effects of the economic downturn, including the rise in oil prices to well over \$100 per barrel, put upward pressure on food prices by making it more costly for producers to transport food.

However, even as legislators look to reduce economic dependence on oil by exploring alternative fuels, another conflict arises. Government subsidies for the production of ethanol, another possible source of fuel, make it more profitable for some farmers to produce ethanol than food, reducing the supply of food and contributing to rising prices. Climate change, too, has a significant impact on the supply of food in nations around the world. Warmer temperatures can have a negative effect on certain crops, causing them to fail. Moreover, changes in water supply and sea level can make some areas too dry for crops to grow, while flooding others. For example, a one meter rise in sea level could flood an entire portion of Bangladesh's rice land. Even as policymakers grapple with the problems with subsidies for ethanol, they are faced with finding ways to combat global warming that will not have adverse effects on the costs of food production.

Recent Developments

Global Summit on Food Security (November 2009)

Though many expected the UN Global Summit on Food Security in the fall of 2009 to mark a turning point in the fight against global hunger, the summit ended on November 18, 2009 having yielded somewhat unsatisfying results. Delegates met for three days in Rome to address a shared commitment to end global hunger as early as possible, hammering out four major resolutions in the process. First, delegates committed to achieving the Millennium Development Goal of cutting hunger in half by 2015. Governments also pledged to improve international coordination and both public and private participation in anti-hunger efforts, promising both international funding and investment in agriculture in developing countries. Disappointing many anti-hunger activists, however, delegations from all but one (Italy) of the G8 countries were absent, including the United States. The delegates who did attend were criticized for failing to set specific deadlines or make any defined financial commitments to ending hunger.

Global Recovery from Recession and Rising Oil Prices

In January, gas prices reached their highest point since October of 2008, approaching an average of \$3 per gallon. Since gasoline is essential for transporting food, rising costs could precipitate a similar increase in food prices. But why are gas prices on the rise again? The simplest explanation would be a recent spike in the price of oil caused by both higher global demand and a weakened US dollar, both resulting ironically from the global economic recovery. As economic activity grows, the need for the oil to fuel that activity rises, driving up prices. In addition, the weakening of the dollar means that investors would rather hold commodities like oil and stocks, further increasing demand and forcing the price of crude oil to rise. Just as overzealous speculation on the part of stock market investors is driving up the price of food, a similar demand for assets in the market for oil, effected by a weakened US dollar, is also increasing the demand for oil and causing its cost to rise, further effecting the price of food.

Focus of the Debate

Conservative View

Conservatives oppose government subsidies for ethanol production, believing that they provide incentives for farmers to produce less food, opposing also tariffs and restrictions on trade that drive the price of food imports upward. Since conservatives take a hands-off approach to economic policy, the right would tend to favor a solution that would use private market forces rather than heavy government intervention to lower food prices. Conservatives put less weight on the importance of environmentalism, being more skeptical of both ethanol subsidies and larger environmental concerns, such as the effects of climate change, than liberals.

Liberal View

Liberals have always been staunch advocates of anti-poverty programs and subsidies, taking a more skeptical approach toward big business than conservatives. Liberals support higher scrutiny of food producers and the oil industry to prevent companies from setting prices

at artificially high levels. Unlike conservatives, liberals are more reluctant to abandon subsidies for farmers who produce ethanol, taking environmental concerns more seriously. They are willing to put pressure on businesses to limit both their prices and their carbon emissions.

Presidential View

President Obama has expressed his willingness to cut back on ethanol subsidies if doing so will lower the price of food. Obama is especially weary of the propensity of speculators to drive up the prices of food and oil through excessive speculation in the stock market.

Questions to Consider

The debate surrounding a solution to world hunger involves a series of difficult decisions. Generally, should policymakers make choices, such as cutting ethanol subsidies, which may reduce food prices even if they hinder efforts to find alternative fuels for a cleaner environment? For that matter, how concerned should we be with the effects of climate change on food production compared to other factors? In the midst of a fragile recovery from the recent recession, can we afford to pass regulatory policies such as price caps that could have adverse effects on farmers and economic efficiency? Should the government be heavily involved in the solution to world hunger, or should it leave as much to private producers as possible? How can the government encourage private investors to invest in agriculture? More broadly, is the wake of a recession the right time to commit valuable resources to developing nations overseas, or should Congress be more concerned with the state of America's own economy?

Conclusion

Global hunger is a problem which, if ignored, will take the lives of millions more before the decade's end. Whether or not we believe that we are obligated to solve such a global problem, the debate demands a timely resolution if we are to prevent these deaths. More than just a moral issue, though, the hunger crisis poses a number of difficult questions to policymakers, from the economic, to the philosophical, to the environmental. It will be your job to answer them.