The food crisis

Scarcity or injustice?
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The Food Ethics Council challenges government, business and the public to tackle ethical issues in food and farming, providing research, analysis and tools to help. The views of contributors to this magazine are not necessarily those of the Food Ethics Council or its members.

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From the editor

They used to say there’s opportunity in every crisis. As efforts to profit from food price rises come under fire, it looks like nobody needs telling any more. From India to the USA, governments are worried that booming commodity stocks are further fuelling food inflation. But speculation happens in policy as well as in commodity markets, and this political opportunism is as great a cause for concern. The food crisis has become a new vehicle for old ideas: rising farm-gate prices could jump-start trade liberalisation; fear of food shortages boosts campaigns to protect domestic agriculture; soaring animal feed costs might open Europe to GM crops; and so on. The danger is that we mistake opportunities for solutions. Then we find, when the bubble bursts, that for all the money and political capital thrown at the food crisis, millions of people still die of hunger and our food system is no more sustainable. We want this edition of Food Ethics to limit that danger. Our contributors challenge the new conventional wisdom on the causes of food inflation and the links between farm-gate, commodity and consumer prices, on the winners and losers from food price rises, on the implications for human rights, food security and sustainable development and on what the current crisis means for the environment, animal welfare and food security.

While the articles in this magazine are not all of one voice, many support the widely held opinion that recent price rises mark a switch out of the long-running downward trend, and the start of an era in which growing demand will outpace supply. Yet crucially, as a collection, they sound the alarm at the all too easy and influential inference that policy should therefore aim to limit food demand and boost supply. If we want policies that deliver food security and sustainable development then that approach – which lies behind well-funded drives for a ‘green revolution for Africa’, renewed calls for ‘cheap’ food, and fresh enthusiasm in the north for population control in developing countries – has three flaws. First, it targets the wrong consumption. Global food and feed demand are on the up as population grows and people in poorer countries get wealthier, yet the rate of increase is falling. The UN Food and Agriculture Organisation (FAO) projects that the rate of growth in demand for cereal and livestock will be lower over the next 30 years than in the previous 30. The steepest growth is not in Indian and Chinese appetites but in demand for biofuels, driven by policy commitments in the OECD. So per capita demand for agricultural products is not only highest in rich countries, but also rising most steeply.

Second, it exaggerates the challenge of supplying enough food. The world will need to produce more but the question is whether a step-change in technology would help us there. Take Sub-Saharan Africa (SSA), the prime target for green revolutionaries: hunger rates are at the highest in the world, but SSA has fewer hungry people than India, which had its green revolution decades ago; it imports less grain than Japan and most of it is either wheat, which even the greenest revolution won’t grow locally in many tropical countries, and rice, which is cheaper to ship to the coastal cities that eat it than to heft overland. Nigeria is the biggest food importer but its total cereal deficit is 16% – to bridge that gap you would need better prices, crop care and farmer-to-farmer extension, not a technology jump that doubles yields.

The third difficulty with seeing the food crisis simply as an outcome of demand outpacing supply is that it suggests production and consumption have been well-matched until now. Globally, in a sense, they have. Yet 860 million people have gone hungry nonetheless, and another 2.5 to 3 billion are malnourished. Rich people haven’t starved and nor do they today. While productivity is relevant, food security is more fundamentally about social justice.

What should policy do instead? When it comes to demand, efforts to limit consumption need to be focused on rich countries that have the highest per capita consumption rates for food, feed and fuel, and which drive global demand trends.

At least as important, however, are policies that actually boost demand. In cities and in the global north, the priority should be social welfare: in the UK, for example, a living income for all and, in developing countries, well-targeted social protection programmes. In the rural south, it means putting small gains in productivity by very large numbers of marginal producers ahead of step-changes in yields for the relatively few successful producers who would lead a new green revolution. A doubling of yields by them – while possible – would crowd out those who can best benefit from the growing market and leave them as hungry as ever.

Policy makers should also boost demand directly by rebuilding public stocks, which provide an important buffer against price volatility. As Ray and Schaffer (p.23) point out, stocks are down not simply because of poor harvests, but because governments have been downsizing strategic reserves. Supply will need to grow. But rising demand drives production and innovation. The policy challenge is to make sure this respects the limitations of ecology, human rights and animal welfare. This means fiscal measures to help us meet the full environmental and social costs of production, regulation to stop harmful exploitation, and major public investment in agricultural research and extension, focusing on truly sustainable technologies and on communities that the market would neglect. That is not the same as a new green revolution. As Patrick Mulvaney (p.26) describes, the groundbreaking International Assessment of Agricultural Science and Technology for Development provides an inspiring guide on how to achieve this.

The fact is that markets are driven by scarcity. Policies that boost supply and dent demand won’t change that – they just accentuate how the market responds anyway. We need policies that do the things the market won’t do and that tackle the reasons scarcity is a problem. This calls for a radical shift in emphasis away from the politics of production and shortage, towards sustainability and social justice – to what Alex Evans (pp. 3-7) calls the question of fair shares.

Tom MacMillan

www.foodethicscouncil.org | volume 3 issue 2 | summer 2008
Sir;
It was good to see the issue of water stress so fully explored in your Spring 08 edition. The Food and Drink Federation (FDF) feels that industry, water suppliers and consumers all have a part to play in tackling this environmental challenge. For our part, we announced last October that we will show leadership by raising the profile of water as a precious resource and developing a structured programme of water conservation for FDF members.

FDF is delivering on this commitment. In January we jointly launched the Federation House Commitment with Envirowise, the government’s water best practice experts. It sets out five steps to success for signatories. And, on day one, 21 food and drink manufacturers with a combined turnover of £15 billion signed up to the commitment and are now working with Envirowise on delivery. More companies have signed up since. As the numbers increase, so too will the potential water savings. Indeed, if the sector as a whole achieves a 20% saving in its water use outside of that embedded in products themselves, it would equate to a reduction equivalent to 56 Olympic-size swimming pools of water per day. That was the challenge thrown down to industry in the Food Industry Sustainability Strategy published by Defra in 2006, following extensive consideration by a broad based stakeholder group and public consultation.

As to the broader arguments relating to water use, it is right to cover all of the angles in debate. However, it is important to ensure the debate does not become counter-productive by making the sustainability challenge overly complex. We may have seen that with the debate about airfreighted food, which rushed ahead of solid research that later put the issue firmly into perspective. At a pragmatic level, it is not possible to do everything at once. We all have to prioritise, hopefully contributing where we can make the biggest difference. This is what we have done at FDF with our Five-fold Environmental Ambition - and collectively we aim to deliver.

Callton Young
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Sir;
Jeanette Longfield’s (Food Ethics, Spring 08) claim that people feel intimidated to order tap water is nonsense. What people order in a restaurant is entirely their choice and only 13% of bottled water is consumed in restaurants, bars and other commercial premises. The rest is bought to take home or drink on the go.

Unlike natural mineral water, tap contains a mix of residual chemicals including chlorine and other cleansing agents that many people want to avoid. Some of the chemicals in tap water have been linked to colon cancer, Alzheimer’s, reduced sperm counts and dental fluorosis.

Importantly, producers of natural water are stewards of the land. The aquifers must by law be free from any form of pollution. Few other industries (except perhaps organic farming) play such a major role in protecting the countryside. British water bottlers do much to minimise environmental damage by, for example, investing in organic land and planting forests. They also support rural businesses and jobs.

While tap water is generally a good product, it can fail. The bottled water industry plays a vital role in assisting communities affected by flooding, as in 2007 when a million people benefited from bottled water. Furthermore, because any harmful chemicals or micro-organisms can only be detected after tap water has been released to the public, there have been incidents where the treatment process has proved unsuccessful and contaminants have entered the mains water supply.

Finally, the article mentions the cost of water. This concern should be directed at government, which continues to charge the full standard rate of VAT on this healthiest of products even as ministers say they want to promote low-calorie, health-giving foods and drinks.

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Rising food prices
Drivers and implications for development

Introduction
Food prices are rising fast. In 2006, the FAO food price index rose by an average of 9% compared with the previous year. By 2007, that figure had increased to 23% - 37% if December 2007 is compared with December 2006. Over the last three years, according to the World Bank, global food prices have increased by 83%. While high price events are not unusual in agricultural markets - even if food prices stabilise at 25% above their 2001 level, this would still only bring them to early 1990s levels - the unusual feature of the current situation is that the price spike applies to almost all major food and feed commodities, rather than just a few of them.

The move to current price levels has also been unusually sudden. As recently as 2005, the Outcome Document from the UN World Summit noted the need to 'address the impact of weak and volatile commodity prices and support the efforts of commodity-dependent countries to restructure, diversify and strengthen the competitiveness of their commodity sectors'. Less than three years later, corn is at its highest level in 11 years, rice and soya are at their highest level in 34 years, and wheat - like crude oil and gold - has recently touched its highest level ever.

Drivers of increasing prices
Currently, the main drivers of increasing prices are on the demand side. Historically, demand growth for food has been about 1.5% each year; but now, it has risen to 2%, and Goldman Sachs estimate that it will be as high as 2.6% within a decade. The World Bank estimates that food production will need to grow by another 50% by 2030 (and 85% for meat) to fulfil projected demand.

A particularly important part of this picture has been rapidly rising income growth, notably in emerging economies such as China and India. Joachim von Braun, Director General of the International Food Policy Research Institute (IFPRI), argues that high income growth accounts for perhaps half of the recent increases in food prices. As the middle classes grow more affluent, food consumption patterns change towards diets that are richer in meat and dairy products that are much more intensive in terms of grain and water use.

The role of biofuels as a source of demand for grain has also become a significant element of recent food price rises (von Braun estimates 30% per cent of the picture). The US already spends $7 billion a year supporting ethanol. This consumes 20% of America's corn crop - a figure likely to rise to 32% by 2016. Looking ahead, the EU has a target for 10% of its transport fuel to come from biofuels by 2020, while the US has proposed a target of 36 billion gallons of renewable fuel by 2022.

Over the last three years, global food prices have increased by 83%

But there are also supply factors in play. In the shorter term, one issue is that food supply is quite inelastic. Supply responds relatively slowly to increases in demand. IFPRI estimate that aggregate agricultural supply increases by only about 1-2% for each 10% increase in price - and by even less when (as now) prices are very volatile. The problem of reduced exports from important food producers (such as India, Argentina and Kazakhstan) is also problematic, especially when matched by importing countries seeking to purchase larger than normal volumes of food in order to build up stockpiles. Another shorter-term supply-side issue is that some current price volatility is attributable to speculative investors seeking safety in commodity markets from the weak dollar and falling equity and bond markets - although opinion is divided over how significant this factor is. There are also low inventory stocks, which explain some of the current market volatility.

In the short-term, food prices look set to ease somewhat, particularly if (as now seems likely) the northern hemisphere enjoys a good wheat crop. But in the longer term, four more fundamental supply-side factors - which might collectively be termed 'scarcity issues' - are already starting to make themselves felt, and are likely to become more significant.

First, the costs of agricultural inputs - and especially energy - are rising. Today's global agricultural system is predicated on the availability of cheap, readily available energy, for use in every part of the value chain: both directly (e.g. cultivation, processing, refrigeration, shipping, distribution) and also indirectly (e.g. manufacture of fertilisers, pesticides - the cost of urea, a fertiliser, has almost tripled since 2003). But oil prices are already at their highest ever level, and expected to stay relatively high over the medium to long term. And because food can now be converted into fuel, there is effectively an arbitrage relationship between the two, implying an ongoing linkage between food and fuel prices.

