

Food Security Crisis: Causes and Solutions

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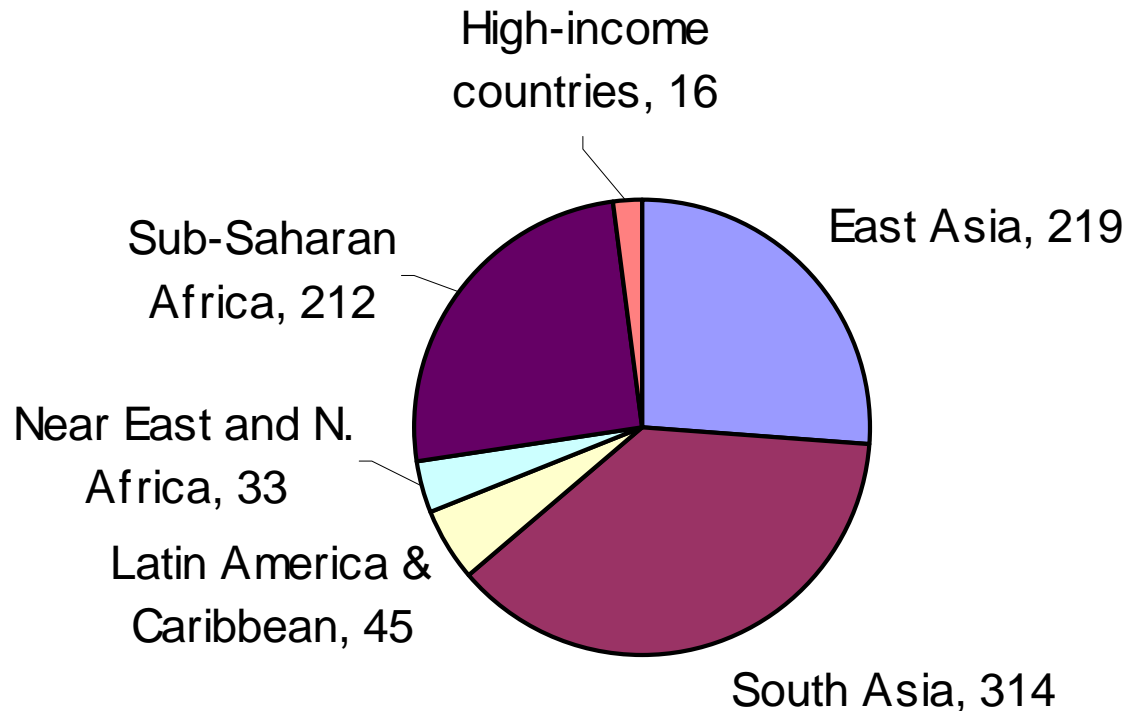
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A few numbers

