

What is Causing the Global Food Crisis?

Just because news of the food crisis has gone off the front pages and prime time television, does not mean the crisis has gone away. The crisis of food availability (not necessarily that of food production) remains and inexcusably large numbers of the poor across the world remain hungry. The Millennium Development Goals (MDG), far from showing signs of relief for the poor, are actually in a decline and a larger number of poor people are now below the poverty line than before. So, is food scarce? Not if you look at the statistics of global food production. At the height of the food crisis, farmers produced 2.3 billion tonnes of food grain worldwide. This was more than the production the year before. So shortfall in grain production was not a limiting factor. Neither was there a surge in population increase as compared to the growth in food production. Whereas cereal production has gone up three times after the Green Revolution, the population has only doubled.

COMPANIES PROFITING FROM THE FOOD CRISIS

Company	Profits 2007 (in US\$ million)	Increase from 2006
Cargill (US)	2,340	36%
ADM (US)	2,200	67%
ConAgra (US)	764	30%
Bunge (US)	738	49%
Noble Group (Hong Kong)	258	92%
Marubeni (Japan)	90	43%

Despite the ill-informed comments of George W Bush, food consumption by the Chinese, the Indians or anyone else, did not exceed food production. Rice consumption remained below the total production, as did the consumption of meat, oils and fats and dairy. Wheat consumption matched the production. At no time was there a shortage in the food production, nor did consumption exceed production. So why was there a food crisis? Here is what happened, it all began in America, that land of plenty.

When the sub-prime housing crisis opened up in the US and its full impact was felt, the US stock market collapsed. 'Hot', speculative money invested in the stock market fled to seek new places to park itself. Temporarily, this parking space was the oil market which saw a surge back to back and running parallel to the food crisis. But hot money very quickly moved into

food commodities and grain futures, sending the prices spinning. The price of wheat increased by 130 per cent in this period and the price of rice doubled. The price of all other food items like fruits, vegetables, meat and dairy increased tremendously. This is what happens when cartels control a commodity. They hoard it, manipulate the market and send the prices soaring, to make huge profits on their investments.

Did the big grain and food traders make profits during the food crisis? They certainly did. In April 2008, Cargill announced that its profits from commodity trading in the first quarter of 2008 were 86 per cent higher than the profits it made in the first quarter of 2007. The Syngenta Corporation saw profits increase by 28 per cent in the first quarter of 2008 and Thailand's largest food trader, Charoen Pokphand Foods is expecting a revenue growth of 237 per cent for 2008. So, every corporation in the global food chain is making a killing as developing countries struggle to battle the food crisis. The table says what there is to say.

Globalisation and its iniquitous policies and unbridled capitalism unbridled capitalism of the kind that smashed Wall Street and led to the collapse of America's flagship banks, is the root cause of several catastrophes, including the global food crisis. US policies of diverting corn and soybean to agro-fuel production has exacerbated the situation. It has also set off a wave of perverse "Ape the US" national policies on biofuels. India leads from the front on this. Still insecure on food security, it has framed an ambitious biofuel policy that will compete with food crops for land and water. The consequences of following such a policy are going to be grim. To guard itself against a food crisis at home, India must rededicate itself to solving age-old problems like land reform, food sovereignty, income generation and supportive policies for agriculture. It must also rise to the challenge of new problems like climate change and global warming.

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