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Background Paper

Responding to the Global Hunger Crisis

by Michele Learner

"I feel sad because I can't give my children the bread and vegetables they dream of."

– Raju Kumar, 33-year-old tea seller and father of three, New Delhi, India

The current hunger crisis, fueled by soaring prices for food, is taking an immense toll on the world's poorest people. In three years, global food prices have nearly doubled. The situation has worsened in the past few months, with dramatic spikes in the prices of rice, wheat, corn, and soybeans.

For decades, the world has been making dramatic progress against hunger. The number of undernourished people has fallen from one person in every four in the 1970s to one in six today. Yet even before the current hunger crisis, the U.N. Food and Agriculture Organization estimated that 854 million people go to bed hungry. Today, the World Bank estimates that the rising food prices are putting an additional 100 million people at risk of falling deeper into poverty. This is a setback the world cannot afford to let happen.

Widespread Misery

"Of course I am happy when I eat. When I'm hungry, my stomach hurts, I don't feel like playing, I don't feel like doing anything."

– Jorge Luis Hernandez, 8 years old, El Salvador

In the morning, Jorge Luis eats a small bowl of rice and then goes to work picking coffee. Later, the World Food Program (WFP) helps brighten his day: While attending school in the afternoons, he receives a meal of rice, beans, and tortillas. It's his only full meal of the day.



Jim Stipe

As school lunch gets more expensive, children like the members of this class in India may be forced to make do with smaller portions.

Skyrocketing food prices are straining the budgets of families like Jorge Luis' and of the programs working to help them. WFP estimates that as a result of rising prices, an average family meal in rural El Salvador has 40 percent fewer calories than in May 2006.

It also reports that the cost of providing a meal for a schoolchild in Kenya has almost doubled recently, from nine U.S. cents to 16 cents. In April, WFP warned that it would have to stop feeding 450,000 schoolchildren in Cambodia beginning in May unless it gets additional funding. "Rising prices have created a new group of hungry people," said WFP director Josette Sheeran, who "suddenly can no longer afford the food they see on the shelves."

Many hungry people live in countries that cannot produce enough food and must import it. Mauritania, where only a fraction of 1 percent of the land is arable, imports a large portion of its food. Recent price spikes mean that sometimes foods are not available for import at all. *The Washington*

Post recently reported: “Food-producing countries from Argentina to Kazakhstan have begun to slam shut their doors to protect domestic access to the food they grow.”

Poor people in cities have been hard hit by the global hunger crisis. In the past year in New Delhi, where Raju Kumar lives, the price of lentils rose by 18 percent, rice by 20 percent, and cooking oil by 40 percent. According to UNICEF, nearly half of all Indian children under three are undernourished. Kumar’s children are among the many who long for bread and vegetables.

In rural areas, where three-fourths of the world’s poor live, people are also suffering. Some can produce most of their own foods and have been relatively insulated from rising world prices. But most people do not own land or have enough acreage to grow sufficient food. Thus, most rural people must participate in the cash economy to meet at least some of their needs.



Todd Post

Families in the United States must find a way to stretch their grocery dollars as food and energy prices continue to rise.

What about the United States? Most people have noticed the change in their grocery bills, particularly for some basic staples like eggs, milk, and bread. But for low-income Americans who were already struggling to make ends meet, higher food prices, higher energy prices, the subprime mortgage crisis, stagnant wages, and a higher unemployment rate combine for a bleak economic outlook.

Vicki Escarra, president of America’s Second Harvest, reports, “We are seeing absolutely tragic increases nationwide in the number of men, women, and children in

need of emergency food assistance, many for the first time ever.” Food banks report that demand has risen by about 20 percent over last year, while private food donations are down by about 9 percent, partly because of the weak economy.

Participation in the Food Stamp Program—which helps low-income families buy groceries—was up by 1.3 million people this January over the same time last year. By the end of 2008, the program is projected to serve nearly 29 million people every month.

The Food Stamp Program is a federal entitlement program: It must expand to allow everyone who meets the eligibility criteria to participate. But other nutrition programs for hungry and poor people—including school meals programs and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)—operate according to budgets set in advance. The rising cost of food means that they must provide less help to participants or serve fewer people.

Why Is This Happening?

“We stand no chance against the hunger of richer countries.”

– Mame Kato Diop, fishmonger, Mauritania

By the time a problem becomes a global crisis, many factors have contributed to it. It can be difficult to identify which causes are most important in a worldwide phenomenon, and some causes are specific to a region or food. That said, several factors stand out as driving the crisis of rising food prices.

The Energy Connection

Rising fuel prices are a key “supply” reason for higher food prices. When fuel sources cost more, it also costs more to bring farm machinery and supplies like fertilizer and seeds to the farm and later to get crops to market. It is more expensive to package and move food, whether from a farm community to a big city, a breadbasket region to a remote area, or an exporting country to an importer. All these costs are passed on to consumers.

That was true in the past as well, but there’s a new wrinkle today. The development of biofuels means that food products can literally be fuel, and anything that can be made into fuel is in demand. Lester Brown, president of the Earth Policy Institute, explains: “The price of grain is now directly tied to the price of oil.” As oil prices rise to new records, so do grain prices.

The Washington Post reported that this year, about a quarter of the U.S. corn crop will be sent to ethanol plants rather than made into livestock feed, the use for which most U.S. corn has been grown. Iowa, one of the two biggest corn-

exporting states in the country, has 28 ethanol plants. In the next couple of years, Iowa's exports of corn are expected to fall to less than half the current level. Nationally, stockpiles of corn are shrinking.

