

This is a pre-release of the editorial on the food crisis in the upcoming July issue of GRAIN's Seedling magazine. We decided to distribute this now in support of the mobilizations of social movements around the High-Level FAO Conference on World Food Security, held from 2 to 5 June in Rome.



Getting out of the food crisis

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While there has been widespread reporting of the riots that have broken out around the world as a result of the global food crisis, little attention has been paid to the way forward. The solution is a radical shift in power away from the international financial institutions and global development agencies, so that small-scale farmers, still responsible for most food consumed throughout the world, set agricultural policy. Three interrelated issues need to be tackled: land, markets and farming itself.

In March 2008, the United Nations Food and Agriculture Organisation (FAO) and other international agencies began talking openly about a global food crisis. As with many such crises, they were a little late. Food prices – especially for cereals, but also for dairy and meat – had been rising throughout 2007, markedly out of step with people's incomes. People had coped by changing their eating habits, which included cutting back on meals, and had taken to the streets to demand government action. By early 2008 grain prices were surging and riots had broken out in nearly 40 countries, instilling fear among the world's political elites.

A few months have now passed since the global food crisis was put on the world agenda. The causes of the problem have been identified and more or less understood.¹ Yet the food crisis is still unfolding. Prices are continuing to climb, a whole class of "new poor" has emerged, governments are scrambling to find or manage grain supplies, and the eruption of another major setback could provoke a really dramatic world crisis.

Everyone agrees that something needs to be done but there is vast disagreement as to what this implies. The policy priests at the World Bank, the World Trade Organisation and the International Monetary Fund, the corporate boards of directors and, indeed, most governments and their teams of advisers want us to continue on the course of industrialising agriculture and liberalising trade and investment, even though this recipe just promises more of the same in the future. Social movements and others who have been fighting the injustices of today's capitalist model see things differently. For them, it is now time to break with the past, to mobilise around a new, creative vision that will bring not only short-term remedies, but also the kind of profound change that will actually get us out of this food crisis – and, indeed, the unending series of crises (climate change, environmental destruction, poverty, conflicts over land and water, migration, and so on) that neoliberal globalisation generates.

Radical transformation required

Many people are becoming aware that no solution is possible unless we open the doors to a real shift in power. The policymakers, scientists and investors who have led us into the current mess cannot be relied upon to get us out of it. They have created a profound double vacuum: a policy void and a market sham. The policy void is palpable. Instead of generating bright ideas to build a more sustainable and equitable food system, those in power seem capable of only knee-jerk responses that amount to more of the same: more trade liberalisation, more fertilisers, more GMOs and more debt to make it all possible. The very notion of, say, rewriting the rules of the finance system or clamping down on speculators are taboo topics. Even the food self-sufficiency policies being adopted in some developing countries, in themselves a very good idea,

¹ See, for example, GRAIN's contribution, "Making a killing from hunger", *Against the grain*, April 2008, <http://www.grain.org/articles/?id=39>

often repeat failed Green Revolution strategies.

More disturbing, the political and business elites don't want to face the fact that, whether you are a working-class homeowner in the US or a mother queuing for rice in the Philippines, confidence in the market has been shattered. Farmers in Thailand are stupefied. Last year they were getting Bht 10,000 (US\$308) per tonne of rice delivered to the mills. Today they're paid Bht 9,600 (US\$296), even though the price of rice to the consumers has tripled!² The US dollar (still a global currency for food trade) has plunged, while the price of oil (on which industrial food production depends) has gone through the roof. As a consequence, governments have started taking food out of the market, as they simply don't trust the way food is being valued any more. The government of Malaysia, for instance, has announced that it will bilaterally swap palm oil for rice with any nation willing to make the deal, while several other countries have banned the export of food.³

Against this backdrop of bankrupt ideas and systems, there is no other credible way forward than to rebuild from the bottom up. That means turning the whole thing over: small farmers, still responsible for most food produced, should be the ones setting agricultural policy, rather than the WTO, the IMF, the World Bank or governments. Peasant organisations and their allies have clear, viable ideas about how to organise production and services and how to run markets and even regional and international trade. Ditto for labour unions and the urban poor, who have an important role to play in defining food policy. Many groups, such as the National Farmers' Union in Canada, the Confédération Paysanne in France, ROPPA in West Africa, Monlar in Sri Lanka and the MST in Brazil, have issued strong calls to revamp agricultural policy and markets. International organisations, such as Via Campesina and the International Union of Food Workers, are also ready to play a role.

Points for urgent action

Three interrelated issues need to be tackled to get us out of the food crisis: **land**, **markets** and **farming** itself.

Access to **land** by peasant farmers is clearly central. With the surge in commodity prices and the new market for agrofuels, land speculation and land grabbing are occurring on a horrific scale. In many parts of the world, governments and corporations are installing plantation agriculture, displacing peasants and local food production in the process. Indeed, the model of export-led agriculture and import dependency at the root of today's crisis is going into overdrive, destroying the very systems of food production that we need to get out of our present dilemma.