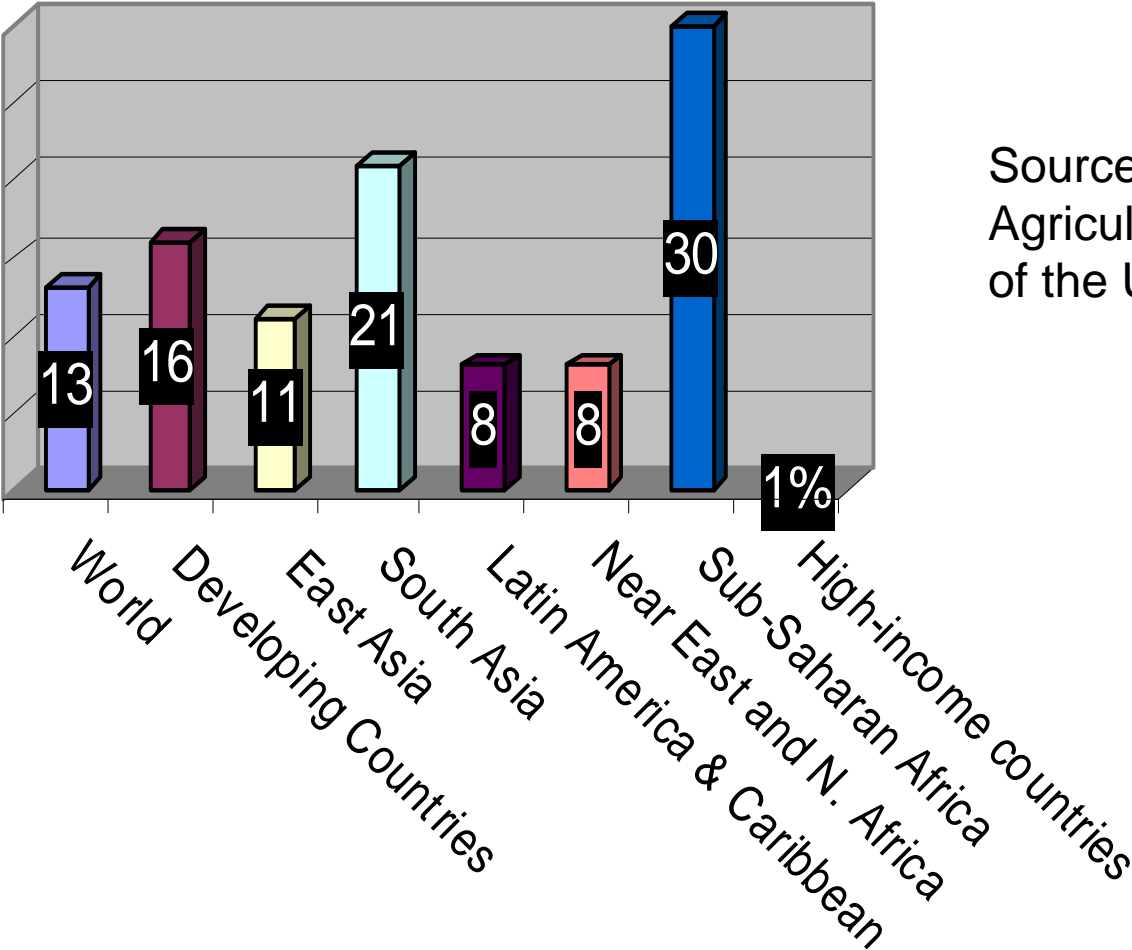
- World population: nearly 6.8 billion
- World's hungry: 1 billion (1/7 of total)
- World's overweight: 1.1 billion (1/6 of total)
- Conclusion? Is the problem just one of distribution, not inadequate production?

Where are the Undernourished? (in millions) - 2005



Source: Food and Agriculture Organization of the United Nations

Percent of the Population Undernourished, by Region, 2005



Source: Food &
Agriculture Organization
of the United Nations

Trends

- % of population undernourished *fell* from 20% to 16% between 1990/92 and 2006
- Absolute numbers of undernourished *increased* by 80 million between 1990/92 and 2008
- From 1997-2006, rate of malnourishment fell by 3% per year in East Asia and 1.7% in South Asia.
- Both absolute numbers and rate increased in 2007/08 due to soaring food prices.
- *Did 2007/08 represent a fundamental change or just a blip?*

2007-08: The Perfect Storm or the New Reality?

- Factors contributing to the price increases:
 - Weather – e.g., drought in Australia
 - Declining world cereal stocks
 - Changing consumer demand (meat, poultry, dairy), especially in Asia
 - Rising energy prices and integration of food and energy markets → increased biofuel demand (in part driven by subsidies) & increased agricultural input costs
 - Expansion of speculative funds into commodities as the mortgage market tanked
 - Export restrictions in Asian countries such as India and Vietnam
 - Possible increasing production costs in China due to falling water tables in north.
- Fall in prices in 2009 – e.g., rice prices about half of what they were in 2008.

Increasing agricultural production will be important in the future, but not for the obvious reason

- *Food security*: Assuring that all people at all times have enough food for a healthy, active life
- Food insecurity is not just a question of the physical *availability* of food. It also depends on *access* to food by the poor, primarily *economic access*.
- Most people are hungry because they lack adequate access to food (i.e., low real incomes). But in many poor countries, particularly in Sub-Saharan Africa, increasing productivity of the food system (farming and marketing) is key to raising real incomes.

Increasing food system *productivity* is crucial to increasing the poor's real incomes

- Drives down the real price of food to the poor while maintaining profitability/incentives to invest in the food system
- Generates employment, particularly in off-farm parts of the food system and in labor-intensive high-value production (e.g., dairy, fruits and vegetables)
- Lower food costs help increase the profitability of non-farm enterprises by holding down wage costs, thereby generating employment