“The price of grain is now directly tied to the price of oil.”

– Lester Brown
President, Earth Policy Institute

High prices for one commodity, like corn, affect a variety of other food sectors. For example, chickens eat feed made primarily of corn. Higher costs for people who raise chickens led to a 29 percent increase in the cost of eggs in 2007. The high price of corn is also an incentive for farmers to grow it. Two results: Fewer soybeans have been planted, and fewer acres have been left fallow in exchange for federal conservation payments. Owners can earn far more per acre by growing corn instead.

Developing sources of renewable energy is a primary goal of creating biofuels. In the long run, biofuels may also make energy more affordable. But decision makers must identify the best ways to get the benefits of biofuels while easing the unintended consequences for food crops, food prices, and hungry people.

The Weather Connection

Environmental degradation and climate change are already having far-reaching effects on food production, particularly in tropical regions of Africa, Latin America, and South Asia. In Africa's Sahel, warmer and drier conditions have led to a shorter growing season. Receding Himalayan glaciers in India mean more floods in the monsoon season and more water shortages in the dry season.

But we can't simply blame the weather—even extreme weather conditions like Australia's continuing drought. Australia is one of the world's top wheat exporters, and the drought has reduced its production by 98 percent in the past six years. However, more than 90 percent of the world's wheat crop is produced elsewhere.

Increasing Demand

Another key cause of increasing food prices is growing demand for food in the developing world. Hundreds of millions of poor people in China and India have escaped poverty in recent years. With higher incomes, they are, for the first time, enjoying more diverse diets. In addition to higher demand for food staples, there is rising demand for

meat, which in turn increases the demand for grain to feed livestock.

The Wrong Policies

Clear-cut global supply and demand are not the only forces that determine prices for vital products like food. Countries make most decisions based on government or interest group priorities—not on what is good for global food security.

A prime example is government subsidies for farmers in the United States, Japan, and the European Union. Such policies often encourage overproduction and distort prices. They may even give farmers incentives that run entirely contrary to common sense.

For example, current commodity programs create an incentive for farmers to grow cotton in desert states like Arizona, where water for irrigation is scarce. In turn, artificially low prices for this subsidized cotton can prevent farmers in poor countries, such as Mali and Burkina Faso, from selling their cotton crops for a fair price and being able to feed their families.



Earning a living by farming requires not only the right climate, but fair access to the market.

Another national government policy that can come between supply and demand is the prohibition of certain exports. Some grain-producing countries have done this recently in an effort to keep domestic prices under control. Thus, less grain is available globally while demand has risen.

The result is dramatic increases in the price of corn, soybeans, wheat, oats, rice, and others.

In a recent series on the hunger crisis, *The Washington Post* reported that factors that interfere with supply and demand explain why “the global food trade never became the kind of well-honed machine” that has made the price of manufactured products increasingly similar worldwide. Some economists argue that if market forces played a larger role, food prices would have risen more gradually and the world would have had more time to adjust.

Industrialized countries also make policy decisions as to where to focus their development assistance. Devoting more attention and resources to improving agriculture is essential for a long-term solution to the global hunger crisis. Yet in the past two decades, total donor assistance for agriculture has been cut in half: from \$8 billion in 1984 to \$3.4 billion in 2004. Underinvestment in agricultural productivity is contributing to lower supply levels and thus to higher prices.

What Can Be Done?

“We can only hope the world will listen, understand, and dig into their pockets to meet this extraordinary appeal.”

– Josette Sheeran, Director, World Food Program

In the short term, we must use every available means to provide more food and cash assistance for hungry and poor people. Some of these options are:

- increasing funding for international food aid for the World Food Program and other providers in the supplemental spending bill now moving through Congress;
- allowing the purchase of some food aid near its beneficiaries to reduce shipping time and costs;
- working with international organizations and groups in poor countries to coordinate aid;
- increasing benefit levels as well as participation in the Food Stamp Program;
- strengthening the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and school meals programs;
- providing additional resources, indexed to inflation, for The Emergency Food Program (TEFAP) and other help for food banks; and,
- revisiting our energy policies related to biofuels.



Celia Escudero Espadas

Investing resources in agriculture pays off in more nutritious food at more affordable prices.

Congress has opportunities to take these actions: in the supplemental funding request now being shaped, and in the FY2009 appropriations process.

In the longer term, key agriculture policy reforms in the United States, Europe, and Japan are needed to give farmers in developing countries a fair chance to produce and sell their crops. Reducing trade-distorting subsidies to U.S. agricultural interests is one critical step toward easing the current crisis in food prices and preventing the cycle from recurring. Unfortunately, Congress has missed this opportunity in the farm bill that it has just agreed to.

The hidden hope in this current global hunger crisis is the opportunity for hundreds of millions of poor people around the world who work in agriculture to benefit from the policy changes and increased attention to their situation that are being provoked by the surge in food prices. If ordinary citizens and their governments work together to respond to the current crisis, the dramatic progress against hunger that the world has seen over the last 30 years can resume with even greater urgency and resolve.

As described in Bread for the World’s February/March 2008 Background Paper, *Agriculture: A Must for the Millennium Development Goals*, reducing hunger and poverty depends on thoughtful investments to improve agricultural productivity and rural infrastructure around the world. Congress should begin to reverse underinvestment in global agriculture in its 2009 appropriations process.