Second, water scarcity is likely to become a more pressing issue. Global demand for water has tripled over the last 50 years; 500 million people live in countries chronically short of water, a number likely to rise to 4 billion by 2050. A particular worry is depletion of limited

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A referenced version of this article is available at www.foodethicscouncil.org
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groundwater resources, on which some parts of the world - including the US, Egypt, Pakistan, India and China - have been enjoying a ‘free ride’ for the past two or three decades.

Third, there is land availability. Some commodities analysts argue that whereas historical increases in demand have been met through increasing yields, in future an expansion of acreage will also be required. This will be expensive, given the infrastructure investment involved; and there may be diminishing returns, since much of the best land is already cultivated. Above all, there is increasing competition for what land there is, including food, feed, fibre (e.g. timber, paper), fuel, forest conservation, carbon sequestration and urbanisation, on top of high rates of soil loss to erosion and desertification. The FAO estimates that there is at most 12% more land available that is not already forested or subject to erosion or desertification, and that 16% of arable land is already degraded.

The fourth, and possibly the most fundamental, factor is climate change. The International Panel on Climate Change (IPCC) projects that global food production could rise if local average temperatures increase by between 1 and 3 degrees Celsius, but above this range, it could decrease. Crucially, this is before extreme weather events are considered; and the IPCC judges that extreme weather, not temperature, is likely to make the biggest difference to food security. Glacial melting will affect agriculture too: the IPCC estimates that many Himalayan glaciers could disappear by 2035, with catastrophic results for Chinese and Indian agriculture during the dry season. It assesses that “climate change increases the number of people at risk of hunger”, and will lead to an increase of between 40 million and 170 million undernourished people.

Many of these factors on the supply and the demand side, also apply to fisheries and aquaculture. Demand for fish and seafood is rising sharply, largely because of increasing affluence. But while the FAO estimates that an additional 40 million tonnes of aquatic food a year will be needed by 2030, it also notes that catches of wild fish have remained roughly stable since the mid-1980s, at around 90 million tonnes a year, and forecasts that this is unlikely to rise substantially. These underlying trends will place increasing emphasis on aquaculture, which last year accounted for 43% of fish consumption (up from just 9% in 1980). However, future expansion of the sector will depend not only on increasing investment capital, but also on the availability of land, fresh water and energy - which, as noted, are all already subject to stresses of their own. All in all, the jury is still out on whether recent food price rises will be sustained or not. Many commentators, including the World Bank, estimate it will take “several years” for supplies to increase to rebuild stocks and allow prices to fall. Over the longer term, structural factors - a population that is forecast to rise to 9.2 billion by 2050, rising affluence and the four “scarcity trends” - suggest the possibility of a structural, rather than merely cyclical, shift. Models from both IFPRI and the US Department of Agriculture show that while food prices will not rise much more over the next decade, they are also unlikely to fall significantly.

The IPCC judges that extreme weather, not temperature, is likely to make the biggest difference to food security

Implications

Rising food prices will hit poor countries and poor families hardest, and present an obvious impediment to achieving the Millennium Development Goal of halving hunger by 2015. The FAO has already announced that 36 countries are in crisis in terms of food security, and need external assistance, 21 in Africa (although not all of them have been affected equally).

Poorer people typically spend a high proportion of their income on buying food. Oxfam put this figure at around 50-80%. Most poor people are rural, and most rural poor people are net food buyers unlikely to be compensated fully by additional employment as agriculture grows, or by higher wages. However, the extent and rapidity of current rises mean that urban populations are also being hit, as World Food Programme head Josette Sheeran recently noted: “There is food on shelves but people are priced out of the market. There is vulnerability in urban areas we have not seen before.”

Already, high food prices are posing extensive challenges to providing humanitarian aid. The World Food Programme feeds 73 million people in 78 countries (less than a tenth of the world’s undernourished). Its agreed budget for 2008 was $2.9 billion, but rising costs - for logistics as well as for food itself - mean that, according to the WFP, this level will not even cover current deliveries and at least $500 million more is now needed.

Numerous countries have reacted to rising food prices with a broad range of policy interventions to address the situation. Most countries so far have reduced or eliminated import tariffs. However, at least some reductions have been offset by the imposition of additional export tariffs or quotas by other countries - some of which are major producers - to reduce domestic prices (Argentina - where the move has led to major unrest among farmers; China, India, Kazakhstan, the Ukraine and Vietnam). Other approaches also being tested are making purchases to establish or replenish stockpiles and strategic reserves - which in turn increases pressure on prices (Iraq, Malaysia, Turkey and the UAE); increasing subsidy levels (Egypt, India and Oman); capping prices (China, Russia and Thailand); and examining the possibility of introducing rationing (Malaysia and Pakistan).

As these lists show, rising food prices are of concern in every part of the world, and so far there is little consensus among governments on what to do about the issue. Most donors appear to be in information-gathering mode themselves, although World Bank President Bob Zoellick has called for a “new deal” on food. What might that involve?

Towards a new deal on food?

Humanitarian assistance. Start with what rising food prices mean for the humanitarian system, where short-term pressures are likely to be most acute. First, consider the issue of aid volume in the context of humanitarian assistance.
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As noted earlier, the World Food Programme has called urgently for an additional $500 million. Given the scale of recent food price increases, it does appear likely that additional funds will be needed just to maintain current levels of food assistance. It would be particularly concerning if the US were to follow up on suggestions that it might reduce the amount of food aid that it provides to the WFP as a result of rising prices and costs, given that the US is by some distance the largest donor to the programme. (Washington is reported to have told the WFP that it is facing a 40% increase in food commodity prices compared with last year, and hence will “radically cut” the amount it gives away - although more recently it has announced a $200 million increase in food aid, suggesting that this risk may have abated somewhat).

In the background lies the question of what it will mean for humanitarian assistance if (as I considered earlier) the recent shift to higher food prices is indeed structural rather than just a blip - if, this is the ‘new normality’. Currently around 850 million people are classified as ‘food insecure’. At times of peak demand, humanitarian agencies have been able to feed about 100 million people at the very most. If a longer-term effect of changes in world food markets were to increase the number of people in need of humanitarian assistance significantly beyond that level, then it is not clear that the humanitarian system would have the capacity and knowledge to respond, even if sufficient financial resources were available. It is therefore essential that as well as coping with the current short-term turbulence in food markets, donors make a sustained effort

Déjà vu?

The long-term trend for food prices on the world market has been downwards for at least half a century. For example, take the price of wheat in the USA, the world’s leading wheat exporter, expressed in price levels for 1999. In 1950 a tonne of wheat cost US$504, by 1970 the price was US$208, and by 1999 it was just US$94 - see Figure 1.

Figure 1: US wheat prices, 1950 to 1999 (USDA data)

Why have prices been falling? Against the dire conjectures of Malthus, the rate of increase of agricultural production during the second half of the twentieth century exceeded population growth, despite the latter being at rates higher than ever seen before in recorded history.

This was achieved in large part thanks to the application of science and technology to farming, with significant advances in crop varieties, fertilisation techniques, and protection against pests and diseases. It also helped that the real costs of machinery, fuel and agro-chemicals fell through much of this period. This applied as much in the developing world as in the industrialised countries, once the ‘green revolution’ of improved maize, rice and wheat seeds, irrigation and fertiliser began to take off from the 1960s onwards in Asia, Latin America, and - to a more limited extent - in parts of Africa.

During the second half of the twentieth century the downward trend in food prices has been interrupted significantly only once, by the price spike of 1973-1974, when wheat prices rose by some 2.5 times more than their former levels. Bad weather, at the time blamed on climate change, struck hard in 1972 hitting the major grain producing countries including Argentina, Australia, India and the USSR.

Global production fell for the first time in 20 years. Although there was better weather in 1973, fertiliser prices were driven up by scarcity and the rising cost of oil. For good measure the increased oil import bills meant that some developing countries had to restrict fertiliser imports in 1974.

At the time, policy makers feared the worst, noting the rapidly rising world population and the environmental crisis of the Sahel from the 1968 to 1972 droughts. The President of the Rockefeller Foundation declared: “We will see increasing famine, pestilence, the extermination of large numbers of people. Malthus has already been proved correct”. Famines were indeed seen in Bangladesh and Ethiopia, and their governments fell.

With alarm bells ringing at the highest levels, the World Food Conference was summoned in November 1974 to find solutions. One consequence was a redoubling of funding for the international agricultural research centres to drive the green revolution forward.

The spike proved short-lived: food production recovered and most of the price rise was eliminated by 1976, although it took until the early 1980s before wheat prices finally descended to the levels seen just before the spike. From then on until the early 2000s they resumed the long-term downward trend.

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Is food still too cheap?

Not that many months ago I sat with colleagues to plan a report on the externalities arising from Britain’s food system. After considering a number of alternatives we settled on the title ‘Cheap food - the unpaid bills’. However, the sharp rise in food prices during the intervening months have already made this title sound as if it was from a bygone era. The interesting thing is that the title we might choose today - ‘Expensive food - the unpaid bills’ - while sounding somewhat absurd, is equally appropriate.

The premise of the original report was that the price of food was artificially low because it did not cover the significant externalities, the ‘unpaid bills’, arising from its production, manufacture, processing, transportation and retail. This is not a new idea: work published in 2005 by Jules Pretty, Tim Lang and others estimated that if farm externalities, transport and subsidies were taken into account, the price of food in the UK would be 12% higher (which looks surprisingly small relative to recent increases in food prices).

To date there has been no attempt to bring together estimates of the hidden cost of all the major externalities including those associated with labour (in the UK and internationally), well-being of producers and rural communities, obesity and other dimensions of ill health, farm animal welfare, natural resources, carbon emissions, waste disposal and traffic. However, unless these externalities are exposed and addressed, the goal of sustainable food (i.e. food associated with high levels of well-being, social justice, environmental sustainability and system resilience) will remain unfulfilled.

The paradox we face today is that while food prices are increasing rapidly it is not because these externalities are finally being addressed.

One of the most common justifications for the food system maintaining its orientation toward cheap food is that anything that increases the price of food will have disproportionate negative impacts on the poor. In the current context this is undoubtedly true. The same logic is used to pigeon-hole organic and other elements of more sustainable food as ‘posh-nosh’ and ‘life-style choices’.

The riposte to this line of argument has to be that it is short-sighted in the extreme to try to address poverty by maintaining an unsustainable food system. Rather, poverty needs to be addressed head on so that people are not forced to choose unsustainability. Stacking-up a mountain of unpaid bills via the food system will never be a substitute for progressive and effective social and economic policy.

However, as food prices continue to rise and with increasing wealth and health disparities in the UK, it will be a real challenge to keep the sustainable food debate from being obscured by the much easier rhetoric of ‘cheap food’.

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potential for bilateral food supply arrangements, of the kind already becoming more common in energy supply. Other countries are displaying enthusiasm for import substitution policies - most notably the Philippines, which has announced its intention to move from being one of the world’s largest importers of rice, to self-sufficiency within just three years. Donors and development advocates need to find their way towards a renewed strategic stance on agricultural trade. Even before food prices began their sharp increase, there was lively debate in the donor community about the extent to which agricultural trade liberalization would in practice benefit low-income countries. That debate is now further complicated by the fact that even if liberalization is desirable in principle, careful attention will need to be paid to the need to sequence reforms, to avoid (for example) the risk that rapid elimination of Common Agricultural Policy export subsidies could lead to an increase in food prices in developing countries.

The question of fair shares
Finally, there is the elephant in the room: the long-term question of fair shares. This was pithily illustrated in a recent cartoon in the US in which a very portly man in a suit takes a maize cob out of an African child’s food bowl, with the speech bubble, “Excuse me. I’m going to need this to run my car”.

In his book, Development as Freedom, Amartya Sen notes of food security that “the focus has to be on the economic power and substantive freedom of individuals and families to buy enough food, and not just on the quantum of food in the country in question”. Later, he observes that “[s]ome who buy food may be ruined because the real purchasing power of their money incomes may have shrunk sharply. Such a famine may occur without any decline in food output, resulting as it does from a rise in competing demand rather than a fall in total supply”.

