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COMMENTARY May 6, 2008

Will the Food Crisis Finally Get the Attention of Presidential Candidates?

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As we head into another round of presidential primaries, the specter of a growing world food crisis looms on the horizon. Fueled by rising apprehension over increasing price volatility in agricultural commodity markets, the debate continues to escalate over what are the underlying causes of rising food prices. Opinions vary to what degree certain factors play a role, but there is a growing consensus that there is a "Perfect Storm" of several developments occurring simultaneously, including: nearly depleted grain reserves; increasing energy costs; climate change; the biofuel boom; increasing consumption of industrial meat production in emerging economies; and a lack of transparency in agricultural markets that has contributed to increased speculation and manipulation in commodity markets.

Some have called for more laissez-faire policies that would support expanded trade as a response to the current food crisis. This approach is a dangerous one, particularly for net-food importing countries that lack food reserves and production capacity, making them the most vulnerable to the price fluctuations that we are experiencing today. Instead, we need to challenge our current agricultural trade deregulation model, which is one of the root causes of the growing food crisis. We need more appropriate management of agricultural markets on behalf of our common public interests, rather than continuing to defer to narrow private interests.

The growing food crisis demands that our presidential candidates reflect on what is broken with the current global economic model, and begin to offer viable solutions for how to better manage food and agricultural markets in today's volatile world.

Regulating commodity speculation would be an important place to start. On April 22, the Commodities Futures Trading Commission held a public forum "to gather information about whether the futures markets are properly performing their risk management and price discovery roles." Nobody knows the degree to which Wall Street speculators are driving the increased market volatility currently wreaking havoc on farmers, consumers and governments; or, alternatively, whether it is the infusion of speculative money that has actually been holding the trading system together. Either way, financial speculation is directly affecting volatility in the market and needs to be better regulated to stabilize commodity prices.

Re-establishing grain reserves is another tool that is badly needed. In the U.S., we dismantled our strategic grain reserves with the 1996 Farm Bill. Publicly held reserves were important for consumers because they could be tapped during times of shortages to bring prices down. Re-establishing reserves would stabilize volatile commodity markets, while providing a system of fair prices for farmers and consumers that is not dependent on billions of dollars of controversial taxpayer subsidies. Well-managed strategic grain reserves could also help the U.S. to curtail dumping of surplus agricultural commodities at below the cost of production onto world markets; a controversial practice that denies developing country farmers access to their own domestic markets. For example, Mexican farmers are currently demanding a renegotiation of the North American Free Trade Agreement to head off another round of U.S. dumping of white corn and beans into their market that threatens to destroy that country's domestic production capacity of staple food crops for Mexico's poorest people. The next Administration should not block other countries from establishing their own grain reserves at the national level to stabilize their own agricultural markets.

Agricultural deregulation has allowed global food corporations to squeeze farmers around the world out of their own domestic markets in the name of "market access." The result is that today it is agribusiness, not farmers, who are dominating global agricultural commodity markets. The next Administration could address this imbalance by more aggressive enforcement of anti-trust laws at the national level. Our leaders should also support international measures to regulate corporations. Strong antitrust policies would require tough scrutiny and regulation of agribusiness mergers to improve farmers' fair access to markets, and ensure a fair price for producers and consumers.

Our presidential candidates should also call for more international solutions to eradicate poverty and hunger. This includes more international aid for agriculture, not just in the form of food aid, but in the form of increased aid to support local food systems in countries suffering from hunger. Our food aid programs need to be reformed to support untied, cash-based food aid that is received in a timely fashion rather than the current inefficient model that allows the U.S. to dump its surplus crops onto countries and undermine local markets. New international rules in trade and investment should prioritize food security and local food and energy systems.

U.S. voters expect our leaders to address these important food and agricultural trade issues in a substantive manner. The global food crisis is not a short blip in this week's list of media stories. It is here to stay and will only get worse under a new Administration unless policies are put into place to stabilize the situation. The U.S. has an important role to play and an important commitment to the international community in this regard. Let us hope the next Presidential Administration is up to the task.

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