The situation is becoming even more critical as land grabbing is going global and becoming official. According to some sources, Japan has acquired 12 million hectares of land in South-east Asia, China and Latin America to produce food for export to Japan, which would mean that Japan's overseas croplands are now three times the size of its mainland!⁴ The Libyan government has leased 200,000 hectares of cropland in Ukraine to meet its own food import needs, and the United Arab Emirates is buying large landholdings in Pakistan with Islamabad's support.⁵ Last year the Philippine government signed a series of deals with Beijing to allow Chinese corporations to lease land for rice and maize production for export to China, triggering a huge national outcry, from Filipino peasant organisations right up to the Catholic Church. Chinese corporations have also been acquiring rights to productive farmland across Africa and in other parts of the

² "Chiang Rai farmers protest", *The Nation*, Bangkok, 15 May 2008, <http://nationmultimedia.com/breakingnews/read.php?newsid=30072877>

³ Leo Lewis, "Food crisis forces Malaysia into barter: palm oil for rice", *The Times*, London, 14 May 2008, http://business.timesonline.co.uk/tol/business/industry_sectors/natural_resources/article3930237.ece. Already, about one-third of the world's tradable rice has been taken out of the market. See "Nigeria: Food crisis, not just rice", *Vanguard*, Lagos, 14 May 2008, <http://allafrica.com/stories/200805140253.html>

⁴ "Food crisis looming over Korea", *Chosun Ilbo*, Seoul, 4 March 2008, <http://english.chosun.com/w21data/html/news/200803/200803040011.html>

⁵ "Food crisis turns banks into field hunters", *Sabah*, Turkey, 15 May 2008, <http://english.sabah.com.tr/A67FE5AE3F2C485087CC1023DEAF5C94.html>. Simeon Kerr and Farhan Bokhari, "UAE investors buy Pakistan farmland", *Financial Times*, London, 11 May 2008, <http://www.ft.com/cms/s/0/c6536028-1f9b-11dd-9216-000077b07658.html>

world. The Beijing government is about to make the buying of land overseas to produce food for export to China a central and official government policy.⁶

Land has, of course, always been a central demand from social movements, particularly for peasants, fisherfolk, rural workers and indigenous peoples. Agrarian reform tops the list of measures urgently needed to put an end to the growing plague of rural poverty and to empower people to feed themselves and their communities, reversing the explosion of urban slums that is so central to this food crisis. It is high time that the proposals from the peasant organisations are taken seriously and implemented.

Another major issue in dire need of attention is how to deal with the **market**. For decades, neo-liberal trade liberalisation and structural adjustment policies have been imposed on poor countries by the World Bank and the IMF. These policy prescriptions were reinforced with the establishment of the WTO in the mid-1990s and, more recently, through a barrage of bilateral free trade and investment agreements. Together with a series of other measures, they have led to the ruthless dismantling of tariffs and other tools that developing countries had created to protect local agricultural production. These countries have been forced to open their markets to global agribusiness and subsidised food exported from rich countries. In that process, fertile lands have been diverted away from serving local food markets to producing global commodities or off-season and high-value crops for western supermarkets, turning many poor countries into net importers of food.

One of the more obscene aspects of the food crisis is the spectacular profits that the market has allowed big agribusiness and speculators to make from it. Contrary to the impression conveyed by some media, few farmers are seeing any benefits from the price hikes. We have already quoted the example of Thai farmers now getting less for their rice while consumers pay three times more. Farmers in Honduras, once the bread basket of Central America, can't afford to buy seed or fertiliser any more, as prices for these inputs have soared.⁷ Corporations, on the other hand, are making record profits at every link in the food chain – from fertilisers and seeds to transport and trading. Earlier this year, GRAIN documented the 2007 profit increases of the major food and fertiliser corporations.⁸ In the first quarter of 2008, while many hungry people were further cutting back on the amount of food they eat, the major food and fertiliser companies were reporting even more spectacular profit increases.⁹

At the same time, massive speculation is occurring. According to a leading commodities broker, the amount of speculative money in commodities futures has risen from US\$5 billion in 2000 to US\$175 billion in 2007.¹⁰ Half the wheat now traded on the Chicago commodities exchange is controlled by investment funds.¹¹ At the Agricultural Futures Exchange of Thailand, speculation on rice has, within one year, tripled the average number of contracts traded daily on the exchange, with hedge funds and other speculators now representing up to half of the daily contracts being traded.¹² All of this speculative activity from pension funds, hedge funds and the like, plus the shifting of commodity trade from formal exchange markets to direct over-the-counter deals, is sending prices soaring. Such a bubble is inherently unstable and bound to burst, with unpredictable results. With few exceptions, governments and international agencies are hardly talking about this part of the food crisis equation, let alone doing anything effective to deal with it.

