The global food system is broken. The number of hungry and undernourished people in the world hovers at around 1 billion and the past few years have seen both worldwide food riots as well as epidemics of obesity and diabetes. Fifty years ago, the United Nations World Food Programme was formed to help reduce hunger. But its original mandate of handing out food was a band-aid at best — and can actually make people more vulnerable to hunger. We now have a food system that has been destroyed by decades of misguided policies that emphasized exports over feeding domestic populations and by runaway financial speculation. We now need to reverse those policies and fix what’s broken.

According to the economic law of comparative advantage, agribusinesses should export the food, agrofuels and other products that are grown in a country, while cheaper foods are imported to feed the people. Any gaps in such a ‘productionist’ and ‘free trade’ system should then be covered by food aid, in which organizations such as the US Agency for International Development (USAID) and the World Food Programme...
purchase surpluses from some countries to donate to the poor in others.

But in reality, such a system exacerbates rather than alleviates hunger. When agribusinesses use land in poor countries for exports, local food producers are driven off and poor consumers become dependent on imports to feed themselves.

At a global scale, hunger is not the result of insufficient food. Although per capita food production has climbed steadily for decades, food prices have become very volatile (see ‘Roots of hunger’). And when food prices go up, so does the number of hungry people.

**SO WHY THE VOLATILITY IN FOOD PRICES?**

First, in most countries the past three decades of neoliberal economic policy have resulted in the cutting back of support for people who produce food for domestic markets. These policies also forced public sectors to downsize their food reserves and stop buying food to stockpile against famine. This meant that the small farmers lost a key buyer and their guarantee of minimally acceptable crop prices, so they began to produce less food for local populations.

Because most of the global food reserves have been deregulated and are now controlled by the private sector, outside investors can buy and sell food in the same way that they speculate in gold or oil. Speculative cash now floods in and out, and when it comes in, food prices jump beyond the reach of the poor. Speculators can also bet on whether food prices will rise or fall on the futures market, further driving price volatility. Such practices have grown dramatically since the US housing bubble burst in 2007–08, which prompted investors to seek new markets. That period alone saw US$200 billion more speculative capital injected into food futures markets than any previous year.

During this time, the prospect of agrofuels drew even more investors and caused food prices to spike. A global 30% rise in maize (corn) prices, for example, prompted the private-sector companies in various countries to hoard supplies while investors speculated on the price at the national level. This caused the infamous ‘tortilla crisis’ in Mexico, where the multinational food trader Cargill withheld maize from the national market. The hoarding and resultant speculation transformed a 30% hike on global markets into a 300% price jump on the local and national markets. This means a step back from trade deregulation, and the restoration of price-support mechanisms that help small farmers to cover the cost of production and live their lives with dignity.

Food reserves must be taken back from private-sector hoarders and speculators. Although government food agencies have been plagued by corruption and inefficiency, eliminating them has been worse.

A new system should include transparent co-ownership and co-management between the public sector, farmer and consumer organizations. At the international level, we need effective governance mechanisms to keep speculative funds out of the food economy and to apply anti-monopoly measures.

Finally, we need to take a hard look at some of our most cherished assumptions. Contrary to popular belief, small farmers tend to be more productive per unit area and use fewer agrochemicals than large corporate farmers do because they have integrated farms that combine multiple crops with livestock. A lot more food could therefore be produced using ecological farming techniques and on smaller farms. This would not only break the link between petroleum and rising food-production costs, it would also offer more resiliency to climate change and contribute less to global warming than the conventional dependence on fertilizer, pesticides and genetically modified organisms.

The actions of humanitarian agencies such as the World Food Programme have little or no effect on the causes of hunger. What we urgently need are structural changes in the damaging economic policies that create food crises.

Peter M. Rosset is a researcher at the Center for the Study of Rural Change in Mexico (CECCAM) and a visiting research scientist at the University of Michigan in Ann Arbor.

*e-mail: roset@globalalternatives.org*

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