Now, Sen’s questions may be starting to apply at the global level. Even while the line between developed and developing countries grows more blurred with each passing year, the gulf between the haves and the have-nots has never looked wider. In a context of increasing tightness of food supply - which is likely to grow further as population, affluence and scarcity trends all continue to rise - we may well reach a situation in which relative inequality can have absolute implications for the world’s poor, and where a burgeoning global middle class inadvertently takes food beyond the purchasing power of the world’s poorest people. Indeed, we may already be there.
Soaring food prices worsen the living conditions of the world’s poor, many of whom live on a dollar a day or less, and this threatens to increase the number of hungry people in the world, already unacceptably high at 862 million.

The poor spend about 60% of their income on food, so any increase in the cost of food results in the purchase of less nutritious food in order to buy life’s other necessities. This endangers the health of already vulnerable people and threatens the rest of us because high food prices erode our living standards and create social unrest and economic uncertainty.

Many of the world’s poor are also food producers, who in the medium term and with the right conditions, could profit from higher food prices.

These threats and opportunities require a twin-track response to minimise the damage done by rising food prices, and broaden their potential to improve livelihoods. Policies and programmes that protect the livelihoods of poor people are needed, at the same time as establishing favourable investment and economic environments to help farmers take advantage of the opportunities offered by higher agricultural commodity prices.

The declining trend in agricultural investment must be reversed. The share of bilateral and multilateral aid going to agriculture declined steadily from 1980 to 2004, leading to an absolute reduction in agricultural assistance that has seriously endangered agriculture in developing countries. But there are also encouraging signs: in 2008, for the first time in a quarter of a century, the World Bank dedicated its World Development Report to agriculture. FAO is pleased to note that its untiring efforts to explain and highlight the importance of agriculture are beginning to bear fruit.

From 3 to 5 June 2008 in Rome, Heads of State and Government of Member Nations are meeting at the Summit on World Food Security, at a time when food riots are spreading across continents. It will be a unique opportunity to adopt the required policies, strategies and programmes to address the major challenges which, in addition to rising prices, are affecting agricultural production, especially in poor countries.
Why do high food prices matter?

Since the middle of last year, commodity prices alone have risen by at least 40%. Global food reserves are at their lowest for 30 years and commodity markets are extremely volatile, subject to sudden spikes and speculation. The hungry of the world are being hit hard and we at WFP are struggling in our efforts to help them.

At the end of February, WFP estimated that it would need an additional half a billion dollars to meet the requirements of approved projects in 2008. Since then, the cost of grains, pulses and oil have risen a further 20%.

The recent price rises have prompted what I call the ‘new face of hunger’ - people who can suddenly no longer afford the food they see on the shelves of their stores because prices have soared beyond their reach.

Experts predict that higher prices - driven by increased demand for food for consumption and as biofuel - are with us for a number of years. They are already causing social unrest - food riots have been reported this year in Cameroon, Burkina Faso, Egypt and Morocco.

The last thing we at WFP want to do is to reduce the number of people we feed or the amount of food we give them. But we are facing a serious challenge. I have just returned from Kenya where the cost of feeding a child in school has almost doubled recently from 9 cents per day to 16 cents.

We are doing everything we can to make the world aware of our predicament. We can only hope donor nations will listen, understand and dig into their pockets to meet this extraordinary appeal.

How are governments and supply chains responding?

How are governments and the supply chain responding to food price rises? In Western Europe, governments have so far trusted to market forces to provide solutions, with actions focused on ensuring markets work correctly.

Regulators in the UK, France and Germany have moved over the last year to tackle issues thought likely to create market distortions. This is designed to minimise the scope for abuse of market position and allow price signals to be transmitted efficiently along the supply chain.

In the Philippines, anyone found hoarding rice faces the prospect of life imprisonment for economic sabotage. Armed agents from the new Anti Rice-Hoarding Task Force are investigating warehouses all over the nation, using tactics usually employed for counter-narcotics activity.

Thai Prime Minister Samak Sundaraje has urged citizens to buy only the rice they need for immediate consumption, and Pakistan’s Federal Food Committee has warned millers against hoarding wheat.

This all points to an over-riding ethical question: is it right for food producers to increase their profits when rising prices are creating genuine hardship for the most vulnerable consumers?

Businesses must be allowed to make money from food, and the profit motive can drive some of the things that need to be done to increase food availability - bringing new land into production, utilising new technologies, improving supply chain efficiency, reducing waste and securing long term supply contracts.

Rising food prices will certainly be welcomed by some in the supply chain, especially primary producers who have endured years of poor pricing. But for every arable farmer doing well from high grain prices, there is a livestock farmer struggling to feed his animals.

Shortage of basic commodities may also lead to changes in the negotiating position of participants within the supply chain, which will be welcomed by some. However, the traditional business model may be a poor fit with current needs: IGD’s own research has revealed that supply chains operate most efficiently when all participants pull in the same direction. Co-operation, not confrontation is the way forwards.
The recent 'bull run' in soft commodity prices has got UK arable farmers and the capital markets excited. After many years of sustained losses, profits have now returned and institutional money is now flowing into the sector as other markets begin to falter. This is a double edge sword: farmers’ production costs have also risen sharply, especially those associated with land occupancy and fertiliser inputs. The pig and poultry industries are sustaining such heavy losses incurred by high feed costs it is only a matter of time before parts of the sectors in the UK begin to melt down.

For a consulting business like ours it has presented an enormous opportunity. Investment banks and fund managers now want to know where to invest - Europe, Former Soviet Union or Latin America, and how to get exposure to this commodity price boom - by purchasing agricultural real estate or even engaging in operational farming?

But profitability for agriculture and investment opportunities come at a price: food poverty in the UK, although rising, fades into the background compared with the developing world. There are serious moral and humanitarian issues to address, which require strong international leadership - currently lacking.

And pure capitalists seeking to profit on the back of the soft commodity bull run should be concerned too. About half of the anticipated doubling of food demand to 2050 is attributed to poverty reduction and the subsequent dietary shift in emerging economies from grains to meat and milk. Unless food prices reach a stable equilibrium, this current food price boom could endanger the very economic development sustaining it.

In the UK, food prices in the supermarket are relatively very low - the average UK consumer spends only around 15% of their income on food. But is cheap food acquired at low cost?

It is often stated that industrial agriculture is more efficient than small-scale agriculture. This efficiency is based on the removal of labour costs ('clearances') and economies of scale (high energy use). This false accounting is based on book-keeping with important costs, known as 'externalities', not entered, for example the cost of the damage done to the environment and the cost of disrupted societies.

Industrial agriculture always involves clearance, it is inherently about removing people from the land. Clearing people means loss of community, loss of culture, loss of social systems and support. Loss of indigenous food production leads to vulnerability.

The UK is now slightly less self sufficient in indigenous foods than we were in 1950 and in the quest for cheap food, we scour the earth for cheap imports whilst our own production base collapses. Apart from the exploitation involved in this policy, the UK is left very vulnerable. Rising global commodity prices are threatening the food security of the UK and we will have to turn again to our own production - before the people and the skills have been lost.
High food prices matter because many more people in the world who cannot pay will die of hunger. At the 1996 World Food Summit the FAO set a target to reduce hunger by only half by 2015. MDGs set the same target in 2000. Yet we already knew that 840 million people were going to bed hungry every night.

The dying hungry people of the world did not disagree with or protest at these targets. But now the world is worried because high food prices are causing riots that are likely to spread and create instability. Is it acceptable to the planners of world economies when hungry millions die quietly, but not if they riot?

The problem with high food prices, therefore, is that those who are planning to solve the problem are the same people who create the problem. Food has been made an instrument of profit and not the means to prevent hunger, meaning more meat and fuel for the rich and more ecological destruction, even if it means more hunger deaths.

Millions of small farmers who can make the best use of what they get free from nature – sunlight, rainwater, plants that grow free and keep soil fertile, microbes that work free of charge, are being pushed out of agriculture.

Let the hungry decide and plan for themselves. They will save themselves and the rest of the world by replacing technology and science distorted by greed with their own wisdom. Let these millions of hungry people and small farmers use nature’s ways of giving food free or at affordable prices using ecological approaches.
Rising commodity prices will have a profound and unexpected effect on global obesity rates. World trade and direct foreign investment have opened the door to energy-dense diets, largely based on soybean, corn, and sugar commodity crops. Processed foods containing refined grains, added sugars, and fats are firm fixtures of the global diet. The fact that they are inexpensive, easily available, and taste good only adds to their appeal among the world’s poor.

Some American food intellectuals believe rising commodity prices will reduce obesity rates. Faced with the rising cost of high fructose corn syrup, reports the New York Times, American families will switch to fresh vegetables and fruit and meat and milk from grass-fed animals. However, that is not the public health philosophy but the arrogance of privilege. Fresh produce and grass-fed beef have long been luxury goods, available only to the lucky few. Those lower down the social scale are more likely to subsist on sweets and fats that are energy-rich but nutrient-poor. Saving money on food translates into cheap empty calories and eating more. Far from being a lifestyle choice, obesity is the toxic byproduct of economic distress.

Energy-dense foods account for a substantial proportion of disposable incomes and are selectively consumed by the poor. When their prices rise, there is potential for observing real-life Giffen behaviour - increased demand even as prices rise. Global scarcity of sugar and fat may paradoxically lead to increased consumption and higher obesity rates, since the healthier food options will be completely out of reach. Far from reducing obesity rates, rising commodity prices have the potential to spark a global health crisis and political and societal unrest.

High prices for food strike at the fundamentals of human existence. The recent rise in food prices has been accompanied by heightened public awareness and media coverage. The BBC News website has included an article on growing your own wheat (through to milling and bread making).

I’m not suggesting that the situation is equivalent to post global conflict but sentiments of that time do have resonance with today. After the Second World War there was a need to ‘do something’ about high food prices. This led to governmental support for domestic agriculture. Is this chiming with the rise of today’s food security debate? In the post war period the rationing was one of the first peace dividends. Yet the high prices for food had caused this measure to be reconsidered. It is impossible to foresee rationing returning - but what is happening in our current situation? We see countries from Russia to India and Indonesia applying direct controls or punitive tariffs to restrict export volumes and thereby limit price rises. Wither WTO now?

As retailers we see the need to ensure that our supply chains are effective and efficient. Price volatility causes customer faith to be undermined. Our understanding of supply chains enables us to mitigate and minimise price rises to customers; the raw material costs of products are a small component of a retail product. Customers have the opportunities to trade within our food offers. This isn’t about choosing the cheapest product but it may bring about a higher value assigned to higher cost products.
Why do high food prices matter?

In 2005, Age Concern estimated that the minimum weekly income for healthy living needed by an older person in the UK was £122.70. This included £32.30 for food plus housing, healthcare, a limited social life, transport and clothing. The 2008 pension is £90.70 per week, still not enough to meet the requirements for a healthy lifestyle of 2005. Increasing food prices matter. They are exacerbating an already frightening situation for many living on low incomes.

In the UK, people still struggle to access healthy, affordable food. It is those who live on restricted budgets who will once again be disadvantaged as their already tight budgets prevent them from absorbing changes. The problem is that increasing food prices are often inextricably linked to other rising costs such as fuel, transport or housing. First time buyers feel the squeeze, low income and shift workers rely on increasing transport costs and older people already experience fuel poverty due to woefully inadequate winter payments. When all is said and done, the amount spent on food remains the only flexible part of many people’s budgets. Add to this the rising cost of food and we are looking at the very real possibility of increased food insecurity, poor nutrition and resulting ill health.

