



Florida High Schools Model United Nations

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AD HOC WORKING GROUP ON ADDRESSING THE GLOBAL FOOD PRICE CRISIS AND THE RIGHT TO FOOD

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Abstract: The international community faces its second oil and food price shock in the past three years, indicating that previous responses to these shocks were insufficient and/or incomplete. As food prices soar, many forms of economic activity and sustainable development will be adversely affected. The Ad Hoc Working Group on Addressing the Global Food Price Crisis and the Right to Food is tasked with addressing these complex global macroeconomic phenomena while simultaneously ensuring that all people and communities enjoy their internationally recognized right to food.

Introduction

Since 2008, concerns about rising fuel prices and impending financial meltdowns have dominated many news cycles, but the most potentially catastrophic global crisis involves rapid and sustained food price increases and disruptions to global food supplies and distribution networks. While food prices fell from these 2008 peaks throughout much of the world in 2009, global food prices began rising rapidly again during 2010 and 2011; by December 2010, the Food and Agriculture Organization's (FAO) food price index had already passed its previous record level achieved in June 2008.¹ Addressing global hunger and food insecurity was already a critical priority for the UN System and the international community before these recent food price increases, encapsulated as it is in the first of the Millennium Development Goals (MDGs). According to the UN's High-Level Task Force on the Global Food Crisis, approximately 854 million people were "estimated to be undernourished" before the 2008 price increases. As a result of these increases, however, approximately 100 million more people may face critical food insecurity, hunger, and poverty.² Creating and devising a comprehensive multistakeholder solution to the global food price crisis will require sustained commitments and political will on the part of national and local governments, international organizations including the UN System, non-governmental organizations (NGOs), food producers and food consumers.

¹ Food and Agriculture Organization (FAO), "FAO Initiative on Soaring Food Prices" 2011.

² UN High-Level Task Force (HLTF) on the Global Food Crisis, "Comprehensive Framework for Action" July 2008 p. 9.

The economics of food range from the simplest microeconomic transactions between farmers and individual customers to the complexities of international negotiations regarding market access, subsidies, and government expenditures for food credits for the poor or to purchase large quantities of unsold produce. As these economic concerns reach the national and international level, national governments, international organizations including the UN and international financial institutions (IFIs), such as the World Bank Group, farmers, ranchers, and agribusiness conglomerates, and consumers are all urging swift action to prevent severe economic disruptions and their attendant political crises. The wise use of effective economic policies coupled with the required political will to achieve resolution of these complex problems and to ensure universal access to sufficient and nutritious food must be the aim of all stakeholders in this comprehensive multilateral dialogue.

Assessing the major economic impacts of the global food price crisis will require all relevant stakeholders to engage in serious cost-benefit analysis. Governments must also be willing to reexamine budgetary priorities and may have to adjust their taxation and expenditure policies to minimize the disruptions that may be caused by rapidly rising food prices. Economists and policymakers will additionally have to examine the impacts of rising food prices on income distribution and inequality, the need for governments to invest in agriculture and related infrastructure, and the possible positive and negative effects of externalities. Furthermore, the international community must address the fundamental different effects of rapidly rising food prices in different regions. Lester Brown notes that “for Americans, who spend less than one-tenth of their income in the supermarket, the soaring food prices we've seen so far this year are an annoyance, not a calamity. But for the planet's poorest 2 billion people, who spend 50 to 70 percent of their income on food, these soaring prices may mean going from two meals a day to one.”³ Addressing the concept of moral hazard and the need to reform elements of the global food production and distribution systems to avoid future instances of these problems will be critical to the viability of any comprehensive long-term solution. These essential economic concepts and tools will be analyzed within the contexts of several affected countries and regions of the world below.

An additional component to the discussions about the global food crisis is the continuing debate by national governments, international organizations, food producers, non-governmental organizations (NGOs), and food consumers over the best ways to achieve food security. Governments have traditionally considered food self-sufficiency vital to not only their economic well-being but also as a critical dimension of their national security. During the 1970s and 1980s, however, influential economists and policymakers in highly developed countries and their counterparts at the International Monetary Fund (IMF) and World Bank Group began arguing that developing countries would benefit more from importing cheap foodstuffs from wealthier countries and specializing in other industries where they might have a comparative advantage. In 1986, then US Secretary of Agriculture John Block asserted that “the idea that developing countries should feed themselves is an anachronism from a bygone era. They could better ensure their food security by relying on US agricultural products, which are available in

³ Lester R. Brown, “The New Geopolitics of Food” *Foreign Policy* May/June 2011.

most cases at lower cost.”⁴ When food imports are relatively inexpensive, established urban residents in developing world countries rarely openly reject this particular line of reasoning but people in rural areas may quickly find themselves struggling to compete with the productive capacity of, often heavily subsidized, industrial agriculture from highly developed countries. Rising unemployment in the rural areas of developing countries only increases the difficulties faced by the rural poor throughout the developing world and is often associated with increases in urban poverty as unemployed farmers and their families move to larger cities seeking employment. Countering the neoliberal orthodoxy of John Block and the IMF and the World Bank are organizations, such as *La Via Campesina*, “the international peasant movement,” which are committed to not only food security, but “food sovereignty.”⁵

Impacts of the Global Food Price Crisis in the Americas: Argentina and Haiti

The economic and political impacts of the global food price crisis vary critically depending on a country’s status as being self-sufficient in food production, being a net importer of food, or being a net exporter of food. Within the Western Hemisphere, Argentina and Haiti provide certain stark contrasts in terms of the direct impacts of the global food price crisis, but they also illustrate the fact that countries at widely varying levels of economic and human development still confront similar economic and political hurdles. Argentina’s status as a major food exporter may be curtailed by government initiatives to increase export taxes on beef and grain while Haiti’s extreme vulnerability as a major net food importer is increasing the strain on an already fragile and poorly funded state.

Argentina’s critical farm sector does not dominate the economy to the degree it once did but it still accounts for close to one third of all Argentine exports. These exports bring in much needed hard currency and fuel national development efforts but an increase in domestic food prices, especially for Argentine staples like beef and wheat, has created considerable pressure on President Cristina Fernandez de Kirchner to keep these foodstuffs affordable. Many urban residents have been upset by the fact that Argentine farmers are seeking to export even more beef, soybeans, and wheat to capture greater revenue from rising global food prices. As food prices have soared by 30% and inflation has reached 20%, many Argentines are understandably concerned about the potential impact of high inflation; only 20 years earlier, Argentina was gripped by hyperinflation of 1000% annually.⁶ In March 2008, President Fernandez de Kirchner and the Argentine Congress increased the export taxes on major agricultural products, including increasing

⁴ Quoted in: Walden Bello, “Manufacturing a Food Crisis” *The Nation* May 15, 2008.

