



Rising Food Prices Are Producing A Global Hunger Crisis

Rising food prices are taking an immense toll on the world's poorest people, who typically spend up to 80 percent of their income on food. Global food prices have nearly doubled in the past three years, with recent spikes in the prices of rice, wheat, corn and soy. In Haiti, more and more people are relying on mud cookies to sustain themselves. Riots there have forced the resignation of the prime minister. Worries and anger over food prices have led to social unrest in more than 30 countries worldwide including Burkina Faso, Senegal, Cameroon, Cote d'Ivoire, Mauritania, Mozambique, Egypt, Yemen, Indonesia, the Philippines, Thailand, and Uzbekistan.

Even before this crisis, the numbers of people around the world who go to bed hungry every night were staggering. The U.N. Food and Agriculture Organization estimates that 854 million people around the world were hungry last year. Every day, almost 16,000 children die from hunger-related causes—one child every five seconds. Now, according to the World Bank, as many as 100 million more poor people could fall further into poverty due to this burgeoning hunger crisis. After 30 years of progress against hunger and poverty, that's a setback the United States and the rest of the world cannot afford to let happen.

U.S. households—especially low-income households—are also feeling the impact. Last year, one in 10 households experienced hunger or was at risk of hunger. But several things have come together to worsen the situation: higher food prices, particularly since the beginning of 2007; rapidly rising fuel prices; the subprime mortgage crisis; tighter credit for most borrowers; and higher unemployment rates. Food pantries are seeing a substantial increase in the number of people seeking food, even as their supplies are decreasing and food banking costs surge. The U.S. government estimates that 28 million Americans will be using food stamps this year, the highest level since the program began in the 1960s. Almost one in 10 people in Ohio receives food stamps; one in eight in Michigan; and one in six West Virginians.

Many factors are contributing to the rise in food prices—higher energy prices, growing demand for alternative energy sources, rising incomes in developing countries, and more extremes in weather conditions that may be linked to climate change. Record high oil prices are contributing to the cost of producing, packaging, storing, and transporting food. In

response to government commodity payments, farmers are diverting crops and land used for food to biofuels, particularly corn-based ethanol. Drought in Australia has reduced the country's rice production by 98 percent in just six years.

There is some hope hidden in the hunger crisis. Some of the increased demand for food is the result of rising incomes in developing countries like India and China that have lifted millions of people out of poverty. Rising incomes mean growing demand for a more nutritious, more diversified diet. Higher commodity prices can also mean more income for the world's 600 million undernourished people who make their living from agriculture.

What is the impact of rising food prices?

Poor people in the United States, small-scale farmers, and poor urban consumers in sub-Saharan Africa and across the developing world are worse off as food prices rise.

In the United States:

- Rising food prices, along with rising fuel prices, are making it even harder for low-income families to meet their basic needs.
- Rising food prices are reducing the ability of our national nutrition programs—from school lunches to food stamps—to help low-income families and children.
- Food stamp participation has risen, yet the purchasing power of the monthly food stamp benefit is diminished because of higher food prices.
- Currently more than 90 percent of food stamp benefits are used up by the third week of the month.
- The number of people seeking goods at food pantries or food banks has increased. Food banks cannot fill this demand due to higher food costs.
- When food costs rise, school lunch administrators have to stretch program dollars to provide meals—sometimes at the expense of nutrition.

In developing countries:

- Poor people spend up to 80 percent of disposable income on food. When the prices of basic goods

spiral upward, many people can no longer feed themselves and their children.

- Rising food prices are increasing the prospect of acute food shortages in some parts of the world.
- Rising food prices also mean that international agencies and charities have to cut back on the food aid they provide to refugee camps.
- The pressure to farm on marginal lands results in more environmental degradation.

Rising Food Prices and the U.S. Farm Bill

One of the more powerful solutions to this crisis—the five-year, roughly \$250 billion farm bill—is in the hands of Congress and President Bush. The alarming jump in food prices should spur them to enact genuine reforms that will end subsidies to wealthy farmers while strengthening the nutrition programs for hungry and poor people.

A farm bill with true reforms should strengthen the Food Stamp Program, increase aid to our rapidly depleting food banks, and bolster international food aid. Changing the commodity payment system would also free up money to better support struggling farm and rural families of modest means in this country and around the world while providing help to low-income Americans caught between a weak economy and rising food prices.

Agricultural production is also affected by high food prices. The United States is wasting billions of dollars on commodity payments to well-off people to do things that don't make much sense. Those subsidies often frustrate agriculture production in developing countries, which is especially important to hungry people around the world. The money could also be reallocated to investments that would enhance U.S. agricultural productivity.

What short-term measures can be taken to protect hungry and poor people?

In this situation, poor people in the United States and around the world need food and cash assistance.

In the United States, we need to:

- Pass a strong farm bill that helps struggling U.S. farm and rural families, improves U.S. agricultural productivity, and increases food assistance so low-income children and families get enough to eat.
- Strengthen work-support programs that help poor families keep more of what they earn and get help with the rising costs of housing, transportation, and child care.
- Include funding for the Food Stamp Program, the Emergency Food Assistance Program, and the Special Supplemental Program for Women, Infants,

and Children (WIC) in a stimulus package during tough economic times.

- Re-examine our energy policies and the extent to which they have intensified the trend toward higher prices by creating incentives to divert food into fuel.

Around the world:

- Pass a U.S. farm bill that reduces market-distorting subsidies to affluent landowners. This would make U.S. agriculture more efficient and reduce the extent to which U.S. and European farm policies depress agriculture in developing countries.
- Adopt reforms and funding to get more food aid to hungry people in poor countries. For example, allowing just 25 percent of U.S. food aid to be purchased locally would provide an extra \$150 million per year in food for hungry people—at no cost to taxpayers.
- The United States should provide regular and realistic funding for acute food shortages. In recent years, the United States and other donor governments have consistently under funded budgets for emergency food aid and relied on supplemental funding to make up the difference.
- Congress should appropriate funds in the emergency supplemental bill that would provide an additional \$600 million to help the World Food Program, Food for Peace, and humanitarian organizations meet global food aid needs.

What can be done to increase food supply and improve access to food in the long term?

The rise in food prices around the world should be a wake-up call to rich and poor countries alike to strengthen and improve agricultural policies. U.S. development assistance for agriculture and rural development are at their lowest points since the 1980s.

Greater investment in agricultural productivity and the ability of small farmers to access markets is absolutely vital if these farmers are to benefit from higher commodity prices. The high prices that are causing hardship for 100 million of the world's poorest people represent opportunity for another 600 million undernourished people who make their living from agriculture. Agricultural development will reduce food prices and also increase incomes in rural areas. This is the way to turn the current hunger crisis into powerful and permanent progress against world hunger.



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