Fundamental changes in the food system are necessary and inevitable in order to ensure adequate income for farmers and move away from our damaging dependence on unsustainable practices. However, this needs to be tempered with good sense and take into account the needs of whole population, not to be driven by inflation and competition.

The current and extreme increases and volatility in soft commodity prices across the world, together with the apparent inability of primary producers to extract a higher selling price for pork in the marketplace, are causing some major problems in the pig production sector. Productive capacity is being reduced, (much never to be reinstated), and many individual businesses are closing down. However, its impact on society as a whole will ultimately be more far reaching and will need to be the focus of policymakers’ attention.

The UK is often described as a ‘sophisticated’ and ‘developed’ economy. Yet, in this economy it would appear that, for something even as fundamentally important as food, the only mechanism to achieve an increase in price, to help cover unprecedented and uncontrollable increases in raw material prices, is to reduce productive capacity to below the level of demand/need.

Some mechanism, some sophisticated economy!

With food price inflation now a reality for probably the first time in over a generation, and shortages of some categories a distinct possibility, it is clear that the solution will only be found in a completely new paradigm for effectively managing food supply across the world.

Higher food prices are inevitable and, in many instances, long overdue. What a new model needs to address is a mechanism to allow primary producers to receive a ‘fair’ portion of the retail price which will in turn help mitigate future price volatility and supply shortages.

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Food prices
What are they?

This may seem a facile question, but there is an important distinction between the prices people pay for food products in the shops and the internationally traded prices of agricultural commodities, such as wheat, sugar, maize, rice and coffee. Media coverage has described both as ‘food prices’ Of recent concern is last year’s substantial, and largely unexpected, surge in international agricultural commodity prices, particularly grain prices. The extent to which this is reflected in consumer food prices depends on the degree of value added (processing, distribution and marketing costs), along with structural relationships in the food chain.

The degree of value added of course varies across the globe, with commodity prices more closely aligned with consumer food prices in lower income countries. In contrast, in the UK, estimates for 2007 suggest that only about 18% of the retail price of cereal products (bread, biscuits, breakfast cereals) was accounted for by the price of wheat, and an astonishing 50% attributed to ‘marketing’ (that’s packaging, advertising, retail margins).

Livestock production can be viewed as a kind of commodity processing, particularly grain fed pigs and poultry. Here the initial pain of rising commodity prices is felt by the livestock producer. Because of the way livestock markets work, it is only when the rising cost of animal feed makes production at prevailing livestock prices so unprofitable as to lead many producers to curtail or cease production, that reduced supplies push up consumer prices - and people eat less meat.

Do they matter?

Another facile question? “Of course they do. People have to eat to stay alive and an increase in food prices must involve serious problems of nutrition, particularly for low income consumers”. In fact, in most societies, people do not eat much less (or even ‘less well’) when food prices go up - they buy less of other things; their ‘real incomes’ are reduced. And because of ‘Engel’s Law’ (proportion of income which goes on food declines as household income rises) this impacts most severely on low income families (and in low income countries.). This is the real issue in food prices, and why rising food prices cause more concern than other price rises, and in severe cases can lead to civil unrest, as recently experienced in Mexico, Egypt, West Africa and Bangladesh.

There is a corollary here. The main benefit of consumer food subsidies is to improve the real incomes of low income households - not nutrition. When, in the mid 1970s, the UK government introduced a programme of food subsidies, the products chosen for subsidies (bread, butter, sugar, tea, cheese) had either or both of two attributes. First, low income households purchased more than high income households; second, consumption was very inflexible to price change, so that the main benefit was received by an increase in the real incomes of lower income households. Food subsidies do not work if they cause people to buy lots more of the subsidised products.

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The cost of food

Another potential area of confusion is between cost of food and the cost of production. Two years ago, British farmers were selling their 2005 wheat harvest at about £65 a tonne. Economists at Cambridge calculated that, at that price, about 25% of the wheat harvest was selling at less than the production cost and there was an expectation that many growers would choose to withdraw from grain production until prices recovered. Today they are selling the 2007 harvest for £170. This does not mean that production costs have doubled. But it does mean that, throughout the world, it has become profitable to grow wheat on land which previously belonged to the ‘price below cost’ category. A basic tenet of market economics is that, when markets are in equilibrium, prices reflect cost of production at the margin. A world record crop is now forecast for 2008; the UK planted area is up 13%, the Ukraine 12%; and 6% throughout the EU.

These worldwide variations in agricultural production costs are mainly due to land fertility. But production costs also vary on account of farming practice - and in particular the degree to which the consumer food product incorporates ‘environmental’ goods associated with, for example, sustainable land management and sensitive animal husbandry. An example is of course organic food products, for which, in Western Europe, to take one example, price premiums averaged (in 2002) as much as 100% at the farm gate for wheat, and 40% at retail for bread. Many commentators have tended to use the term ‘cheap food’ to refer to bench mark products derived from intensive agricultural production perhaps ‘exploiting’ cheap labour and equated ‘dear food’ with quality ethical produce. But what happens to dear food if cheap food becomes

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Food prices
What are they?

dear? Organic arable production does not become any more costly just because international cereal prices have soared and the most likely outcome is similar price premiums in absolute (but not percentage) terms. Organic livestock producers will face a similar rise in feed costs, but other aspects of the higher cost of organic livestock will not be affected - so we might expect the consumer price of organic milk and meat to sustain similar absolute price premiums. Thus ‘quality’ food may appear less expensive relative to the rest of the market.

A widely expressed view has been that the world commodity price explosion threatens the future of environmentally sensitive agriculture production because of the need for intensive production to meet growing world demand; but from a consumer perspective the relative price position of quality produce may improve. Several studies in different European countries indicate a substantial proportion of consumers expressing a willingness to buy organic products, but only at low price premium, always viewed in percentage terms.

High prices or rising prices?
The adverse impact of high food prices on low income families applies irrespective of whether the comparison is with last year’s prices or some feasible set of lower prices. But rising prices are experienced and therefore seem much worse than the rather nebulous concept that prices could be lower in the absence of trade controls.

An agricultural policy which sustains high farm product prices can be constructed in such a way that it protects consumers from international price shocks.

Go back 15 years and the minimum import price for grain into the EU was more than double international prices. A mini boom in international grain prices in the mid 1990s had no impact at all on EU food prices.

At that time, Consumer Association estimates put the UK prices of butter and sugar at about 300% of international traded values, 200% for cheese, and 150% for beef.

Agricultural economists estimate that the price raising impact of the CAP in the UK was equivalent to about a 15% value added tax if averaged across all food purchases.

Go back further to the mid 1970s and the world experienced a surge in international commodity prices comparable to that of today, during a period which became known as the ‘world food crisis’. At the beginning of 1973, the international price of wheat, having been remarkably stable for about 15 years at around $60 a tonne (declining steadily in real terms) suddenly took off and reached (briefly) $210 by the end of the year.

There is paradox about food prices - acclimatise consumers to (unnecessarily) high prices, and you immunise them against the pain of sudden increases

During 1974 and 1975 prices moved erratically but fell eventually to $100. In 1978 they recommenced their long term decline in real terms. But only for a short period, and by a relatively small amount, did international traded prices move above CAP minimum import prices - and the (then) EEC introduced export taxes to prevent internal prices in Western Europe moving up.

Food consumers in Western Europe were largely insulated from the rise in international food prices and, without the reform of the CAP, this would also be the case today. So there is another paradox about food prices - acclimatise consumers to (unnecessarily) high prices, and you immunise them against the pain of sudden increases.

What next?
Whatever you might read in the press, or elsewhere in this magazine, the fact of the matter is that we do not know. However, we do need to separate out the forces which make agricultural commodity prices prone to sudden explosion - essentially 'bad harvests' hitting inflexible demand - and those that influence the longer term trend in agricultural commodity prices relative to the prices of other traded products.

After a jump in 2004, world wheat production has fallen for three successive years and in 2007 was less than 10 years ago. Declining stocks sustained consumption (and restrained prices) until last year.

The longer term trend in real international grain prices represents a kind of battle between technological advance in agriculture stimulating increased supply and population and income growth increasing demand. For 60 years, supply has tended to win. A number of factors are leading some to question whether this will continue to be the case.

Perhaps we are reaching the genetic potential of crops - the annual increase in European crop yields has levelled off over the past 10 years; climate change may on balance have a negative impact on agriculture; and we may experience increasing problems of land and water shortage. Meanwhile, many believe that the pace of the growth in demand may be quickening. The important feature of recent income growth is not that it is causing people to eat more; but that very large numbers of people in Asia with relatively low incomes, have experienced income growth which has changed their diets to a much less efficient way of consuming grain. And biofuels have created a new, additional demand for agricultural commodities.

Unlike traditional supply shocks, none of these things happen overnight and on their own do not cause prices to explode. The most likely future is one in which, over the next two years, international commodity prices will move erratically downwards, as production responds to current incentives. At the time of writing, it looks like wheat prices have already begun their descent.

Here is a forecast. In Summer 2010, wheat prices will be at about £100 a tonne; but the long term trend in grain prices will have reversed and commenced a progressive rise in real terms.
Wheat prices have become a source of dramatic stories about the rising cost of living. Non-organic feed wheat prices have increased by almost 300% in two years - from a low of around £60 a tonne in February 2006 to £180 in February 2008. Organic prices have risen more slowly and by less - roughly doubling from £150 to £300 a tonne over the same period. Future prices are a little lower, with wheat selling in November 2008 at around £150 a tonne, and at about £140 in November 2009.

Despite the media hype, it is unclear whether these price increases represent looming food shortages, or a speculation-fuelled price bubble about to burst. A few commentators are suggesting that the only thing this surge shows is that the financial community is rushing from one oversold opportunity to the next.

I believe that wheat price rises were only partly driven by real factors, including poor harvests across Europe and the Ukraine in 2007, and increased demand in North America because of the crazy biofuels subsidies. Last year saw the drought-hit Australian harvest, and increased demand from China and India remains a constant. But the increase in prices has also been driven partly by speculation from investors carried away with scare stories. The bubble could burst as early as this summer.

Projections are for a record high wheat harvest this year (see table). Plantings are massively up in response to higher prices. The International Grains Council (IGC) and HGCA say: “For the 2008/2009 crop, the IGC’s January estimate is for a record 642 M t, based on a global planted area of 220.6 M ha (the largest since 1988)”. In February it raised the forecast to a record 646 M t, due to the reduction in set-aside in the EU, good weather in Canada and the US and mild temperatures in Russia and the Ukraine.

Many forget that production of most agricultural crops can increase rapidly in response to market signals, and there is a huge amount of productive land lying under-utilised. Those who farmed this land were driven out of production by low prices of commodity crops caused by huge farming subsidies. Today’s high price makes it economic to plant again.

However, what will not be produced in record quantities in 2008 is oil. The price is high, and will continue to rise meaning input costs for non-organic wheat growers will remain high. When wheat sold at £60-70 per tonne, the most efficient UK cereal farmers needed around £68 a tonne for feed wheat to cover costs. With increased cost of diesel and artificial nitrogen fertiliser, they now need at least £115 a tonne to break even. If the world has a record-breaking harvest this year, the price could fall as fast as it rose.

I don’t think my organic cereal prices will drop much, despite a predicted record non-organic harvest this year. Why? First, because organic cereal prices rose less, and more slowly, than non-organic. Second, it takes at least three years to produce a lot more organic wheat. Third, the high non-organic prices are slowing conversion of arable farmers to organic.