⁵ Walden Bello defines “food sovereignty” in the following manner: “Food sovereignty means, first of all, the right of a country to determine its production and consumption of food and the exemption of agriculture from global trade regimes like that of the WTO. It also means consolidation of a smallholder-centered agriculture via protection of the domestic market from low-priced imports; remunerative prices for farmers and fisherfolk; abolition of all direct and indirect export subsidies; and the phasing out of domestic subsidies that promote unsustainable agriculture.”

“Manufacturing a Food Crisis” *The Nation* May 15, 2008.

⁶ Alejandro J. Salicrup, “Tough Times Ahead for Argentina” *Foreign Policy Digest* July 2008.

the tax on soybeans from 27% to 40%.⁷ Throughout the ensuing months and years⁸, Argentina has seen wide scale demonstrations and protests by farmers' associations and their supporters opposing the export taxes and urban residents approving of the government's actions to keep domestic food prices low.⁹ Argentina's politicians, farmers, and other relevant stakeholders, including the urban residents of Buenos Aires and other major cities, need to reach a political-economic consensus that will keep food affordable at home while still allowing Argentina's farmers to export much needed grains and other foodstuffs to countries that are net food importers, particularly in light of the revelations that impoverished people in Argentina's northwest have recently started dying from malnutrition.¹⁰

Haiti's need to import large amounts of food leaves it extremely vulnerable to any price increases or supply interruptions. The combination of the lack of economic and human development in Haiti, political instability and violence, and the environmental devastation caused by the clearing of Haiti's mountainsides to create new farm land in unsustainable areas presents Haiti's government and the international community with daunting obstacles. As international food and fuel prices have soared, and the Haitian government has been required to cease providing subsidies for food and fuel as a condition of assistance from the IMF and donor governments, the rising prices of these goods have further crippled the Haitian economy. In April 2008, rioting in Port-au-Prince and other cities killed at least 7 people and forced the resignation of the prime minister. Enhancing Haiti's capacity to feed its citizens will improve its ability to respond to and address the root causes of any future food price increases and/or disruptions to the global food supply, but any strengthening of Haiti's agricultural capacity will require significant and sustained investments in its neglected agricultural sector. The January 2010 earthquake that devastated Port-au-Prince and other urban areas has only increased the difficulties that Haitians face in terms of food insecurity and inadequate food production.

Impacts of the Food Price Crisis in Africa

Addressing the impacts of the global food price crisis necessarily means effectively confronting the impacts of this crisis in Africa as the impacts have been most devastating in Africa and Asia. Walden Bello and other observers have noted that "at the time of decolonization, in the 1960's, Africa was actually a net food exporter. Today the continent imports 25 percent of its food; almost every country is a net importer."¹¹ African agricultural output has been dramatically impacted by sustained underinvestment in the agricultural sector, structural adjustment packages from the IMF that mandate greater openness to foreign agricultural imports and reductions in subsidies to agricultural producers as well as consumers, climatic and environmental catastrophes, and a decreasing use of fertilizers and effective seeds for agriculture. Furthermore, while analyzing the impacts of the global food price crisis in Africa, it is essential to note that

⁷ *The Economist*, "Deadlock" May 29, 2008.

⁸ *BBC News*, "Argentina farmers in grain export quota strike" January 17, 2011.

⁹ Daniel Schweimler, "No healing in Argentina's bitter row" *BBC News* July 17, 2008.

¹⁰ *BBC News*, "Dying from hunger in food-exporting Argentina" April 6, 2011.

¹¹ Walden Bello, "Manufacturing a Food Crisis" *The Nation* May 15, 2008.

the effects vary considerably across Africa. Steve Wiggins of the Overseas Development Institute in London points out that the proportion of undernourished people in Africa in 2003 varied from approximately 55% in Central Africa to about 5% in North Africa.¹² Any increases in undernourishment and/or malnutrition will hit the poor the hardest, especially women and girls. In a 2008 article for *The Washington Post*, Kevin Sullivan noted that “aid workers say malnutrition among women is emerging as a hidden consequence of the food crisis.”¹³ In the spring of 2011, rapidly rising food prices led to riots and instability in countries such as Burkina Faso, Mozambique, Senegal, and Uganda.¹⁴ Protests in Nairobi, Kenya in July 2011¹⁵ combined with the worsening humanitarian crisis and refugee exodus of Somalis into Ethiopia and Kenya is creating further food and human insecurity in an already fragile Horn of Africa region. In early July 2011, the International Fund for Agriculture and Development (IFAD) called for increased investment in agriculture, particularly for family-owned and smallholder farms, to address the ongoing drought and situation of food insecurity in East Africa.¹⁶ Government policies must effectively redress these price hikes or more African countries will confront chronic instability as a result of widespread food insecurity.

Agriculture in Africa is also still primarily carried on by smallholder farmers, many of whom face significant obstacles to increase their output. The UN’s High-Level Task Force on the Global Food Crisis (HLTF) asserts that “the capacity of smallholder farms to grow more food is constrained because they cannot afford quality seeds or inputs such as fertilizer, veterinary drugs and services which can result in significant expansion of area used for agriculture to less suitable lands with severe consequences for the ecosystems around the community.”¹⁷ Private sector investment in the agricultural sector will be a vital component of a long-term solution to problems in Africa’s agricultural output but it must be supplemented by, and possibly prompted by, critical government investments in agriculture. Malawi has effectively used fertilizer and seed pack subsidies to enable smallholder farms to purchase these essential inputs and enjoy the benefits of bumper corn harvests and the benefits of exporting corn to its southern African neighbors.¹⁸ Assistance from donor countries will also be crucial for a long-term resurgence of African agriculture; during the Cold War era, the United States and the Soviet Union were both generous in providing assistance for subsidies to developing countries in Africa and Asia. Donor governments and transnational corporations (TNCs) that invest in agriculture in the developing world overwhelmingly focus on cash crop production that generates much greater profits and returns on investment but may only exacerbate situations of food insecurity in the developing world. Refocusing these international assistance initiatives towards subsistence and smallholder agriculture will be necessary to reinvigorate African agricultural productivity.

¹² Steve Wiggins, “Poor Diet” *BBC Focus on Africa* July-September 2008 p. 11.

¹³ Kevin Sullivan, “Africa’s Last and Least” *The Washington Post* July 20, 2008.

¹⁴ *The Economist*, “A recipe for riots” May 26, 2011.

¹⁵ *BBC News*, “Kenya police tear-gas maize and fuel price protesters” July 7, 2011.

¹⁶ UN News Centre, “UN agency presses for investment to prevent food crisis in East Africa” July 4, 2011.

¹⁷ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action” July 2008 p. 17.

¹⁸ Walden Bello, “Manufacturing a Food Crisis” *The Nation* May 15, 2008.

