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EDITORIAL

The World Food Crisis

Most Americans take food for granted. Even the poorest fifth of households in the United States spend only 16 percent of their budget on food. In many other countries, it is less of a given. Nigerian families spend 73 percent of their budgets to eat, Vietnamese 65 percent, Indonesians half. They are in trouble.

Last year, the food import bill of developing countries rose by 25 percent as food prices rose to levels not seen in a generation. Corn doubled in price over the last two years. Wheat reached its highest price in 28 years. The increases are already sparking unrest from Haiti to Egypt. Many countries have imposed price controls on food or taxes on agricultural exports.

Last week, the president of the World Bank, Robert Zoellick, warned that 33 nations are at risk of social unrest because of the rising prices of food. “For countries where food comprises from half to three-quarters of consumption, there is no margin for survival,” he said.

Prices are unlikely to drop soon. The United Nations Food and Agriculture Organization says world cereal stocks this year will be the lowest since 1982.

The United States and other developed countries need to step up to the plate. The rise in food prices is partly because of uncontrollable forces — including rising energy costs and the growth of the middle class in China and India. This has increased demand for animal protein, which requires large amounts of grain.

But the rich world is exacerbating these effects by supporting the production of biofuels. The International Monetary Fund estimates that corn ethanol production in the United States accounted for at least half the rise in world corn demand in each of the past three years. This elevated corn prices. Feed prices rose. So did prices of other crops — mainly soybeans — as farmers switched their fields to corn, according to the Agriculture Department.

Washington provides a subsidy of 51 cents a gallon to ethanol blenders and slaps a tariff of 54 cents a gallon on imports. In the European Union, most countries exempt biofuels from some gas taxes and slap an average tariff equal to more than 70 cents a gallon of imported ethanol. There are several reasons to put an end to these interventions. At best, corn ethanol delivers only a small reduction in greenhouse gases compared with gasoline. And it could make things far worse if it leads to more farming in forests and grasslands. Rising food prices provide an urgent argument to nix ethanol’s supports.

Over the long term, agricultural productivity must increase in the developing world. Mr. Zoellick suggested rich countries could help finance a “green revolution” to increase farm productivity and raise crop yields in Africa. But the rise in food prices calls for developed nations to provide more immediate assistance. Last

month, the World Food Program said rising grain costs blew a hole of more than \$500 million in its budget for helping millions of victims of hunger around the world.

Industrial nations are not generous, unfortunately. Overseas aid by rich countries fell 8.4 percent last year from 2006. Developed nations would have to increase their aid budgets by 35 percent over the next three years just to meet the commitments they made in 2005.

They must not let this target slip. Continued growth of the middle class in China and India, the push for renewable fuels and anticipated damage to agricultural production caused by global warming mean that food prices are likely to stay high. Millions of people, mainly in developing countries, could need aid to avoid malnutrition. Rich countries' energy policies helped create the problem. Now those countries should help solve it.

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