This is a short-term view. In the medium term, oil and gas prices will remain high and biofuel demand will either continue to shift to sugar cane and palm oil or drop away completely, but non-organic wheat will stay pricey. Organic will become relatively less expensive, and demand will continue to rise. With a steady increase in demand coming from consumers, rather than either speculative forward purchases or highly subsidised biofuel-driven demand, organic farmers are in a strong position. Even some reduction in the rate of growth of demand for organic food could be helpful, as UK production is failing to keep pace with increasing demand.

More fundamental changes are coming, as recent reports have made clear. The requirement for 80% cuts in greenhouse gas emissions from farming, and the increased cost and scarcity of oil and natural gas will force huge changes in farming. Diet-related ill-health and the obesity crisis will require massive changes in diets worldwide. For healthy and climate-friendly farming and food systems, we need seasonal, local, organic food; less processed and more whole foods; less but organic dairy and meat - with an emphasis on grass fed cattle and sheep.

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Refining UK food security
Prices, capacity and sustainability

The rapid rises in food prices in 2007 and 2008 have sparked social and political unrest from Mexico to Italy, Indonesia to Egypt, and Haiti to Argentina. Social protests give governments a clear reminder that an adequate food supply is fundamentally important for political stability. National governments have responded with a range of measures, reducing import tariffs, capping domestic prices and applying export tariffs in some producing countries to reduce prices (causing further protest from some producers). Others, such as Malaysia, are seeking to increase their own food supply.

These concerns about national food security have been one consequence of the current price peak. Equally important has been the impact on food security at the household level amongst the poorest and most vulnerable, notably, but not exclusively, in less developed countries.

The focus of work and debate on food security, in academia and in development policy, has been around the household level in these countries and regions, with the focus on finding appropriate means of social protection for those most vulnerable. In recent years there has been adequate food supply for the world’s population, yet around 850 million people remain hungry.

Structural challenge

Underlying the short term causes of the current price rises are longer term factors. The combination of these factors suggests the world faces a more structural challenge to the price of food and the adequacy of its supply.

There are seven key converging factors. The overarching one is climate change, which will have potentially far reaching consequences for food production and supply, not least upon the reliability of harvests.

Second is falling oil reserves. This will cause oil prices to rise, affecting the costs of energy use along the food supply chain across the entire life cycle of food products from agri-chemical inputs to transportation.

Water shortages, their location, and the consequences of embedded water in food products, are the other key input factors. The use of land, including increasing competition for land from biofuels and urban spread, and maintaining the productive qualities of the land such as soil quality, is a fourth factor.

Fifth, an often overlooked input is that of labour - in terms of an adequate skill base and of costs. The current lower costs of our food supply are based on reservoirs of low-paid, often transitory, labour.

Sixth, are demographic pressures on the adequacy of our current food supply, from a growing and increasingly urban world population.

Rising affluence in expanding population centres means that the so-called BRIC countries (Brazil, Russia, India and China) are witnessing a ‘nutrition transition’ to a more meat and dairy protein and fat based diet, on a huge scale.

Finally, there are the increasing costs associated with the types of consumption emanating from our contemporary food supply and this growing affluence, in terms of ill health and diet-related diseases. The basic contention here is that the combination of these factors demands a serious rethink of the future of our food supply - a rethink that goes beyond the current food price rises and is linked into wider debates about sustainable development policy.

National food security

At the Centre for Food Policy we have been looking at emerging debates around national food security in the UK and asking how they could better fit the sustainable development agenda. We have mapped UK stakeholders’ perceptions of our national food security and the sustainability of our food supply. The timeliness of this study has been reinforced by the food price rises and supply instabilities occurring over the course of the project, which started last year and concludes this summer.

When we use the term ‘national food security’ in policy debates at the national level, in developed countries, it is a world away from the focus on how food security affects the poorest households in developing countries. This is despite the presence of food poverty in some households in the developed world.

The usual priority for national food security discourse is to say that a nation state must be sure of its ability to provide an adequate and stable food supply for its population.

For the UK, this has been based upon its role in the centre of international trade for the past 150 years. Yet there have been periods of severe dislocation of supply, where the UK state has stepped in to micro-manage supply, notably during times of crisis in the latter years of the First World War and during the Second World War.

It was the latter experience and post-war austerity that informed an era of productionism in agriculture and food production in the UK and Western Europe, underpinned by national policies and European Community’s (EC) Common Agriculture Policy. For the UK, accession to the EC led to the highest levels of food self-sufficiency (based on market value) in the 1980s - at around 75% for all food and 86% plus for indigenous type food - since before the repeal of the Corn Laws. However, this high level has subsequently fallen to 58.1% for all food and 71.5% for indigenous type food in 2006. Since 1995 there has been a drop of 23% UK self-sufficiency for all food.
Refining UK food security

Business as usual?

The debate around food security in the UK is essentially about food capacity - that is food production capacity, with some emphasizing environmental limitations. However, there are different angles on this.

For the UK government, the approach is business as usual. Examples include the joint HM Treasury & Defra 'Vision for the CAP' (2005) and Defra's 'Food security in the UK' (2006) - although subsequent events are leading to a re-think across Whitehall.

Meanwhile, concerns over the resilience of food supplies in the changing global geo-political environment are the focus of an ongoing study by Chatham House and have been expressed by the Conservative Party. Since 2003 there has also been interest in the commercial needs of UK producers, as noted by the Commercial Farmers Group of medium-sized commodity producers. Overlapping with this has been a defence of the rural fabric and its economic base. At the more extreme end are the protest activities of the Farmers for Action group. And within the environmental movement, some argue for a 'retreat to localism' in food production.

Fundamental challenges to food supply

The seven fundamental challenges to world food supply have led us to suggest aligning the notion of UK food capacity with current government policy priorities for sustainable development. This could start with the ‘triple bottom line’ of economic, environmental and social sustainability.

The economic dimension is about productive capacity, whereby policy needs to pay attention to the UK production base and the governance of the supply chain.

Thinking about social aspects highlights the importance of factors that affect our capacity to consume, for example diet-related public health, and that tackle a low price/cheap food culture.

Bridging the economic and the social are the needs to foster the UK’s food and farming labour skills base, and to support research and innovation in sustainable production systems.

The environmental dimension is about the environment’s and the land’s load-bearing capacity for food production, as well as about the impact our food supply has on the environment, including biodiversity, soil, water, and the climate.

Addressing UK food capacity demands policy approaches that think through complexities and confusions in our food supply and that build ecology and sustainable development into all food supply chain sectors - not just production.

In the case of consumption, efforts will be needed to help reconnect consumers with issues they are currently out of touch with or actively ignoring. The state and government have a key role in leading these efforts.

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Food security is a question of quality as well as quantity

We face several food crises at once. The highest profile is the rising price of basic commodities and resulting protests in poor countries. This is systemically linked with others: the rise in food-related disease like obesity or the environmental unsustainability of global food production. These crises confront us with two ethical problems.

The first is social justice. Generally, higher food prices mean that poorer people can afford less (good) food - often just one meal a day. A just global system would ensure food is affordable and available in sufficient quantities to the poor.

Some argue that higher prices give poor farmers in the south more cash for their crops, but this is doubtful because of their weak power position compared to other stakeholders in international food chains. It also presupposes that food is merely a commodity, like fuel, that can be traded like any other, and that should be produced according to comparative advantages in a free market. This is a serious mistake that many governments make.

And that brings us to the second problem: these crises challenge our views of what it means to live a good life. Food is an identity good and a special public good, incorporating a mosaic of values and interests – food security is about the qualities of food, not just its quantity. Our food habits in the west - our ‘foodstyle’ - is shown to be unsustainable, unhealthy and inhumane.

What would a better foodstyle look like? Does it mean skipping meat, only eating local food, consuming less and being as sober as possible? I doubt it is that simple: meat can be produced sustainably and banning it would be an affront to people’s autonomy; trade can be a real boost for farmers in the global South; we wouldn’t want to eat less fruit and veg; and if we want food once again to be a source of enjoyment, delight, sociality and connection with nature, then sobriety would be counterproductive.

Instead of laying down strict new ethical norms, we need to appreciate that food production and consumption are different everywhere – the application of ethical norms is an experiment and a thing of deliberation. Governments, the food industry and all stakeholders need to strive for more deliberation and consultation with consumers right along the food chain. Conscious consumers could bring a revolution in education, health and economics by acknowledging that food is not just commodity but also a luxury item to be cared for and a source of delight. Consumers could, with the help of information technologies and responsible food science, reconnect again with the food chain.
There are winners and losers from surging food commodity prices. Low-income consumers and food deficit countries are facing poverty and hunger. Owners of farmland, suppliers of inputs, and traders will clearly come out ahead. Some farmers will win, though rising costs of inputs such as fertilizer, fuel and feed will eat away at profits, and supermarkets will make big demands of suppliers to keep food prices down. Some farmers and pastoralists will lose, especially where high prices create competition for land. Many rural households in developing countries are net buyers of staples.

But what is the effect on the environment? Will high prices push agriculture further and faster into fragile and important habitats? Will farmers work their land harder, at the expense of crop rotations, soil and water quality, wildlife and global stocks of carbon?

The first signs from Europe and the US are pointing in that direction. A massive conversion of grasslands to arable crops is underway, in response to the boom in agricultural commodities and biofuels. US farmers this year will be able to plant on more than one million hectares of environmentally sensitive land formerly held in the Conservation Reserve Programme (CRP), which has become an important reserve for wildlife. The new US Farm Bill may reduce nationwide CRP enrolment by as many as three million hectares. In the EU, the equivalent set-aside programme has been set at zero for the 2008 harvest year, and the abolition of set-aside across Europe is likely to be made permanent. Neither US nor EU member states have yet put strong safeguards in place to prevent the gains in conservation from being reversed.

The global fertiliser market is expected to grow significantly. The expansion in maize production across the US Corn Belt means an inevitable extra loading of nitrogen fertiliser to the Mississippi River and risks another increase in the size of the ‘Dead Zone’ in the Gulf of Mexico.

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Is the environment another loser from high food commodity prices?

Deforestation of the Amazon has picked up again after years of decline, with 3,235 sq km reported lost in the last five months of 2007. The finger is being pointed at Brazil’s record soybean crop. The role of soy in forest conversion is complex -- the impact of high soy prices is more about driving up the value of long-term deforested land, encouraging cattle ranchers to sell their pastures and to clear more land. Recently, however, the clearing of forest directly for mechanised soy production is reported to have become a significant force, and the rate of conversion in the state of Mato Grosso is linked to soybean prices. Ironically, the attractiveness of soy in Brazil seems to have been partly a knock-on effect of US farmers shifting into maize for ethanol production.

There is a clearer correlation between soy prices and the conversion of the Brazilian cerrado savannah. A further 18 million hectares of existing cerrado can be converted into cropland, a process which has followed behind developments in soybean plant breeding and agronomy.

The march of oil palm plantations closely behind the rapid deforestation of Sumatra and Kalimantan - which releases vast quantities of carbon (converting the forests and peat swamps of just one Sumatran province into pulpwod and palm oil plantations releases annual greenhouse gas emissions greater than those of the Netherlands, according to a recent WWF report) is another case of commodity prices driving up the value of deforested land. The marginal benefits from agriculture are much higher than those from intact forest, and at present there is little incentive for farmers or governments to maintain forests for the carbon value of the standing trees. This is a nonsense when viewed through the lens of environmental economics. The carbon losses due to forest conversion vastly exceed the carbon sequestration from plantations or any resulting biofuel production.

But the story is not entirely one-sided, and rising commodity prices will likely have a mixed impact on the environment. Some profitable years for farming, after decades of falling prices, can allow investments in farming practices for sustainable intensification, so that water, soils and wildlife can be better protected. The same logic can apply to shifting agriculture in the tropics, where higher prices can encourage farmers to invest in existing lands instead of converting more forest for agriculture.

How can sustainable intensification become the norm, so commodity prices can be disconnected from environmental harm?

