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Food shortages threaten gains against poverty

By [Patrice Hill](#)
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Zoellick Rama Yade

Soaring food prices have set back global poverty reduction by seven years, and the Group of Seven industrialized nations should move quickly to fill the United Nations' \$500 million gap in emergency food assistance, World Bank Chairman Robert B. Zoellick said yesterday.

"In the U.S. and Europe over the last year, we have been focused on the prices of gasoline at the pump" as they rose to new heights, he said, speaking in advance of an International Monetary Fund meeting here this weekend when food and fuel will be discussed.

"While many are worrying about filling their gas tanks, many others around the world are struggling to fill their stomachs, and it is getting more and more difficult every day," Mr. Zoellick said.

A typical American spends only a small share of income on food, but millions of poor people spend up to 75 percent of their income purchasing the food they need to subsist each day. Soaring food prices have spawned social unrest around the world in recent weeks.

Mr. Zoellick's sentiments were echoed by British Prime Minister Gordon Brown, who called for action by developed countries to curb rising food prices and prevent hunger in poor nations.

"For the first time in decades, the number of people facing hunger is growing," Mr. Brown said in a letter to Japanese Prime Minister Yasuo Fukuda, suggesting that Japan make the food issue a priority at a summit meeting of the Group of Eight nations scheduled for July in Hokkaido.

Mr. Brown said the group should study the impact on food prices from the growing use of corn, sugar and other vital food crops to make biofuels. Studies already have documented that the widespread use of corn in the United States to make ethanol has pushed up corn prices and led to escalating prices for everything from baked goods to soft drinks, milk and meat.

High corn prices here have caused hardship in Mexico, which purchases much of the corn used to make basic foodstuffs like tortillas from the U.S. American consumers also are complaining about higher food costs, which have been cutting into discretionary income and abetting an economic slump in the U.S.

Elizabeth Stuart, a spokesman for the Oxfam anti-poverty group, hailed Mr. Zoellick's call to action and said the switch to biofuels in the U.S. and Europe has been a major cause of raising food prices.

"Half of the increase in the demand for major food crops was due to the move to biofuels," she said. "These have dubious environment benefits, and by driving up prices, are crippling the lives of the poor. ... The [World] Bank, with other international institutions and the G7, must come up with a joint plan to tackle this crisis."

IMF Managing Director Dominique Strauss-Kahn yesterday echoed Mr. Zoellick's concern that "rising global food prices may undermine gains in reducing poverty." He cited a 48 percent increase in food prices worldwide since 2006.

"The world is caught between ice and fire — slower growth and inflation," he said.

Rice prices have surged 75 percent over the past two months while wheat prices have more than doubled in the past year, Mr. Zoellick said. In Bangladesh, a 2-kilogram bag of rice costs about half of the daily income of a poor family.

"With little margin for survival, rising prices too often means fewer meals," he said. "Poor people in Yemen are now spending more than a quarter of their incomes just on bread before they pay for other essential foods for their children, let alone basic health care or shelter."

The high prices are not only increasing hunger and fueling food riots and social unrest in 33 countries, he said, they are stunting the physical and intellectual development of children. The World Bank expects food prices to stay relatively high through 2015.

"We estimate that the effect of this food crisis on poverty reduction worldwide is on the order of seven lost years," Mr. Zoellick said. "We can't be satisfied with studies and paper and talk. This is about recognizing a growing emergency, acting. ... The world can do this. We can do this."

Mr. Zoellick said the World Bank already has doubled its food aid to the poorest region, sub-Saharan Africa, to \$800 million from \$400 million. The bank also is putting a priority on boosting agricultural development worldwide to try to ease shortages of crops.

Also yesterday, French Human Rights Minister Rama Yade called for a world conference on the issue. "Food security is a global challenge," she told French radio. "These riots are a major concern to France."

Earlier this week, European Union Development Commissioner Louis Michel warned that Africa faces a new disaster if prices continue to rise.

"A world food crisis is emerging, less visible than the oil crisis, but with the potential effect of real economic and humanitarian tsunami in Africa," he said.