Impacts of the Food Price Crisis in Asia

Soaring food prices have hit all regions of the world but the inflationary aspects of these rising food prices have hit Asia hardest overall. In the region of the world most closely identified with the massive productivity increases of the “Green Revolution” of the 1960’s and 1970’s and the subsequent drop in the costs of food for hundreds of millions of consumers, recent food price increases have really created serious financial and macroeconomic problems, including an estimated 67.5% contribution to inflation in Asia over the past 16 months.¹⁹ Countries such as Bangladesh, Pakistan, and the Philippines have been among the hardest hit; according to a recent BBC report, “prices in Karachi’s markets have jumped to their highest level in 30 years.”²⁰ The Philippines has seen its economy transformed to an extraordinary degree as it has moved from being a net food exporter to “the world’s largest importer of rice. Manila’s desperate effort to secure supplies at any price has become front-page news, and pictures of soldiers providing security for rice distribution in poor communities have become emblematic of the global crisis.”²¹ The 2011 tsunami that devastated northeastern Japan and caused considerable damage to the Fukushima nuclear reactor also dramatically drove up food prices throughout Japan. Even China has not been immune to the pressures of food as a driver of inflation; in June 2011, food prices were up over 14% from June 2010 with a 57% increase in pork prices over the past year causing particular difficulties.²² Addressing the needs of the hundreds of millions of people throughout Asia currently suffering from situations of food insecurity will require concerted action by governments, including possibly reorienting trade policies.

We Need Affordable Food and Better Leaders: Impact of the Food Price Crisis on the Middle East

Food production, distribution, and consumption are all intensely politically charged phenomena and the impacts can be disastrous for governments that persistently ignore the demands of their peoples. The 2011 Arab Spring, where governments throughout North Africa and the Middle East faced sustained, and sometimes successful, challenges to their authoritarian rule was fueled at least in part by rapidly rising food prices in countries such as Egypt, Tunisia, and Yemen.²³ Several Arab governments preemptively sought to control food prices in the aftermath of the resignation of Tunisian President Zine al-Abidine Ben Ali in mid January 2011. While President Ben Ali’s 23-year rule was not ended solely because of rapidly rising food prices, anger over these rapidly rising food prices certainly fueled the wide-scale protests that ended his reign. Economists have also pointed out that rising oil prices mean both increased overall national income and tax revenues for these countries but also rising food prices as rising fuel costs drive up food prices. As state oil ministries and private corporations collect

¹⁹ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action” July 2008 p. 20.

²⁰ Karishma Vaswani, “Pakistan’s poor hit as food prices soar” *BBC News* June 30, 2008.

²¹ Walden Bello, “Manufacturing a Food Crisis” *The Nation* May 15, 2008.

²² David Barboza, “China’s Struggle with Inflation Continues as Price Index Rises” *New York Times* July 9, 2011.

²³ Michael T. Klare, “The Oil-Food Price Shock” *The Nation* March 10, 2011.

greater revenues, citizens of these affected countries actively question why greater parts of these revenues are not directed towards food subsidies or to keeping food prices lower in general.

Impacts of the Global Food Crisis in the Highly Developed Countries

Rising food prices have affected the highly developed countries of the world, too, but the impacts have frequently been less disruptive than those in developing countries, and especially in the Least Developed Countries (LDCs) of the world. As the developing countries have increasingly opened, or liberalized, their trade policies, particularly in regards to food imports, many highly developed countries have maintained strong protectionist barriers against imported foodstuffs. Additionally, governments of the highly developed countries often maintain complex and robust price support and subsidy systems for domestic agricultural producers. While the United States government maintains one of the most widely publicized subsidy systems in the world, the European Union's (EU) Common Agricultural Policy (CAP) may be the most expensive and restrictive price support system in the world. Journalist and author Paul Roberts, in discussing the breadth and depth of highly developed world subsidies notes that "although American subsidies account for 22 percent of all US farm income, subsidies make up 32 percent in Europe and more than half in Japan...between 1995 and 2005, the US Treasury doled out \$155 billion for crop and livestock subsidies – more than America's total foreign aid budget."²⁴

These subsidies not only provide direct income to farmers and large agribusiness conglomerates but they also enable these developed world agricultural producers to secure critical international market share by allowing these large producers to sell their highly subsidized foodstuffs and commodities at prices below those that many developing world producers can achieve. Paul Roberts further analyzes the connections between protectionist barriers and subsidies by pointing out that "American poultry producers have successfully lobbied to block, ostensibly on health grounds, the imports of white chicken meat from Brazil and other low-cost poultry producers. As a result of this rather blatant protectionism, American poultry producers such as Tyson and Foster Farms can charge a small but significant markup for their own white meat, which in turn lets them offer their dark meat to buyers in Russia, a key chicken market, for discounted prices of as much as 60 percent below actual production costs, far below what Russian poultry processors can do."²⁵ Subsidized agricultural exports from highly developed countries combined with rapid and deep trade liberalization in developing countries are two vital links in the processes whereby dozens of developing countries have switched from being either self-sufficient in food production or net food exporters to net food importers. The UN High-Level Task Force on the Global Food Crisis (HLTF) argued in July 2008 that "strong commitments to reform agricultural subsidy programs and market access would help remove a major barrier to progress in the World Trade Organization (WTO) Doha trade talks, while still implementing the existing agreed provisions to protect consumers in low-income, food-importing countries and including provisions to

²⁴ Paul Roberts, *The End of Food* Houghton Mifflin New York 2008 p. 135.

²⁵ Paul Roberts, *The End of Food* 2008 p. 136.

complement efforts to increase investment in smallholder agriculture in developing countries.”²⁶

Economic Consequences of the Global Food Price Crisis

Rising food prices, especially rapidly rising prices for basic foodstuffs, entail significant economic consequences. Increases in the prices of staple foods disproportionately affect lower income and poor consumers and frequently force these consumers to either buy less food overall, thus risking undernourishment and malnutrition, or forgo other critical purchases. Kevin Sullivan recently noted that “a recent study by the aid group Catholic Relief Services found that many people in Burkina Faso are now spending 75 percent or more of their income on food, leaving little for other basic needs such as medical care, school fees and clothes.”²⁷ Governments must also consider the consequences that undernourishment and malnutrition will impose on their public health systems as well as upon their social safety nets and their balance of payments accounts with foreign countries. The UN’s High-Level Task Force on the Global Food Crisis asserted in July 2008 that “existing studies estimate the global incremental financing requirements for food assistance, social protection, agricultural development, budget and balance of payment support at between \$25-40 billion per annum to maintain progress towards achievement of MDG 1.”²⁸ A concrete daily example of how rising food prices adversely affect consumers and governments is the phenomenon of rising school lunch prices throughout the United States and other countries around the world that either provide lunch directly to students or allow them to purchase lunches at school.²⁹

Economists constantly fret about the distortionary effects that government policies, inflation, and related disruptions to macroeconomic stability. When governments intervene directly in markets for what economists generally perceive to be primarily political reasons, the markets for particular goods and services function less efficiently than instances in which no intervention occurs. Governments at times resort to price controls, including price ceilings, legal maximum prices for particular goods and services, and price floors, legal minimum prices for particular goods and services, in order to address the perceived needs of consumers in the case of price ceilings and producers in the case of price floors. With rapidly rising food prices adversely affecting consumers, especially in urban areas, government-imposed price ceilings may lead to overall food shortages in key markets if agricultural producers feel that the prices in those markets are too low to provide sustainable income or if the producers believe that they can earn greater returns by exporting their products to overseas markets. Argentina’s recent increases in agricultural export taxes have created considerable political and economic difficulties for the aforementioned Fernandez government. Conversely, if

²⁶ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action” July 2008 p. 11.