First, there is a need for policies that can provide some stability to prices - especially a rebuilding of grain inventories, and regulation of commodity exchanges.

Second, there is the perennial need to confer security of property rights and provide access to credit, as poor access to credit and insecure land tenure encourages extractive farming practices and land clearance as a means of attaining rights to the land.

Third, there are market tools which can tip the scales away from conversion of high-value forests, especially voluntary carbon markets for avoided deforestation. Eight nations successfully campaigned at the UN post-Kyoto talks in Bali for the inclusion of forest credits, resulting in the ‘REDD’ programme (Reduction of Emissions from Deforestation in Developing Countries). The renegotiation of the Kyoto Protocol looks increasingly likely to include avoided deforestation in the flexibility mechanisms.

Fourth, is a need to rethink biofuels policies and challenge the vested interest that have gathered around subsidies and mandated targets. While the impact of biofuels on current commodity prices is often exaggerated, it is irresponsible in the extreme for the EU to persist with its target of 10% of road transport fuel from crops and biomass by 2020, and for the US to continue heavy subsidies for domestic ethanol producers, in the face of a crisis of food insecurity.

The push must be for second generation fuels which do not compete with agriculture and water. We also have to be careful not to miss the connections - if we convert ‘previously degraded’, ‘previously deforested’ or ‘under-utilised’ land to biofuels, this can displace fodder and food crops into virgin forest land.

Fifth, food manufacturers and retailers must ask tougher questions about where their commodities are sourced. A plethora of multi-stakeholder processes have been convened - usually with agribusiness and conservationists at the centre - to create market incentives for sustainable commodity production.

Although some of these processes have much room for improvement - there is much evidence that voluntary initiatives work best to reinforce good practice and are much less effective at tackling worst practice - they can offer good prospects of building business-to-business trade in commodities such as soy, palm oil, sugar and biofuels which originate from legal production and good agricultural practices.

And, lastly, this is a clear signal to governments - if ever one was needed - to reinvest in agriculture, after years of decline.
What is going on?

Hardly a day has passed in the past few months when high food prices, and the political and humanitarian consequences of those prices, have not been in the news. A flurry of tariff reductions has greeted the crisis. The World Bank reports that at least 24 countries have reduced tariffs and/or value-added taxes on imports. Yet even as the tariffs fall, some governments in the major exporting countries have imposed or raised export taxes on food commodity exports.

An April briefing from the International Food Policy Research Institute lists Argentina, Bolivia, Cambodia, China, Egypt, Ethiopia, India, Indonesia, Kazakhstan, Mexico, Morocco, Russia, Thailand, Ukraine, Venezuela, and Vietnam as countries that have restricted food exports, imposed price controls on food, or both. Trade economists’ ideal of a single world market requires both importers and exporters to be ready to trade at all times, regardless of political pressures at home. In the real world, of course, this is impossible. Governments must at least be seen to be doing everything possible to protect their people from hunger, regardless of trade obligations.

Some analysts have used the crisis to argue in favour of the conclusion of the Doha Agenda. With tariffs falling anyway, and the need for income support programmes reduced by high world prices, the moment is judged propitious to lock in change through new multilateral trade rules. Given the experience of the past decade, such confidence is bewildering.

Further opening up agricultural markets is likely to increase volatility of agricultural prices. At the national level, governments’ ability to support agricultural production using direct interventions in markets has been significantly reduced over the past two decades. Structural adjustment programmes and international trade agreements have curtailed governments’ ability to manage commodity production and trade. Tools previously available to help increase production in times of scarcity, to even out supply between bountiful and less good years, or to help producers adapt to changing production constraints, are more expensive or banned under existing trade and investment agreements.

Trade liberalisation and the neglect of domestic agriculture have increased the dependence of net food importing developing countries dependence on food imports. Today, these countries pay more than ever for the food they import to meet their populations’ needs.

World markets in many crops remain a small fraction of total production yet the rules that govern world markets have disrupted the much larger share of food production that is for domestic markets.

Rather than establishing fairer markets, multilateral trade rules have strengthened the position of the most powerful players in the food system, particularly transnational agri-businesses. These firms have thrived on market deregulation. In many places, they have pushed small and diversified growers out of the markets in their bid to establish stable and homogenous suppliers for their processors. Cargill announced in April that third quarter profits rose 86% to US$1.03 billion.

Price rises could boost animal welfare

The ethical argument for why we should treat animals better has been well established; they are sentient and we have a duty to animals in our care. Some argue that the animal welfare focus is limited to when times are good and we can afford to extend our sympathy beyond ourselves. This is an economically flawed argument. As the cost of food rises above the rate of inflation there will be effects both at the producer and consumer ends of the food chain.

At the production end the value of the individual animal increases relative to farmers’ incomes, so the relative costs of mortalities and underperformance increases. Every animal represents a higher investment, so husbandry becomes more of an economic driver within the farm business than where the animals have a lower value.

This is seen all over the world – livestock farmers living on peasant incomes demonstrating high levels of care for their stock. Poor animal welfare in these systems comes as a result of poor education and lack of access to modern technologies and veterinary medicines, not as a result of the commoditisation of their livestock.

At the other end of the food chain, rising food costs will force consumers to ‘value’ food once again, as it becomes an increasing part of their expenditure. As with all discretionary spend items, the more they cost the more consumers focus on quality.

The main driver for better quality food is people’s desire for better – not just more - food. The link between good quality meat and good animal welfare is well established.

The same is true for animal health: healthier animals protect the producer’s investment. There is a strong argument that the rise in food prices will be good for animal welfare.

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Will free trade solve the food crisis?

Is free trade a solution?
At the April 2008 spring meetings of the IMF and World Bank, the WTO Director General, Pascal Lamy, said, “In this period of increased financial uncertainty around the world, the rules-based trading system of the WTO provides a hugely important source of economic stability for governments, for business and for consumers”.

Yet the global food crisis is a clear example of how the rules have failed. The Doha Agenda is not the answer. The WTO has no mandate even to discuss, let alone tackle, the major sources of uncertainty in the food system. In the following list of problems causing rapid food inflation - climate change, natural resource depletion, the quadrupling of oil prices, the lack of competition in world commodity markets, speculation on commodity exchanges, the rapid expansion of biofuels production, hoarding supplies - the WTO has nothing to say or actually worsens the problem with its rules pushing deregulation and increased international trade.

However many WTO rules there are in the world, they won’t hold when a crisis really hits. How did Malawi pull out of chronic food shortages? By ignoring the advice of its creditors (particularly the World Bank) and reintroducing subsidies to fertilizers, so as to boost production. Global trade benefits immeasurably from clear, strong rules. All commercial transactions do. But those rules have to pay attention to social, environmental and political realities or they cannot last.

Most food trade takes place within national borders. World supply and demand have a powerful impact in these local markets, but the influence is effectively one-way. Governments must respond to the food crisis responsibly, and with due attention to multilateral concerns. Many of the world’s hungriest people depend on traded food for their next meal. But it is just as important that trade imperatives do not drive the debate. Strengthening domestic production and building resilient local markets should provide the building blocks for larger national, regional and global markets.

For agriculture, as for other sectors, the WTO has failed to provide the stability that is so evidently lacking in today’s food markets. The key to stability in food is public stocks, which are a whole lot more certain and predictable than the wave of export restrictions newly imposed in the face of popular protests in a number of countries. The world market in many foods is residual: most production is not traded and eroded ecosystems.

What should governments do?
An international panel of 400 or so contributors, meeting under UN auspices, released their report, the International Assessment of Agricultural Science and Technology for Development or IAASTD, on 15th April. In brief, the report calls for radical changes to modern agriculture to meet the challenges of hunger, climate change and increasingly fragile and eroded ecosystems.

The first step for governments should be to shape trade according to their country’s collective preferences. This requires enlarging national policy space, not least over trade and investment rules. Governments’ trade obligations should be determined by their commitments to protect and promote human rights, including the right to food, and to their commitments under environmental agreements, such as the Convention on Biological Diversity and Framework Convention on Climate Change.

The second objective should be to raise productivity, especially in Africa, where the potential gains, and need, are greatest. This does not mean fertiliser applications and more hybrid seeds, at least not at the core. It means redefining productivity to look at food output per acre rather than yield per plant, and investing in ecologically sound and socially just technologies. This will require public investment and planning, including in post-harvest storage, roads, and communications infrastructure. Developing countries should focus on opportunities to build local capital flows, to generate local jobs and maximize the potential ‘spill-over’ benefits in processing and services industries.

Third, public stocks need to be re-established, with planning for local, national and regional roles. Such stocks provide an important buffer against price spikes and food insecurity. Despite their cost (real and in lost theoretical market efficiency) they are an important strategy, especially for countries whose food security has come to rely on world markets. The world market will function better with the stability that well-managed stocks can provide.

Fourth, disciplines to curb speculative activity in food markets should be explored. Trading in commodities-derived financial instruments make prices more volatile. Volatile prices hurt producers and consumers alike. Regulations to control derivatives are essential if futures and options are to provide a usable risk management tool for producers and processors. Buyers should be able to manage price risks by purchasing futures contracts that have a transparent relation to real supplies. Farmers and smaller commodities buyers cannot afford to use futures contracts to manage price risks when commodities exchange prices are too heavily affected by speculative investors.

Fifth, bioenergy policies need to be designed so as not to undermine food security or the environment. Governments, especially in the largest energy consuming countries, need to pursue energy security based on a substantial reduction of their energy use. This requires a reorganisation of economies, including the agriculture sector, away from heavy dependence on fossil fuels and towards locally integrated markets.

These changes are not just possible; they are essential to the continuing viability of our food and agriculture system. The price crisis offers us the opportunity to re-engage the public sector in deliberate and far-sighted investment in ecologically sound and socially just outcomes. Let’s face it—would you like the market to decide whether you eat tonight?
Are there any Scouts out there?

Boy Scouts around the world know the motto: “Be Prepared”. Scouts are taught to identify the risks in a given situation and prepare themselves so they will not be surprised or endangered by a problem that may arise. When it comes to agricultural policy at the domestic and international levels, we have to ask, “Are there any Scouts out there?”

We ask that question because many of the factors that have resulted in the current spike in storable commodity prices - leading to food price increases and civil unrest around the world - are well known and should not surprise us. What we are seeing is not the result of the invasion of the body snatchers or some other B-movie alien threat; we should have been better prepared.

The world demand for all grains has outpaced production in seven of the last eight years and the cumulative shortfall amounts to 216 million tonnes. This shortfall is the equivalent of 80% of the 2006 corn harvest. To make things worse, 2000 and 2001 were years in which prices were extremely low. The rationale given to farmers for the low prices was that they were overproducing - even though the world production shortfall for those two years was 43 million tonnes.

For rice - the object of many of the riots - consumption has outpaced demand in four of the last eight years for a cumulative shortfall of 49 million tonnes. In none of the surplus production years did the surplus exceed 6.4 million tonnes, whereas in the in the production shortfall years the deficit ranged from 5 million tonnes to 27 million tonnes.

It has been argued that part of the tightness in the world grain market results from the growing middle class in developing countries like China and India. As the middle class increases, their diets shift from obtaining protein from vegetal products to obtaining it from animal sources. As the number of meat animals increase, the need for feed grains also increases.

However, this shift is gradual and agriculturalists have been talking about this growth in the demand for feed grains for more than a decade. In fact, the shift has been slower than expected. Ever since the passage of the 1996 Farm Bill in the US, farmers have been hoping that the growing developing country middle class would eat more grain-fed meat, sopping up excess grain production and lifting prices out of the doledrums they were in between 1997 and 2005.

