

Food is not oil - but it is at least as important

In the current financial turmoil we forget that just recently food was our great concern: mass famines were said to threaten world peace. The price rise of past years is due to the high demand for food and feed in Asia. Combined with a weak dollar, high energy costs and unfavourable weather food stocks have declined. Due to US and the EU "setting aside" policies, some of the best farmland has been left unproductive. Although prices are now decreasing somewhat, the question still stands. Can we feed the world? The answer is emphatically: Yes, we can.

Food is not like oil because stocks cannot be exhausted. They fluctuate, but food is a renewable resource. Food is not like oil, because it is produced by about a billion independent farmers. Although large multinational businesses are involved, there is no "Organisation of Food Exporting Countries" like OPEC. There is no technical reason why we could not feed a world of nine billion people. Hunger is a matter of buying power, not of shortages.

However, in some ways, food has become like oil. The global financial crisis has encouraged speculation in soft commodities similar to oil. And in the same way a hurricane in the Gulf of Mexico affects the oil price, a dry summer affects agricultural production and prices. Volatility confirms a lack of trust. That has led to export-restrictive measures, driving up prices even further.

Biofuels are seen by some as the biggest culprit. Demand for biofuels is growing extremely fast, thanks to subsidies, in response to geopolitics and climate change. The nightmare scenario is for food to be converted into fuel. But this will not happen if farmers are given a fair chance to respond to higher prices for food.

Still, we should worry about the short-term effects. The high prices and volatility on the markets will continue. The victims are poor urban consumers in developing countries whose purchasing power is affected. Also, high prices for agricultural raw materials may lead to an uncontrolled expansion of deforestation, while also offering opportunities.

So let us not forget in the current financial crisis that in the real economy food is what ultimately drives people. Hence we must agree on new international arrangements fast, in particular in the WTO, to promote the production of safe food for all.

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