²⁷ Kevin Sullivan, “Africa’s Last and Least” *The Washington Post* July 20, 2008.

²⁸ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action” July 2008 p. 5.

²⁹ Winnie Hu, “As Food Costs Rises, So Do School Lunch Prices” *The New York Times* August 25, 2008.

governments implement effective price floors for particular agricultural commodities to win the support of farmers, they risk raising the prices of critical foodstuffs and staples above market clearance levels, meaning that the excess supply is essentially wasted or remains out of the reach of the hungriest and most vulnerable people.

Several interrelated contributing causes are also linked to critical consequences of the global food price crisis. Rising fuel prices have pushed up the costs of agricultural production for several reasons: 1) rising fuel prices increase the cost of any agricultural production relying on machines, including tractors and combines; 2) transportation costs to and from markets has increased substantially and raised the overall costs of production; and 3) rising energy and fuel prices have motivated many agricultural producers to focus on producing corn and other crops, including sugar cane, to be processed for biofuels. Biofuels have become increasingly controversial as global corn prices have risen and more corn is diverted from human and livestock consumption to be converted to ethanol. According to the UN High-Level Task Force on the Global Food Crisis, “over the last year developed countries spent about \$11 billion USD to support biofuel production, mostly on food crop feedstocks.”³⁰ Countries that are enjoying greater economic prosperity, or at least that were before the most recent financial panics struck global stock markets, because of greater returns for biofuels have consistently resisted any imposition of limits on biofuels productions and vehemently dispute the idea that biofuels are responsible for any significant percentage of the recent food price increases. Brazil particularly disputes that biofuels are responsible for rising global food prices; they consistently note that “Brazil’s sugarcane-based ethanol can yield 10.2 units of renewable energy per unit of fossil fuel input, whereas US-backed corn ethanol yields a mere 1.4”³¹ Just ahead of the FAO’s May 2008 summit on food prices and agriculture, “America’s Secretary of Agriculture, Ed Schafer, claimed that ethanol accounts for only 2-3% of the increase in world food prices – a contentious view (the International Food Policy Research Institute – IFPRI says 30%) but one that left the summit irreparably and paralyzingly split over biofuels.”³² While biofuels may occupy an important element in any comprehensive plan to address energy price increases and further instability, it is essential that developed and developing countries reach at least a minimal consensus as to the impacts of biofuels on the global food price crisis.

Grains and staple foods have received the lion’s share of the media attention regarding global food price increases but the impacts on livestock and fisheries have been significant, too. Increases in the prices of grains that are used to feed livestock will drive up the prices for beef, chicken, pork, and sheep. Many analysts argue that diverting corn, rice, and other grains to livestock is a contributing factor in the global food price crisis. Increased demand for meat and poultry, especially in countries such as China, continue to drive up prices for land and agricultural inputs, further fuelling global food price increases. The majority of global fisheries are already threatened by overfishing and

³⁰ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action” July 2008 p. 32.

³¹ Marcelo Leite, “Demon Biofuel? Brazil Disputes Attacks” *The InterDependent* Vol. 6 No. 2 Summer 2008 p. 15.

³² *The Economist*, “Only a few green shoots” June 5, 2008.

pollution and the increases in global fuel prices are directly cutting into the revenues earned by fishers, especially deep-sea fishing. In May 2008, the Scottish government announced that it would extend fuel subsidies for trawlers as well as study avenues to mitigate the effects of any future price increases.³³ Fisheries are being rapidly depleted throughout the world, often through waste and overfishing, and these costs are adding up for fishers as well as consumers. At the recent World Conservation Congress in Barcelona, Spain, governments, representatives of the UN System and the World Bank Group, as well as fishers and NGOs, discussed ways to sustain the estimated annual \$80 billion USD global revenues from fisheries while conserving these fisheries to increase sustainability. Rolf Wilfman of the Food and Agriculture Organization (FAO) noted that “the world’s fleets could catch the same amount of fish with half the capacity, which would increase profits as well as putting less pressure on fragile stocks.”³⁴

When extra benefits or costs accrue to a good or service and are not accurately captured in the price of the good or service, those benefits or costs are referred to as externalities. While positive externalities are critical to long-term economic growth, the benefits are often not immediately appreciated. In the case of negative externalities, the costs must ultimately be paid by someone, if not by whole societies. The modern industrial model of agriculture entails considerable negative externalities and the costs of those externalities cannot be permanently postponed or pushed onto future generations. Paul Roberts notes that the “hundreds of studies have shown modern food production to be an astonishingly costly business when all such externalities are counted. The true costs of livestock, for example, include everything from the massive amounts of liberated nitrogen and methane (another potent greenhouse gas) to the millions upon millions of acres of land that have been degraded since the livestock revolution began.... Ultimately, in any finite system, even the most externalized of costs will eventually emerge and require payment.”³⁵ While it is nearly impossible to fully assess all the possible externalities of current and future agricultural production, governments, agricultural producers, and consumers need to be willing to more directly incorporate at least the anticipated costs of externalities in their projected food budgets.

When countries confront rapidly declining economic circumstances, a classic response is to enact more restrictive trade policies, often derisively referred to as “beggary-neighbor” policies. Traditional interpretations of these trade restricting policies focus on overall lower levels of economic output, expressed through Gross Domestic Product (GDP), and deteriorating trade networks and a corresponding delay in economic recovery. The UN High-Level Task Force (HLTF) noted in July 2008 that “as international food prices began to reach unprecedented levels, countries sought ways to insulate themselves from potential food shortages and prices shocks. Several food-exporting countries imposed export restrictions, while some key importers were purchasing grains at any price to maintain domestic food supplies. This not only resulted in some panic and volatility in international grain markets, but attracted speculative investments in grains futures and options markets, which may have driven prices even

³³ *BBC News*, “Fuel help pledged for fishermen” May 12, 2008.