There is no doubt that production problems in the wheat growing areas of Australia and the Ukraine have contributed to current uncertainties about the world’s grain supply. Weather-related production issues happen somewhere in the world every year and sometimes the problems are in major grain growing areas. Sometimes they can be severe enough to affect the world supply of grains. While the timing of production shortfalls is unpredictable, we can be certain that over a period of years they will occur.

We also know that once every 25 or 30 years, we experience a policy-driven spurt in demand. This may involve a war that interrupts normal production patterns (WWI and WWII), the decision of a government to import crops to meet an internal grain shortage (the Soviet Union in 1972), or US ethanol policy. The trigger of the policy driven spurt in grain demand may be a surprise, but it is no surprise that something like this happens every two or three decades.

All these - demand outpacing production, incremental increases in demand, weather or pest related production problems, and occasional policy-driven demand spurts - are known, foreseeable risks against which a Scout would know to Be Prepared.

And, in truth, we know how to Be Prepared. Moses knew how 2,500 years ago. The Chinese knew how and made appropriate public policy based preparations for 2,000 years. In the past 70 years, even US policy makers have occasionally been prepared.

What they all knew was that to be prepared for likely grain supply problems, there must be government grain storage programmes. Farmers and commercial firms can manage small intermittent supply issues, but it is not in their self-interest to maintain adequate supplies to meet inevitable, but time-uncertain severe problems in the supply of grains and even oilseeds.

Governments, on the other hand, have a vested interest in ensuring that their populace has access to an adequate supply of food. When they cannot care for their citizens, they often face civil unrest.

At the 1974 World Food Conference in Rome the assembled nations declared, “It is the common responsibility of the entire international community to ensure the availability at all times of adequate world supplies of basic food-stuffs by way of appropriate reserves”.

In the intervening years the responsibility for maintaining reserves was shifted to the private sector. In the current crisis we see the failure of that. Now may be the time to reopen the idea of establishing an international reserve “to ensure the availability of adequate world supplies of basic food-stuffs.”

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www.agpolicy.org
Towards a new World Food Programme?
Thinking beyond the current funding crisis

Food price rises have exacerbated hunger, increased poverty and provoked civil unrest. They have also helped reveal a black hole in the finances of the UN’s World Food Programme (WFP).

Josette Sheeran, WFP’s executive director, has said that against all the odds this situation could present donor countries with a unique opportunity to help make the WFP into an agency with an enhanced, more effective role to play. WFP is dependent on voluntary funding, and because donor countries worldwide are reeling from unforeseeable, massive increases in commodity prices, there are fewer funds available. Its established strategy of relying excessively on voluntary contributions in the form of unassured surplus commodities from some donor countries, especially the US, is another uncomfortable issue that needs to be recognised and addressed.

Food prices: an uncertain prospect

As we have seen elsewhere in this magazine, the short term outlook for food prices is highly uncertain. Views on the medium and long-term outlook appear divided. There are those who see an inherently higher supply elasticity due to input mobilisation, infrastructure investment and genetic improvements. Others are convinced that the fundamentals of agricultural resource use and production structures are undergoing a ‘permanent’ major shift (towards larger scale units, which are slower coming on stream and are ultimately less price responsive) and as a consequence food prices will stay high for at least a decade or more. The WFP’s own prognosis reflects this presumption.

But there is a risk of a sharp fall in prices and even the accumulation of what may prove to be transient surplus stocks. Because of the flow of highly speculative hedge funding into both hard and soft commodities as a safe home after the sub-prime mortgage debacle, movements in financial markets and the oil price are also key variables. A weakening oil price would reduce soft commodity prices, which in turn could cause an outflow of hedge funds, thus exacerbating any soft commodity price falls.

Meanwhile, it seems that OPEC now thinks the ‘proper’ price for oil is at least $100/barrel. Biofuels could experience volatility too, especially if there were a short term weakening of oil prices. This is a situation of extreme uncertainty, because so many inter-connected markets are currently ‘unstable’.

The problem of moral hazard

The way in which WFP has been funded leads to a problem of moral hazard. Their General Funds are perpetually undersubscribed, leading to a temptation to accept any contribution in kind to sustain the programme’s global presence. Unfortunately, some of these donor commitments reflect short-term availability of commodities that are contingent on low prices and high stocks levels.

WFP was set up to provide development food aid and relief on the presumption of continuing structural surpluses. This assumption broadly held from 1963 until 1972 and again from 1976 until the early 1990s. So long as there were structural surpluses, then a hand-to-mouth funding of long term development projects was feasible. However, if there is a global price spike or surpluses temporarily disappear then the development programme in particular is ever vulnerable to enforced cutbacks.

Donors with more flexible budgets then come under pressure to make up the difference, in effect confronted with the contingent liability to ensure continuation of the programme. This is what happened during the 1970s World Food Crisis (1973 -75) with European bilateral donors and the EU drawn into playing a larger role in sustaining WFP.

Two developments have exacerbated the problem of moral hazard. First, the considerable expansion of protracted relief operations (since the late 1980s) creates a portfolio of activities that are expected to continue for one or more years. So the funding crisis threatens these humanitarian activities too. Second, WFP persisted with an opportunistic strategy of accepting short-term commitments to launch longer term development projects.

This strategy is viable provided that the short-term funding in aggregate is relatively assured, as it was in the early days of the WFP. But it was not alone in failing to recognise the changing circumstances which undermined the long established surplus based resourcing strategy.

The availability of US surpluses, including cereals, vegetable oil and milk powder in 1998-99 was seen by one of the founding fathers of WFP, former Senator McGovern, as the opportunity to launch a food aid based food for education (FFE) and child nutrition initiative. This became the USDA organised McGovern-Dole initiative with initially annual budgeting commitments. USAID also promoted FFE initiatives using its food aid budget (PL480 Title II). The WFP along with US based NGOs were strongly encouraged to act as the channel for this programme, reliant on imported US commodities and processed foods.
Towards a new World Food Programme?

A constructive response to the funding crisis

In responding to the current crisis at WFP we need to ask hard questions.

Should DFID, the EC and like-minded donors provide additional support to sustain food-based development projects whose viability is partly threatened by the rising cost and decreasing availability of tied food aid?

Are existing projects actually the best vehicle for assisting poor households affected by the rising cost of and problems of access to food?

There are targeting issues. There are also practical issues of whether, for example, specific FFE and nutritional projects are easy to supply without guarantee, but costly, imports of processed food aid.

There may be better ways of helping the poor - for example providing budgetary areas. In future, the first issue to address countries worst affected by the food and processed food aid. oil price shock. This could ensure projects are easy to supply without example, specific FFE and nutritional affected by the rising cost of and

The second issue is this: should food-based assessment of humanitarian crises and organising assistance in whatever ways are appropriate.

Rethinking food aid

The crisis gives a genuine opportunity to rethink the role of food-based social safety nets and projects to promote investment in human capital by the poor in poorer communities and poorer areas. In future, the first issue to address should be whether food assistance is the appropriate way to provide social protection to the poor or promote human development.

The opportune moment to achieve lasting changes is in a crisis situation and we should grab this opportunity with both hands. In the tight markets of the mid-1990s, the UK and other EU states managed to transform food aid, cutting ties to internal agricultural policy.

Unfortunately, at an international level, impetus to bring about change within WFP weakened with the return of surpluses in 1998.9.

Emergency aid will always remain the humanitarian priority. Nevertheless, far more can be achieved with cash as more people work, live and buy their food in an urban or peri-urban cash based economy. Those affected by crises need to obtain water, soap, fuel, to replace or repair homes, equipment and clothing. WFP should take a lead in the needs-based assessment of humanitarian crises and organising assistance in whatever ways are appropriate.

WFP was set up to provide development food aid and relief on the presumption of continuing structural surpluses - if there is a global price spike then the development programme is ever vulnerable to cutbacks

Outside of emergencies, there are question marks over the wider role of food assistance. Clearly school meals can play an important role where there are already buildings, textbooks and trained teachers who are paid. However, this should be part of strengthening and widening educational opportunities for the poor. The basics of education will always have first claim on resources, and financial instruments may be a more effective and efficient way to provide incentives to attendance - fee waivers, free materials and even cash transfers to poor households.

The limits on agricultural production are being lifted everywhere. The draft US Farm Bill includes extra funding for agricultural support. Highly speculative fund flows have been mentioned. A correction is surely inevitable, but when? Since we cannot be sure, a real challenge is to think ahead of the curve and to avoid a return to business as usual.

The UK Government can have a serious input on these issues, as a substantial bilateral donor and member of the EU. It can work with WFP at country level to help ensure appropriate support to country programmes that are currently in jeopardy. But this must be conditional on a rapid reappraisal of the appropriateness of food assistance as a form of social protection to the poor affected by the current joint food and energy price shock, and developmentally effective and efficient sourcing of food assistance.

It can also deliver reassurance, particularly to the least developed countries, that the intention is to ensure that the real value of aid will be maintained or increased. This is central to ensuring proposals to make WFP more effective are successful.

The UK government should sustain efforts at an international level to end the trade and market distorting effects of food aid. If the Doha Development Round goes into hibernation, then the draft modalities for food aid proposed for eliminating trade distortion could still be taken up as the basis for a renegotiated Food Aid Convention, as well as limiting admissible forms of support to WFP.

It must show continued willingness to provide additional funding to WFP to facilitate changes in its programme, and above all, I would urge Britain, the EU and other like-minded donor countries to see this crisis as an opportunity for institutional renewal within the UN, including a rationalisation of overlapping mandates. For example a collective response to WFP’s 2008-2009 funding crisis could be associated with a statement of understanding about the institutional and strategy changes that were envisaged.

Based on written evidence submitted to the House of Commons International Development Committee in connection with its inquiry into The World Food Programme and Global Food Security

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Food at any price is not sustainable

Hunger, social divisions and environmental destruction will increase unless there are radical changes in the way agriculture is developed, practised and protected.

This is the stark conclusion of the first international assessment of agricultural knowledge, science and technology for development (IAASTD), published in April 2008, and sponsored by FAO, GEF, UNDP, UNEP, UNESCO, the World Bank and WHO.

It concludes that unless agriculture is fundamentally changed, it will not be possible to feed the projected 9 billion world population and sustain the planet. The levels of degradation of soils and water, to mention but two resources under threat, is alarming.

Recognising the threats, IAASTD confirms that biologically diverse “agroecological” farming and grazing methods, especially those that are practised sustainably by small-scale food producers, in particular women, makes agriculture more resilient, adaptive and capable of eliminating hunger and rural poverty. Even though these methods of crop and livestock production can help reduce hunger and inequality in the face of global warming and reverse environmental destruction, they are being virtually ignored in international research, agreements and programmes, which are now being re-branded in the white heat of the current food crisis, to promote of more of the same technical solutions that lie at the root of the social and ecological crisis.

The report confirms that policy and institutional failure has limited the use of sustainable practices; it could also be argued that this is the underlying reason why people are malnourished, farmers are poor and the price of food is rising. In particular, unfair trade agreements are identified as causes of current economic problems.

IAASTD acknowledges the importance of agricultural knowledge, science and technology to the multifunctionality of agriculture and its intersection with other local to global concerns, including loss of agricultural biodiversity and agroecosystem functions, climate change, and the concentration of ownership of land and water resources and the food chain.

These conclusions are, of course, not new. Any smallholder farmer organisation will say that this has been their message for decades; but their voices have been marginalised. What is new is that following four years of rigorous evidence gathering and analysis by scientists, IAASTD has confirmed the views of small-scale food providers and their organisations.

Four hundred natural and social scientists, biologists and economists, biotechnologists and anthropologists from all regions of the world worked on the assessment. Their report was peer reviewed twice. Furthermore, IAASTD was overseen by a 60 member Bureau made up of 30 governments, and the same number of public research bodies, the private sector and NGOs (including Practical Action).

