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It's time to stop a tragic waste

By David Kohn

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Last week, as the global food crisis raged on, President Bush announced that the administration would ask Congress to increase U.S. food aid by \$770 million. That's good news - although the money would be part of the 2008 fiscal year budget and wouldn't help anyone until next year. Meanwhile, food prices keep rising, and hunger and panic are growing.

But our food aid strategy has a bigger problem. Every year, the U.S. squanders hundreds of millions of dollars of its food aid budget - almost as much as the president wants to add.

The U.S. government provides more food aid to the developing world than any other country: \$2 billion or so a year, which feeds more than 70 million people. But it also wastes more than any other country, relegating thousands, perhaps millions, to hunger, malnutrition and sometimes death.

Worse, those wasted dollars, instead of benefiting hungry people in poor countries, are used to subsidize industries and organizations that don't need the help: corporate agribusiness, shipping companies and large aid agencies. This trio makes up the so-called Iron Triangle, which has successfully lobbied Congress for decades to keep this profitable arrangement in place.

Other wealthy countries that provide aid give agencies and needy governments cash to buy food locally. But the U.S. insists on buying 99 percent of its food aid from U.S. farmers, at U.S. market prices, and then sending this food overseas. According to federal law, three-quarters of that food must be shipped in vessels registered in this country. Not surprisingly, the American approach restricts competition and is much more expensive. A report by the Organization for Economic Cooperation and Development found that U.S. policy wasted about \$750 million a year.

As fuel prices rise, the amount of money devoted to nonfood costs has increased. (Imagine how much it costs to sail a freighter from a U.S. port to Africa.) This means the quantity of food delivered has dropped even as the food aid budget stayed relatively stable. A report last year by the U.S. Government Accountability Office found that between 2001 and 2006, the average amount of food sent abroad declined by more than half.

Buying U.S. food and shipping it overseas is also unwieldy. Food shipments can take months to arrive where they are needed - a delay that can mean the difference between life and death. "It slows down deliveries by four to five months,"

says food aid expert Christopher Barrett, a professor of applied economics at Cornell University.

But at least American farmers benefit from this arrangement, right? Not really. Most of the money goes to agribusiness giants such as Archer Daniels Midland and Cargill, corporate middlemen with vast stores of grain. And those U.S. shippers that the current rules supposedly help? Many vessels - Mr. Barrett estimates more than half - are actually foreign companies that simply register the ships here to get a piece of the lucrative business of bringing food to needy countries.

The U.S. program also provides money to nongovernmental aid agencies such as Save the Children and Baltimore-based Catholic Relief Services. The government donates much of the food it buys to such groups, which then sell it in developing countries. The transactions yield millions in profits for aid groups, which in turn use the money to pay for other aid work.

It's a perverse system: In essence, aid groups become grain and soybean brokers, making money by selling food in developing countries - and then using the profits to help the poor in those same countries. Most experts say it would be far more efficient to provide direct funding to these groups, rather than giving them food to sell. And because the food is sold to brokers in the target countries, who sell it at market prices, there's no guarantee that the neediest can even afford it.

One group has opted out of this less-than-logical equation. CARE, one of the world's largest aid agencies, has been phasing out food sales since 2005. It will cease selling next year, and will lose \$45 million for its decision. (Catholic Relief also sees the system as badly flawed but says it participates because the good it does outweighs the harm.)

Last year, the Bush administration tried to take a small step in the right direction, proposing that a quarter of food aid be bought in the target country. In testimony before Congress, an official with the U.S. Agency for International Development, which oversees the largest of the government's food programs, said the Bush plan might save 50,000 lives a year. The bill was defeated after intense lobbying by the Iron Triangle.

(The latest farm bill, which came out Friday, asks for \$60 million over five years to fund a "pilot program" that buys food in the country where it'll be used. That's better than nothing, but it's about half of 1 percent of annual food aid funding.)

Ironically, the food crisis itself may bring some movement. As problems spread - there were fresh food riots in Somalia a few days ago - the current approach seems increasingly nonsensical and cruel. The growing focus on food aid may shine a light on our mistaken policy, and embarrass lawmakers into making lifesaving changes.

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