³⁴ Richard Black, “Fisheries waste ‘costs billions’” *BBC News* October 8, 2008.

³⁵ Paul Roberts, *The End of Food* Houghton Mifflin Company New York 2008 pp. 220-221.

higher.”³⁶ These attempts to export misery to neighboring countries and trading partners frequently induce retaliatory tactics and trade wars. Joachim von Braun, Director-General of the International Food Policy Research Institute (IFPRI), recently noted that “a country that enacts measures such as agricultural export bans, high export tariffs and price controls may reduce its risk of food shortages in the short term. However, these measures are likely to backfire by making the international market smaller and more volatile.”³⁷ As devastating as trade wars can be under any circumstances, their potential for adversely impacting human development may be severely strengthened during the current global food price crisis.

Global food prices are also dramatically affected by increasing demands for water. Many agronomists and policymakers argue that shortages of water are actually the real culprit behind rapidly rising global food prices and also pose potentially devastating long-term challenges to sustainable agricultural production and commodity and food prices. Approximately 70% of all freshwater use by human beings is for agriculture and rising prices and restricted access to water will severely impede sustainable agricultural development efforts. Geologist Dale Allen Pfeiffer points out that “urbanization will increasingly come into competition for water supplies, as the urban population continues to expand in the coming years, in large part at the expense of rural population.”³⁸ As governments consider increasing their investments in the agricultural sector, there are several very promising dimensions to improved agricultural investments, especially in regards to irrigation. According to some estimates, “as much as 70% of water used by farmers never gets to crops, perhaps lost through leaky irrigation channels or by draining into rivers or groundwater. Investment in drip irrigation, or simply repairing the worst leaks, could bring huge savings.”³⁹ Ensuring the wise and efficient use of water is absolutely fundamental to addressing valid concerns about the deterioration of global agricultural infrastructure.

The gravest consequences of the global food price crisis revolve around long-term impediments to economic and human development. Rising prices, including for food and fuel, coupled with the current global financial crisis may increase unemployment and it is clearly leading to larger numbers of children leaving school. World Bank President Robert B. Zoellick recently asserted that sustained high food prices may ultimately mean “7 lost years” in the global quest to end extreme poverty.⁴⁰ As UN Secretary-General Ban Ki-moon and related international actors and agencies have pointed to the very real possibilities that an additional 100 million people may be forced into poverty as a result of sustained high food prices, and the international community faces an even greater challenge to achieving the agreed upon targets of the Millennium Development Goals

³⁶ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action” July 2008 p. 8.

³⁷ Quoted in Barbara Crossette, “More Hunger, Less Hope: Striving to Grasp and Resolve the Global Food Crisis” *The InterDependent* Vol. 6 No. 2 Summer 2008 p. 11.

³⁸ Dale Allen Pfeiffer, *Eating Fossil Fuels: Oil, Food and the Coming Crisis in Agriculture* New Society Publishers Canada 2006 p. 17.

³⁹ *The Economist*, “Running dry” September 18, 2008.

⁴⁰ The World Bank Group, “Food Price Surge Could Mean ‘7 Lost Years’ in Poverty Fight, Zoellick Says” April 11, 2008.

(MDGs) by 2015, other observers have pointed to the deepening of the endemic poverty that people in food insecure societies will likely confront. The World Bank, in partnership with the Human Development Network (HDN) and the Poverty Reduction and Economic Management (PREM) Network, recently noted that “the more profound consequence is the impact of rising prices on households who were already poor. For those already struggling to meet their daily food and nutrient needs, the double shock of food and fuel prices represents a threat to basic survival. The poorest households are reducing the quantity and/or quality of the food, schooling, and basic services that they consume, leading to irreparable damage to the health and education of millions of children.”⁴¹ Ensuring that the poorest of the poor are spared further deprivation and misery must be a foremost priority of any comprehensive solution to the problems posed by the global food price crisis.

The China Factor

No analysis of global economic and food security trends is complete without an examination of China’s impact. As China’s economy continues to expand, its demand for natural resources, including water, continues to grow at a rapid rate. Lester Brown, the Director of the Earth Policy Institute, distills critical analysis of the impact of China’s growing demand for food, water, and other vital resources, noting that “on the food front, the issue within China is not hunger and starvation, as the nation now has a substantial cushion between consumption levels and minimal nutrition needs. Rather, the concern is rising food prices and the effect that this could have on political stability. China’s leaders are striving for a delicate balance between food prices that will encourage production in the countryside but maintain stability in the cities.”⁴² While China has recently emerged as a major food exporter, it is abundantly clear that there are very significant emerging problems for the entire world because of China’s seemingly insatiable demand for food and water. Water tables throughout northern China have dropped by dozens of feet in recent years and deserts are expanding rapidly, pushing smallholder farmers and rural communities to seek out new areas for cultivation. In the past decade, too, China has become a major importer of grain and the sheer size of China’s purchases of grain on world markets drives up world market prices. While Argentina, the US, Russia, and other major corn and wheat producers are excited about the prospects of selling millions of tons of corn and wheat to China, this prospect “terrifies the central government in Beijing, which has never trusted the international market, with its volatility and its susceptibility to political manipulation.”⁴³ China was an epicenter for several of the largest scale food security events of the twentieth century, the devastating famine of the 1950’s during the “Great Leap Forward” and the “Green Revolution” exponential increases in crop yields and farm production, and will undoubtedly serve, along with India and other industrializing countries, as an epicenter in the most important food security events of the twenty-first century.

⁴¹ The World Bank, “Rising Food and Fuel Prices: Addressing the Risks to Future Generations” October 12, 2008 p. 1.

⁴² Lester R. Brown, *Outgrowing the Earth: The Food Security Challenge in an Age of Falling Water Tables and Rising Temperatures* W.W. Norton & Co. New York 2004 p. 17.

⁴³ Paul Roberts, *The End of Food* Houghton Mifflin Company New York 2008 p. 115.

The Climate Factor

Comprehensive analyses of global food production patterns must also examine the profound impact of climatological factors. While popular media reports focus on the specific issue of global warming, agronomists, climatologists, and policy-makers are increasingly confronting the deep and at times devastating impacts of the broader concept of climate change. Severe weather patterns and storms, including droughts, floods, and hurricanes, as well as development of dust bowl systems in northwest China and Central Asia and Central Africa, dust bowls that in the words of Lester Brown will “dwarf the dust bowl of the US in the 1930s,”⁴⁴ will disrupt existing food production patterns; with the extremely hot and dry weather afflicting much of the American South and Sun Belt in the summer of 2011, concerns have surfaced about a new American Dust Bowl.⁴⁵ The UN System, specifically including the High-Level Task Force and the FAO, have also recently warned that the effects of “slow-onset” climate change phenomena may be especially disruptive to global food production patterns.⁴⁶ Weather events and patterns, coupled with destructive farming techniques, are likely to continue stripping valuable topsoil from either formerly or currently productive agricultural regions, creating immense dust storms and forcing the relocation of agricultural production to other regions.