In contrast, trade unions and farmers' organisations have been vigorously calling for proper regulation and controls, particularly since producers and consumers are the groups most affected by it all. Calls by social

⁶ Jamil Aderlini, "China eyes overseas land in food push", *Financial Times*, 8 May 2008.

⁷ Alison Fitzgerald, Jason Gale and Helen Murphy, "World Bank 'destroyed basic grains' in Honduras", Bloomberg, 14 May 2008, http://www.bloomberg.com/apps/news?pid=20601086&sid=aGxiawAqP0.w&refer=latin_america

⁸ GRAIN, "Making a killing from hunger", *Against the grain*, April 2008, <http://www.grain.org/articles/?id=39>

⁹ See, for example, Geoffrey Lean, "Multinationals make billions in profit out of growing global food crisis", *Independent on Sunday*, London, 4 May.

¹⁰ Figures compiled by commodities brokerage Gresham Investment Management, as reported in *The Globe and Mail*, Toronto, 25 April 2008. This is money that big funds spend, not on buying or selling the physical commodity, but on betting on price movements. Even so, they help to determine prices, so they affect the prices paid by those purchasing the physical commodity.

¹¹ Paul Waldie, "Why grocery bills are set to soar", *The Globe and Mail*, 24 April 2008.

¹² "Rice contract volume rises with speculators moving in," *Bangkok Post*, 7 May 2008: www.biothai.org/cgi-bin/content/news/show.pl?0693

movements for food sovereignty invariably include urgent proposals for priority to be given to local and regional markets and for measures to be taken to reduce the dominance of international markets and the corporations controlling them. Other proposed measures include suspending, if not dismantling, the WTO Agreement on Agriculture, taxing agribusiness corporations to improve the distribution of resources and establishing national strategic reserves. This would allow governments to manage supply more efficiently, to encourage competition, to inhibit the formation of monopolies, to carry out formal investigations into speculation on the commodity markets and then to take measures to control it, and so on.¹³ There are many options, if we truly want to change things.

Then there is the issue of **farming** itself. The food crisis has galvanised the voices of the old Green Revolution into calling for more of the same top-down packages of seeds, fertiliser and agrochemicals. Since the main reason why the food crisis is hurting so many people is their inability to pay today's high prices, simply boosting production is not necessarily going to resolve anything, especially if this means driving up the costs of production. The high-yielding varieties of staple foods that the Consultative Group on International Agricultural Research (CGIAR), the FAO and most agricultural ministries are so enthusiastic about require more petroleum-based fertilisers and other chemicals, all of which have undergone huge price increases that effectively put them out of reach of many farmers. In any case, chemical fertilisers are one of the main sources of the greenhouse gases produced by agriculture. Throwing even more of them at already exhausted soils, as many Green Revolutionaries are now advocating, would merely push the world deeper into climate chaos and further destroy the life of the soils.

Here again, there is a vast array of solid proposals and experiences for moving towards farming methods that are productive, non-petroleum based, and under the control of small farmers. Scientific studies have shown that these methods can be more productive than industrial farming, and that they are more sustainable.¹⁴ If they are properly supported, such local farming systems, based on indigenous knowledge, focused on maintaining healthy, fertile soil, and organised around a broad use of locally available biodiversity, show us ways out of the food crisis. To build on these, one has to stop relying on the experts of the World Bank and the CGIAR and start talking instead to local communities. One would need not only to build new strategies and to collaborate with different players, but also to put an end to the criminalisation of diversity so that farmers can freely access, develop and exchange seeds and experiences. It would mean, too, that governments stop promoting agribusiness and export markets, and start protecting and celebrating the skills, knowledge and capacities of their own people.

Time to mobilise

It is clear that those of us outside governments and the corporate sector need to come together as never before to build new solidarities and fronts of action both to address the immediate problems of the food crisis and to build long-term solutions. If we don't work together to facilitate a power shift that puts first the needs of the rural and urban poor, we will definitely get more "business as usual". Reorienting our agricultures and food systems to make them more just, more ecological and truly effective in feeding people is no easy task, but surely we all have a part to play. Rather than wait or look for ready-made solutions, we need to create those better systems now, collectively.

¹³ See, among others, IUF, "Fuelling hunger", Geneva, 28 April 2008, http://www.iuf.org/cgi-bin/editorials/db.cgi?db=default&ww=1&uid=default&ID=579&view_records=1&en=1 or National Family Farm Coalition, "Family farmers respond to the food crisis", *The Nation*, New York, 28 April 2008, <http://www.thenation.com/blogs/thebeat/316248>

¹⁴ See for example: www.farmingsolutions.org/, <http://www.grain.org/gd/>, and <http://www.sciencedaily.com/releases/2007/02/070218135635.htm>