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## Famine, farm prices and aid

### Food for thought

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**Soaring prices for products like rice (see [article](#)) and wheat are causing headaches for aid agencies and politicians**

Getty Images



FOR years, anti-poverty campaigners railed against low commodity prices, which depressed farmers' incomes in developing countries. In recent months, the world price of virtually all staples has shot up, but the activists are still not cheering. They worry that this boom (intensified by "green" subsidies for biofuel crops) may worsen poverty even more than low agricultural prices did.

High food prices do help poor farmers, but they also hurt the more numerous category of people (poor city-dwellers as well as landless rural folk) who must buy food to survive. That "unintended consequence"—in the words of Gawain Kripke of Oxfam International, a British charity—has caused serious problems for the organisations that bring food aid to the poorest. The World Food Programme (WFP), a UN agency, has just issued an urgent appeal for \$500m, to cover higher food costs. America's Agency for International Development (USAID), a huge financier of food aid, is asking for \$350m.

The short-term outlook seems grim, both for the poor and the agencies that supposedly help them. Even before the current price boom started two years ago, food aid was running at historically low levels, perhaps half the real-terms total of two decades earlier. And the WFP says hunger is on the rise in the countries it watches. It classifies as "hotspots" the places—most of central Africa, plus Afghanistan—where more than a third of the people do not get as much food as is needed. A second tier, where between a fifth and a third lack adequate food, includes much of West Africa, the Indian sub-continent and Bolivia. David Kauck of CARE, an American charity, says that pockets of real hunger also exist in many rich countries.

Dismal as all this sounds, there are some grounds for hope. Today's woes may lead to fundamental changes for the better in the world's approach to hunger and food shortages. And not before time, in the view of experts who see something crazy about the way many food-aid efforts are now conceived and executed.

One mistake, arguably, is the very idea of defining the main problem as massive hunger, and hence the solution as providing food by any means necessary. "There is simply no shortage of food," insists Rachel Nugent of America's Centre for Global Development. Of course, there are places—like North Korea or Darfur—where political (and in some cases ecological) factors cause an intense local shortage of food. In those cases, insists Josette Sheeran, head of the WFP, food aid is the only option. She also fears that the world is getting less resilient in its ability to respond to a growing number of food emergencies.

But leaving aside those extraordinary events, most pundits, including Ms Sheeran, agree that the world now has plenty of food: last year saw a record cereal harvest. And the investments spurred by today's high prices promise even more food in future. Even if one allows for rising demand from Asia's middle classes, the real challenge is not the volume of food available; it is the problem of food being in the wrong place and at a price the poorest cannot afford. Michael Hess of USAID adds that famines are made inevitable by poor governance, not natural disasters. After all, "America has droughts, but not famine."

Moreover, hunger as such is the wrong target, says Meera Shekar of the World Bank. Hunger is transient and hard to measure, but malnutrition, she notes, is a pernicious killer (with lack of food as only one contributing variable). She points out that South Asia, which has plentiful food, suffers from twice the level of malnutrition as crisis-prone sub-Saharan Africa.

The snag is that tackling malnutrition is harder than sending bags of grain. It means fixing health systems, improving the delivery of nutrients in the food chain, educating people about hygiene and other unpopular and unprofitable jobs. Small wonder, then, that this burdensome task has fewer political cheerleaders.

Oxfam's Mr Kripke holds out hope that today's price shock may yet "help fix a broken system". The United States, in particular, monetises food aid in a bizarre way. Tax dollars are used to buy food in America, which is then sold by charities in poor-country markets to fund development. Christopher Barrett, an economist at Cornell University, calls this "a clever way to turn a dollar of taxpayer money into 50 cents for a non-governmental organisation to spend." The requirement that most food aid must be sent on American ships raises costs, and benefits just a few shippers.

Change may be coming. Over the objections of some tough lobbies, George Bush has proposed fixing some of the distorting aspects of America's food policies. The president has called for more emphasis on procuring produce from local farmers in poor countries. And in a bold gesture, CARE has said it will no longer accept any American government donations using the monetisation approach.

Most encouraging are some proposed changes at the WFP. Ms Sheeran hopes to persuade her board at a meeting in June to shift her agency's focus away from emergency food aid and towards a wider remit. She wants to expand its role in surveillance, stockpiling and risk-insurance. She also speaks of targeting subsidies or vouchers "in ways that complement markets rather than distort them", as current subsidies often do. If this sort of clarity prevails, it would be a silver lining on the dark cloud that now looms over the poor.