International Responses to the Global Food Price Crisis: The UN System

Given the truly global nature of the impact of rising food prices, it is abundantly apparent that any comprehensive solution to the multifaceted problems posed by rising food prices must involve the international community and the agencies and departments of the UN System. The UN System’s focus on achieving the Millennium Development Goal (MDG) of ending world hunger by 2015 and its structure of agencies such as the Food and Agriculture Organization (FAO) and the World Food Programme (WFP). In June, the FAO hosted the World Food Summit in Rome, bringing together over 40 heads of government to assess the scale of the global food price crisis, its likely duration, and comprehensive solutions. The UN System also created the High-Level Task Force (HLTF) on the Global Food Crisis, currently consisting of 22 UN and UN System related agencies and bodies,⁴⁷ at the end of April 2008 and it issued its “Comprehensive Framework for Action” (CFA) in July 2008. The FAO and WFP have also increased assistance by \$1.2 billion USD to the most vulnerable people in over 60 countries; whether these initiatives will adequately address the immediate needs of tens of millions of people in the Low-Income Food-Deficit Countries of the world remains to be seen. The impact of these enhanced initiatives will be critically examined by leaders and civil society representatives in these vulnerable countries, including by critics of the FAO such

⁴⁴ Lester R. Brown, “The Great Food Crisis of 2011” *Foreign Policy* January 10, 2011.

⁴⁵ Kim Severson and Kirk Johnson, “Drought Spreads Pain From Florida to Arizona” *New York Times* July 12, 2011.

⁴⁶ UN News Centre, “UN warns of climate change’s potentially dire impact on food security” March 31, 2011.

⁴⁷ For a full listing of these participating agencies, please visit:
<http://www.un.org/issues/food/taskforce/participants>

as Senegalese President Abdoulaye Wade.⁴⁸ The FAO also launched its Initiative on Soaring Food Prices (ISFP) in early 2008 aimed at providing seeds, fertilizer, and related agricultural inputs to smallholder farmers in 81 countries around the world. The UN General Assembly (UNGA) passed 3 resolutions on the topics of the right to food (A/RES/65/220), agriculture development and food security (A/RES/65/178) and sustainable fisheries (A/RES/65/38), respectively, in December 2010 to confirm the international community's commitment to protecting the poorest and to ensuring that the world's fisheries can feed future generations. In June 2011, France hosted the Group of 20 (G20) Agriculture ministers to develop and deliver an Action Plan on Food Price Volatility and Agriculture.⁴⁹ Addressing the multistakeholder dimensions of the global food price crisis will require that these agencies and departments work effectively with national governments, farmers and food producers, non-governmental organizations (NGOs), and the international financial institutions (IFIs), such as the IMF, World Bank Group, and international development banks.

International Responses to the Global Food Crisis: International Financial Institutions

The impacts of the predominant policies of major international financial institutions (IFIs), including the International Monetary Fund (IMF) and the World Bank Group, will affect developing countries in critical and complex ways. The policies of the IMF and the World Bank Group remain deeply controversial in many developing world countries, particularly the traditional emphasis on structural adjustment programs and their attendant austerity measures. The conditions imposed upon loan recipient countries by the IMF and the World Bank Group usually require rapid trade liberalization and the curtailing and/or elimination of subsidies to social safety nets in order to balance the fiscal budget and prevent future budget deficits. While freer trade is generally positive for the global economy, the benefits of freer trade are rarely equally distributed. The UN High-Level Task Force (HLTF) on the Global Food Crisis recently noted, in regard to this emphasis on reducing barriers to trade, that “a key challenge in the context of the food crisis is the speed, sequencing and nature of trade liberalization in agriculture.”⁵⁰ Given the centrality of food to peoples' lives and cultures, immediate trade liberalization in the context of rising food and fuel prices, particularly when not accompanied by a critical scaling up of social safety nets, may only worsen the suffering of the poorest and most vulnerable. Deviating slightly from the traditional emphasis on rapid trade liberalization and austerity measures to balance the fiscal budget, the World Bank Group, in consultation with other relevant stakeholders, has recently urged the most affected governments to focus on “scaling up existing programs, while avoiding measures that work against the development of a sound social protection system in the medium term.”⁵¹ The World Bank Group is also increasing its own rapid response capabilities through the

⁴⁸ Colum Lynch, “World Aid Agencies Faulted in Food Crisis” *The Washington Post* May 19, 2008.

⁴⁹ Meeting of G20 Agriculture Ministers, “Action Plan on Food Price Volatility and Agriculture” Paris June 22-23, 2011. <http://un-foodsecurity.org/node/1115>

⁵⁰ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action” July 2008 p. 31.

⁵¹ The World Bank, “Rising Food and Fuel Prices: Addressing the Risks to Future Generations” October 12, 2008 p. 6.

May 2008 creation of the \$1.2 billion USD Global Food Response Program (GFRP) and increased investment in agribusiness supply networks and food distribution networks. These latter investments are crucial immediate to medium term steps that have tremendous longer term potential for remedying the current crisis and preventing future food price crises. The International Finance Corporation (IFC), the World Bank Group's primary agency for private sector development, will also increase its investments in agribusiness development initiatives. With the most recent spikes in food price volatility, the World Bank introduced a new financial instrument to protect consumers and producers from the worst effects of these often unpredictable swings in food prices. Called the Agriculture Price Risk Management (APRM), and rolled out jointly by the IFC and JP Morgan in June 2011, this new combination of financial hedge/credit exposure is designed to protect farmers and consumers from devastating food price volatility.⁵² Whether this new financial instrument, worth up to a potential \$4 billion USD, suffices in this current global food price crisis remains unknown but it may serve as encouragement to other private sector banks and financial institutions to assist local farmers and consumers.

Scaling Up to Save Lives

When confronting crises of this magnitude and scale, all relevant stakeholders need to prioritize how to use the relatively scarce resources available at any given moment. Clearly, higher-income societies have far more resources at their disposal when confronting these choices than developing countries and the Least Developed Countries (LDCs) of the world. While these points may seem obvious, the policy implications of these disparities are profound. Wealthier societies generally have more well-developed and better funded social safety nets as well as greater available fiscal and policy space to respond immediately in crisis situations. These societies, as well as developing world countries with more developed social safety nets, may also integrate more effective and well-targeted policies and interventions to address the roots and symptoms of crises such as the global food price crisis. The World Bank notes, however, that many poorer developing countries lack such social safety nets and thus have fewer effective policy options open. "Lacking social protection programs that can be scaled up to cover an adequate number of people and under pressure to address the worsening living standards of broad swathes of the population, many governments are using general price subsidies, export restrictions, or tax cuts – measures that can be regressive and expensive. In such cases, they should begin work on sounder systems in parallel with their short-run actions."⁵³ When critical social safety nets are well-established, governments and civil society partners can quickly ratchet up, or scale up, funding and direct vital resources towards communities and sectors of the economy that are being most adversely affected.