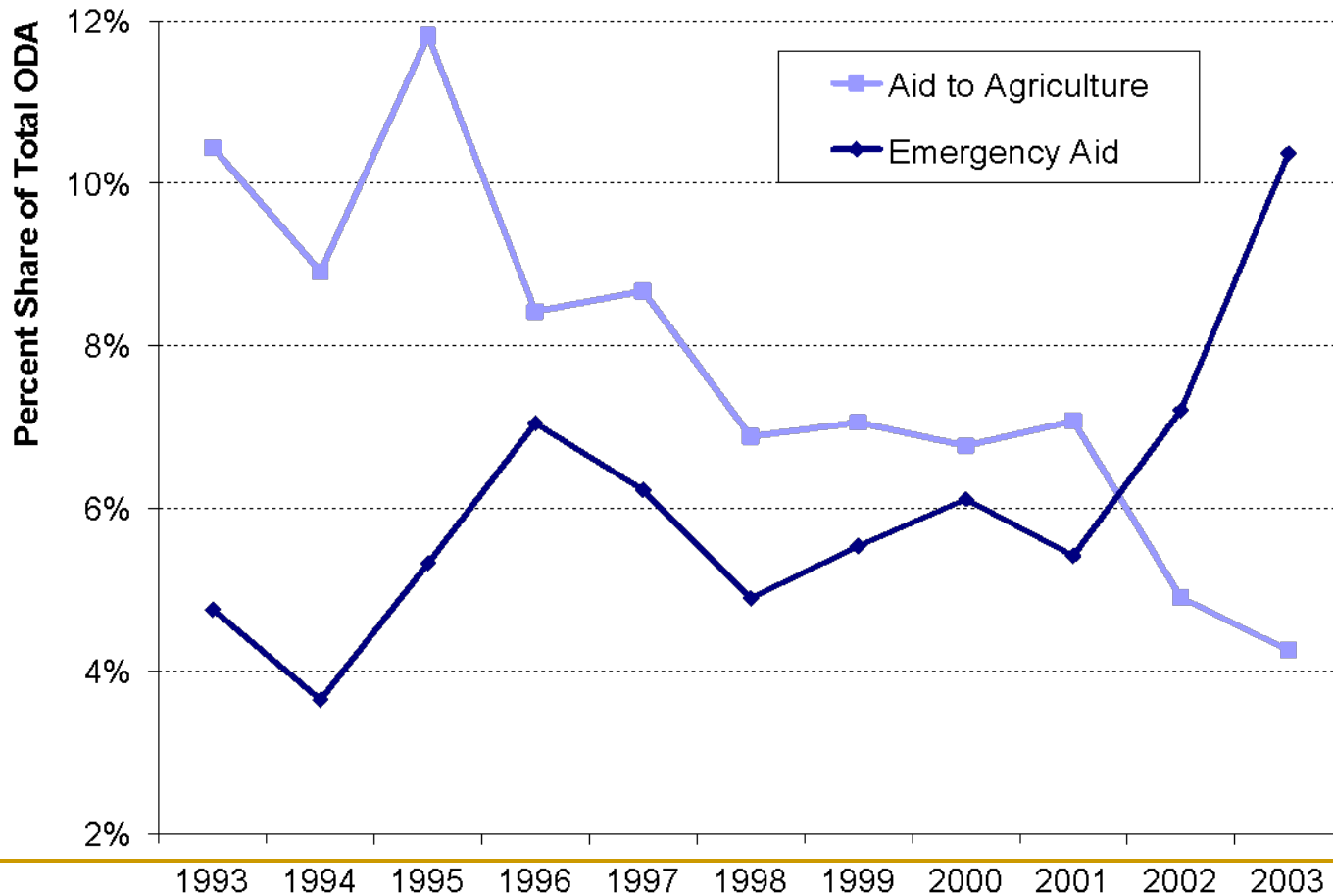
Transforming the foods system requires sustainable increases in agricultural productivity

- Increased area cultivated per person (e.g., animal traction or minimum tillage)
- Increased production per unit area
 - Improved varieties
 - Improved soil fertility / water conservation
- Increased value of output
 - Higher value crops
 - Lower marketing costs—important when often over 50% of consumer cost comes from off-farm costs

Requirements...

- Investments in human capital
 - Farmer training, extension workers
 - Scientists
- Investments in physical capital
 - Roads, irrigation
- Investments in organizational capital
 - Market information systems
 - Farmer and trader/processor/agribusiness associations
 - Agricultural policy
- Investments in biological capital
 - International agricultural research
 - Conservation farming/Soil fertility

But investment in agriculture lagged declining as food aid costs ballooned



Challenges

- Creating not just a new Green Revolution but a Doubly Green Revolution in the context of climate change and increasing water scarcities
- Assuring that the issue of access as well as production is addressed. Without addressing adequate access of the poor to food, a pro-agricultural development agenda will be politically unsustainable.
- How to do this in a financially sustainable way?