Achieving sustainability and development goals will involve creating space for diverse voices and perspectives and a multiplicity of scientifically well-founded options, through, for example, the inclusion of social scientists in policy and practice of Agricultural Knowledge, Science and Technology. (IAASTD Key Finding #22)

The Bureau set the rules for the methodology, analysis and how to deal with any conflicts of interpretation of the evidence - which proved an important safeguard in the process of adopting the report - ensuring the authors’ views prevailed.

When Agricultural Knowledge, Science and Technology is developed and used creatively with active participation among various stakeholders across multiple scales, the misuse of natural capital can be reversed. A powerful tool for meeting development and sustainability goals resides in empowering farmers to innovatively manage soils, water, biological resources, pests, disease vectors, genetic diversity, and conserve natural resources in a culturally appropriate manner.

IAASTD Report, April 2008

The result is a report of over 2,000 pages which builds up to summaries, intensely negotiated line by line, of 22 Key Findings covering all aspects of food and agriculture policy, rural development and scientific research; and a Synthesis Report focusing on seven key themes ranging from bioenergy, trade and markets to traditional and local knowledge and community-based innovation.

While 57 governments approved the report, a few disagreed with specific wording in particular paragraphs and recorded their reservations. Australia, Canada and USA did not adopt all the conclusions nor the summary reports, variously citing concerns about the report’s findings on trade, transgenics and the imperative for fundamental change. At the time of going to press the UK had still not approved the report, with ministers having problems swallowing the IAASTD’s assessment of the failures of GM crops.

This assessment provides the evidence that donors, UN organisations, inter-governmental processes, research institutions, NGOs and others can use to justify why it is essential to transform agriculture, policy and institutions in order to realise vital social and sustainability goals concerning hunger, poverty, equity and the environment: essentially, to support food sovereignty. It will also help them with arguments about how to do this through increasing support for smallholder farmers who are producing affordable food in ways that are environmentally sustainable, while protecting them from the corporate-controlled, industrial food system.
Future farming

The most terrifying conversation I have ever had with a farmer ended with the words “It just isn’t worth doing anymore”. How can food production not be worth doing? It is undeniably one most vital of jobs in society, and it absolutely must be worth doing for all our sakes.

I have some suggestions that would help make food production worth it for producers. First off, how about paying our food ‘experts’ a decent wage – as we do our doctor, our dentist and other professionals. We should have as much respect for and understanding of the job our food producers do as our GP.

Next, let’s take a healthy interest in where the food is produced and – while we are at it – why not take into account the taste of the food and how well it nourishes us. If the food is grown locally then we can start to shave away transport and packaging costs and the costs associated with sales and marketing. Then we could give the money saved straight to our food expert toiling in the fields on behalf.

Or how about – even more radically – creating local initiatives throughout the land, where people grow and raise their own food to share? Communities of 100 or more families could grab the bull by the horns, rent some land, hire a food producer to lead the venture, and grow their own food direct from farm to fork. Imagine – a small effort in one place could combine with hundreds of other small efforts to bring about a huge change.

Where I live in Hampshire, we’ve done just that. We created a co-operative to try and produce as much of our daily diet as possible from fields and barns within our parish boundary, and we’re helping other communities do the same.

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book

reviews

The Acorn House cookbook
Arthur Potts Dawson | 2008 | Hodder and Stoughton
Part green manifesto, part cooks’ diary, this delightful book provides common-sense advice about how to grow, cook and eat sustainably. Arthur Potts Dawson is a man on a mission to persuade us all to grow our own fruit and vegetables, compost our waste and care for the environment. EB

Bioethics: an introduction for the biosciences (2nd ed)
Ben Mepham | 2008 | OUP
The first edition of Bioethics, by Food Ethics Council member Ben Mepham, is probably the most regularly referenced book in our office. As well as introducing the reader to key ethical concepts and tools, the book has chapters covering the biology of poverty, GM crops, nutrigenomics, functional foods, sustainability and precaution. Fully updated in line with changes in policy and science. TM

Fruits and plains: the horticultural transformation of America
Philip J Pauly | 2008 | Harvard University Press
A fascinating account of how horticulture has shaped the American environment over the past 250 years. Philip J. Pauly uses horticultural developments in the USA to retell the cultural history of the country and ultimately, describe a developing relationship between the land and its people. EB

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Report of the International Assessment of Agricultural Knowledge, Science and Technology for Development 2008 | IAASTD
A landmark statement on agricultural science and technology, this report is the product of an impressive process involving 400 experts and 800 stakeholders from around the world, backed by UN agencies and the World Bank. In contrast to the renewed spate of simplistic calls for GMOs and other technologies to tackle hunger in the face of food price rises, the IAASTD report provides a sharp, progressive analysis of science and technology policy needs. TM

Food insecurity, vulnerability and human rights failure
Basudeb Guha-Khasnobis, et al. (eds.) | 2007 | Palgrave Macmillan
Part of a collaboration between the Indian Council for Social Science Research, the United Nations FAO and the World Institute for Development Economics Research, this book takes a timely fresh look at food security and global hunger. Contributors use case studies to examine less well-known factors influencing food availability and accessibility. RF.

Sick planet: corporate food and medicine
Stan Cox | 2008 | Pluto Press
Stan Cox provides an informed and engaging commentary on what he calls our ‘sick, shrinking planet’. Drawing mainly on examples from the USA and India, Cox studies the effect which large food and medicine corporations – and capitalist economies more generally – are having upon our environment. RF.

Starved for science: how biotechnology is being kept out of Africa
Robert Paarlberg | 2008 | Harvard University Press
In ‘Starved for science’, Robert Paarlberg argues that rich sceptics in the West are denying Africa agricultural biotechnology, to the detriment of the continent’s poor farmers. This book jars with the IAASTD report. RF

Our latest publications

Flying food
Responsible retail in the face of uncertainty

Ethics
A toolkit for food businesses

Download these and more at www.foodethicscouncil.org
Here’s one way to ease the pressure on the world’s food supplies: eat less meat. Animals consume an ever increasing amount of the grain we grow, and the notoriously wasteful feed-to-meat ratio of livestock is even worse than it appears. Chickens, claimed to be relatively efficient at 2:1, actually eat more than that: the figures ignore the amount the parent and grandparent breeding flocks consume.

If you wish to ‘cut out the middle man’ and go veggie, or at least regard meat as a bit of a treat rather than an everyday assumption, how easy is it to really eat well at a restaurant?

The Riverside Studios is an arts centre with great film double-bills. Recently in need of wholesome sustenance between All About Eve and Whatever Happened to Baby Jane?, I was happy to find this café. They have a very simple idea for bar meals: platefuls of starters from around the world – mezze, kemia, tapas, antipasti and a thali. Each one, enough for a light supper, costs £6-8. If you have extra meat dishes, you pay a couple of quid more. The unobtrusive assumption is not towards meat, but the other way around.

The food was fresh and full of clear flavours. The dolmades were plump, the humus nutty, the manchego had a bit of poke and the piquillo croquettes were crisp and then oozy. The tabbouleh wasn’t as herby as homemade but then neither did it taste as if it had sat on a shelf for an age, as per usual. We tried almost all of them and they were all good - as was the mint tea made from fresh leaves.

The meal highlighted some of the problems with explicitly veggie food. These were honest dishes, true to the roots of their cuisines. But the night before, I went to a vegetarian restaurant that veered towards a plant version of fusion food, pretentious, over-involved, confusion-food. Good food usually has cultural roots: dishes evolved for good reasons, not least taste. When most cuisines are necessarily plant-based, why not go for what we know rather than inventing some bizarre new combo? (I won’t go into the pallid fatuity of the veggie sausage.)

And does cutting out meat necessarily lead to eco-nirvana? Supposing large numbers of people stop eating large amounts of meat (or never start), the land taken out of grain production may not be used in a sustainable way. Then there is the suitability of grazing in countries such as Britain. Grass-fed cattle and reasonable numbers of sheep (not the armies of four-footed lawnmowers that overgraze) bring biodiversity and a livelihood to traditional farmers. So I’ll keep enjoying good meat, though not every day, and in the meantime, like the Riverside, explore the centuries of cooking from all over the world that evolved before the era of factory farming and its greedy consumption of grain.

Hattie Ellis is a food writer and author of ‘Planet chicken: the shameful story of the bird on your plate’ (Sceptre)
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THE RIVERSIDE STUDIOS CAFÉ

Hammersmith, London

How I rate it
Overall: ****
Fairness: ***
Health: *****
Animals: n/a
Environment: ***
Taste: ****
Ambience: ****
Value for Money: *****

(maximum five stars)
forthcoming events

3rd - 6th Jun 08  The Royal Show
RASE | www.royalshow.org.uk | Warwickshire, UK

4th Jun 08  Resilient Culinary Cultures
Agriculture, Food & Human Values Society | www.afhvs.org | New Orleans, USA

4th Jun 08  Global Retailing 2008: New Horizons, Bright Ideas
IGD | www.igd.com | London, UK

11th - 13th Jun 08  Sustainable Irrigation
Wessex Institute of Technology UK | www.wessex.ac.uk | Alicante, Spain

16th - 17th Jun 08  A New Global Climate Deal? Achieving Real Collaboration for a Low Carbon Future
Chatham House | www.chathamhouse.org.uk/events | London, UK

18th Jun 08  Sustainable Distribution
IGD | www.igd.com | Birmingham, UK

18th - 20th Jun 08  IFOAM Organic World Congress: Cultivate the Future
IFOAM | www.ifoam.org/events | Modena, Italy

19th - 22nd Jun 08  Royal Highland Show
Royal Highland Centre | www.royalhighlandshow.org | Edinburgh, UK

25th - 27th Jun 08  International Scientific Conference on Agri-Food Business
IAMO | www.iamo.de | Halle, Germany

30 Jun 08  Growing Food for London
Sustain | www.sustainweb.org | London, UK

2nd - 6th Jul 08  Sustainable Agriculture for Food, Energy & Industry
ICSA | www.sgp.hokudai.ac.jp/ICSA2008 | Sapporo, Japan

2nd Jul 08  Ethical Food Choices: a Shopper Perspective
IGD | www.igd.com | Watford, UK

3rd Jul 08  Recent Advances in Animal Welfare Science
UFAW | www.ufaw.org.uk | Birmingham, UK

5th Jul 08  Continuous Picnic - Free Fresh Food Events All Day
London Festival of Architecture | http://continuouspicnic.blogspot.com | London

7th - 8th Jul 08  SHOES 6: Fat Chances - What is the Future for Health and Food?
Sandwell Health | www.sandwell-pct.nhs.uk | West Bromwich, UK

14th - 15th Jul 08  Food, Society & Public Health Conference
BSA Food Study Group | www.food-study-group.org.uk | London, UK

14th - 16th Jul 08  The British Society for Ethical Theory Conference
British Society for Ethical Theory | www.bset.org.uk/conf.html | Edinburgh, UK

3rd - 8th Sept 08  Ninth World Congress of Bioethics
UNESCO | www.bioethics2008rijeka.info | Rijeka and Opatija, Croatia

5th - 8th Sep 08  The End of Rationality? Challenge of Risks & Uncertainties in the 21st Century
ISA Forum on Sociology | www.isa-sociology.org/barcelona_2008 | Spain

16th - 18th Sept 08  Aquaculture Europe 2008: Resource Management
European Aquaculture Society | www.easonline.org | Krakow, Poland

17th - 19th Jul 08  A Green Economics Conference - Civilisation: the First 10,000 ears
Green Economics Institute | www.greeneconomics.org.uk | Oxford, UK

9th - 10th Oct 08  International Symposium - Bioethics of Science and Technologies
National Medical Academy of Postgraduate Education (NMAPE) | Kiev, Ukraine