⁵² The World Bank, "World Bank Group Announces New Instrument to Help Food Producers and Consumers in Developing Nations Deal with Volatile Prices" Press Release No. 2011/559/NXT June 21, 2011.

⁵³ The World Bank, "Rising Food and Fuel Prices: Addressing the Risks to Future Generations" October 12, 2008 p. 6.

When governments, civil society partners, NGOs, and international donors and organizations confront crises, they must first ensure that they do not make the situation any worse. After taking that initial step, or in some cases non-step, all relevant stakeholders must determine how to provide the most available relief immediately to the most affected individuals and communities. Economists generally favor direct disbursement of aid and assistance to those who most need it and are therefore most likely to use that aid for its stated purpose. In the case of the global food price crisis, governments, international donors, and related civil society partners will usually find it to be most effective and efficient to provide food and monetary aid directly to individuals and communities that are most adversely affected by rapidly rising food prices. Furthermore, economists typically favor few restrictions on these direct transfers, especially monetary assistance, as these restrictions frequently create distortionary effects in the affected markets by preventing consumers from purchasing what they value most. When discussing the centrality of safety nets in the overall context of the food crisis, the UN High-Level Task Force (HLTF) notes that the most effective form of assistance to needy people varies based upon the functionality of existing markets. Where markets are functioning poorly, it is usually most effective to provide the food directly to individuals and families, whereas in higher functioning markets, it is usually most effective to provide either vouchers or cash assistance.⁵⁴ Eric Werker from the Harvard Business School recently wrote in *Foreign Policy* that vouchers “would allow families to meet their most pressing needs without harming the very markets that can bring about permanent solutions. At the same time, they would give firms and NGO’s and incentive to provide a wider array of services.”⁵⁵ The World Bank noted that most recent policy moves by states have “tilted heavily to general subsidies or tax reductions rather than targeted safety nets”; according to their findings, less than 30% of countries surveyed “had expanded targeted safety nets.”⁵⁶ Redirecting national policies away from taxes and subsidies and towards direct transfer credits, payments, or vouchers will be essential to resolving the immediate problems for consumers posed by rising food prices.

While many of these direct transfers will be aimed at food consumers, particularly in larger urban areas, the relevant stakeholders must always bear in mind the need to provide similar transfers and assistance to farmers and food producers. The UN High-Level Task Force asserts that “well-targeted interventions need to ensure urgent access to agricultural inputs (i.e. seeds, fertilizers), rehabilitation of infrastructure, and methods to decrease post harvest losses. This will boost yields and increase household welfare as well as aggregate local food supply.”⁵⁷ One key concern about the provision of assistance to farmers and food producers is that the assistance far too often favors farmers with larger holdings and/or agribusiness conglomerates and not smallholder farmers. The international non-governmental organization (INGO) *La Via Campesina*, the International Peasant Movement, argues that peasants and small farmers are not the

⁵⁴ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action” July 2008 p. 14.

⁵⁵ Eric Werker, “Power to the People” *Foreign Policy* November/December 2008.

⁵⁶ The World Bank, “Rising Food and Fuel Prices: Addressing the Risks to Future Generations” October 12, 2008 p. 9.

⁵⁷ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action” July 2008 p. 10.

primary beneficiaries of higher global food prices but rather large agribusiness companies and conglomerates, including Archer Daniels Midland (ADM), Cargill, and Monsanto. In addition to urging widespread land reform, *La Via Campesina* argues that “national governments should not repeat the mistake of promoting agribusiness corporations to invest in large production units.”⁵⁸ The UN High-Level Task Force (HLTF) points out that “making key inputs available to the smallholder farmers in the near term (i.e. in current or coming cropping seasons) to reduce their specific constraints [lack of fertilizer, veterinary drugs, tools], will result in a serious boost to food production.”⁵⁹ Farmers with larger land holdings and/or agribusiness companies cannot be ignored during this time of crisis as these entities are major producers of many agricultural commodities; the emphasis, however, must be on addressing the needs of smallholder farmers. An approach that prioritizes the needs of smallholder farmers will increase food production, protect jobs in many rural communities, and provide the UN System and the international community greater opportunities to reduce hunger and extreme poverty.

Ensuring Sustainability Through Longer-term Reforms

The longer-term policy options available to all relevant stakeholders are frequently dependent on the success of shorter and medium-term initiatives and policies. Governments must enhance their social safety nets, and in some cases create them for the first time, to not only improve the immediate situation but also to provide critical fiscal and policy space for future actions. Relevant stakeholders also need an overall environment that is conducive to reforming previous practices; there are some serious concerns that the current global financial crisis may pose an enormous threat to the international community’s efforts to alleviate hunger and poverty. Speaking at UN Headquarters in New York City, Secretary-General Ban Ki-moon noted that the current global financial crisis was exacerbating the effects of other global problems, including the global food price crisis, and he warned that “it could be the final blow that many of the poorest of the world’s poor simply cannot survive.”⁶⁰

Increased investment in agriculture is fundamental to not only resolving the immediate global food price crisis but also to preventing future food price crises. Governments, international organizations including the international financial institutions (IFIs), private sector firms, and international donors, need to upgrade existing agricultural and supporting infrastructure, including irrigation systems, storage facilities, rural access roads, and local markets to not only improve crop yields but also to limit post-harvest losses and to increase the post-harvest incomes of smallholder farmers. Governments may wish to also expand access to credit to smallholder farmers and low-income borrowers as well as to provide more effective land titles to smallholder farmers. Economists generally favor clearly defined land and property titles as they believe that it

⁵⁸ *La Via Campesina*, “An Answer to the Global Food Crisis: Peasants and Small Farmers Can Feed the World!” May 1, 2008.

⁵⁹ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action” July 2008 p. 17.

⁶⁰ Patrick Worsnip, “Global crisis threatens to undo all UN’s work” *The Washington Post* October 24, 2008.

encourages more efficient use of land and property and aids societies in avoiding the so-called “tragedy of the commons,” situations in which commonly consumed resources are used up because no one individual has any immediate stake in conserving the resources and/or preserving the quality of the land, or even international fisheries.

All relevant stakeholders must also consider investing in soil fertility schemes and Conservation Agriculture (CA); according to the UN High-Level Task Force, “CA is more energy efficient since there is less tillage that requires tractors or animal traction. CA also uses less fertilizer since nutrients are more efficiently recycled.... Work in Brazil, countries in Africa and elsewhere strongly suggests that introduction of CA will be successful through a facilitated ‘farmer to farmer’ learning process.”⁶¹ A crucial step in preventing a recurrence of the current global food price crisis for many developing countries, especially the Least Developed Countries (LDCs), capitalize on all foreign assistance, especially Official Development Assistance (ODA). Donor governments need to increase ODA and to target this assistance towards smallholder agriculture. The other primary form of foreign aid, Foreign Direct Investment (FDI), is typically directed towards the most profitable firms and sectors in developing world economies and only a tiny percentage of FDI is invested in LDC economies. Increased private investment in agriculture is an important precondition for long-term agricultural sustainability but whether the private investment is domestic or international in origin, it will usually follow government initiatives. The UN High-Level Task Force argues that “effective public investment in rural development should provide the basis for increasing private investments in businesses which provide inputs and services to smallholders, as well as expansion of agricultural marketing and processing enterprises which integrate smallholders into domestic and international food supply.”⁶² Smallholder agriculture offers further benefits to the international community as it requires far less energy and other expensive equipment and agricultural inputs that may not be appropriate to particular environments or ecosystems and for which replacement parts are rarely likely to be readily available.

Preventing a future global food price crisis is an essential component of a comprehensive solution to the current global food price crisis. Bilateral assistance between governments in the form of Official Development Assistance (ODA) is a definite necessity but it is equally important for governments to increase their voluntary contributions to international organizations, including the FAO and the WFP, as well as to development banks. The World Food Programme (WFP) has faced serious constraints as the prices of the food aid that it distributes escalate; without increased assistance from governments, such as Saudi Arabia’s donation of \$500 million USD in 2008, the WFP will not be able to reach millions of needy and vulnerable people. Several European governments have increased their contributions to the FAO to support the Initiative on Soaring Food Prices (ISFP) but these contributions, while certainly appreciated, represent only a very small fraction of what the FAO estimates will be needed over the next 14 months.

⁶¹ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action” July 2008 p. 26.

⁶² UN High-Level Task Force, “Comprehensive Framework for Action” July 2008 p. 28.

Cultivating higher-yield crops, including those with micronutrients, aquaculture, often referred to as fish farming, and genetically modified organisms (GMOs) have all been advanced as potential short-term and longer-term measures for addressing nutritional requirements. The UN High-Level Task Force (HLTF) notes that “West African rice farmers could more than double their yields if they use the New Rice for Africa (NERICA) and its associated technology. Thus, there is a tremendous opportunity to boost yields by linking input support to broader technology transfer, particularly those technologies which build on existing smallholder farming and risk management systems.”⁶³ Aquaculture, or fish farming, is an industry with considerable promise in terms of the ability to deliver significant sources of protein without increasing the largely unsustainable burdens already plaguing many of the world’s fisheries. In Bangladesh, the reintroduction of certain species of fish into the rice paddies has actually led to improved rice yields as well as additional nutrients and income for the fish farmers. *The Economist* also noted that “the retro-farming approach has the added advantage that it disproportionately benefits the very poor.”⁶⁴ There are environmental risks to aquaculture, including the diversion of rivers and streams as well as possible appropriation of environmentally sensitive lands for commercial fish farming, but the overall impact of well-managed aquaculture may increase overall food security and alleviate some of the worst effects of rural poverty.

One of the most controversial aspects of the proposed remedies to the global food price crisis is the potential for increased reliance on transgenics, or genetically modified organisms (GMOs). Countries that grow and promote GMOs have consistently advocated for greater access to markets around the world as a way of providing global consumers and producers with seeds and related transgenic organisms that are resistant to blights and disease and that produce higher yields and nutritional values. While some of these claims may be supported by data, many countries have barred GMOs from their domestic markets, particularly through the entering into force in 2003 of the Cartagena Protocol on Biosafety, because of concerns about the environmental and health consequences associated with transgenic imports. The World Trade Organization (WTO) ruled in 2006 that the European Union (EU) had illegally banned GMO imports between 1999 and 2004 and urged the EU to provide greater market access for transgenic imports but the political, not to mention scientific, controversies surrounding market access for GMOs is likely to continue into the foreseeable future. Additionally, countries such as Hungary have enacted strict laws requiring extensive buffer zones between fields planted with traditional seeds and GMO-hybrid seeds of corn and other crops.⁶⁵ The UN High-Level Task Force (HLTF) further notes that “GMOs require large capital investments and GMO development has generally been oriented towards large-scale commercial agriculture. The result has been very little development of varieties for developing country smallholder staple crops (other than maize) such as sorghum, millet or cassava.”⁶⁶ Resolving these

⁶³ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action” July 2008 p. 29.

⁶⁴ *The Economist*, “The fishing fields” October 7, 2004.

⁶⁵ Nick Thorpe, “Hungary sets limits for GM crops” November 28, 2006.

⁶⁶ UN High-Level Task Force on the Global Food Crisis, “Comprehensive Framework for Action”

contentious disputes regarding the environmental and health impacts of GMOs, as well as related proprietary and patent issues, may have a salutary effect on trade relations between the US and the EU as well as developing world countries.

Conclusion

Successfully resolving the current global food price crisis is an absolute requirement for the UN's member states if they are to achieve the targets delineated in the Millennium Development Goals (MDGs). All of the relevant stakeholders must mobilize their considerable resources while at the same time cooperating to create the requisite fiscal and policy space needed to increase agricultural yields, distribute the product of those increased yields more equitably, and establish a sustainable agricultural infrastructure for the future. Farmers, fishers, and ranchers must also be consulted as experts in the process of resolving this crisis, rather than assuming that the experts are only found in academic institutions, government bureaucracies, non-governmental organizations (NGOs), or think tanks. Monitoring of the effectiveness of these methods, in both the short and longer-term, is fundamental to ensuring the success of the most well-targeted interventions and policies and to successful modification of those interventions and policies that are not achieving the necessary and/or desired results.

Guiding Questions:

What is the current food security situation in your country? How has the food security situation changed in your country over the past year?

What macroeconomic policy initiatives has your government undertaken to minimize or remedy the worst effects of the global food price crisis? How effective have these policy initiatives been? What further macroeconomic policy initiatives is your country considering to address the multiple impacts of the global food price crisis?

How can international initiatives, including the FAO Initiative on Soaring Food Prices (ISFR), the G20's Action Plan on Food Price Volatility and Agriculture, and the World Bank's Global Food Response Program (GFRP) and Agriculture Price Risk Management (APRM), be strengthened and made more effective? Given the effects of the recent global financial crisis, what would be the most effective strategies to increase voluntary donations by countries to these funding and policy initiatives?

What crucial initiatives can civil society representatives and non-governmental organizations (NGOs) undertake, or when already existing expand, to augment national and international efforts to remedy the global food price crisis?