



## Food and Energy: Striking a Sustainable Balance

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Since 2005, growing ethanol demand has exposed the unwise dependency of our industrialized food system on fossil fuel inputs, and along with it the folly of linking the price of our food to the price of oil—especially in a radically deregulated environment. The inevitable rise in oil prices caused by growing global competition for dwindling reserves is now upon us.

Despite the promises of the Green Revolution, the Food Crisis has been a stark reality for millions of people both at home and abroad for decades. Hunger did not simply appear on the world stage in 2007; it has been with us all along. And while the recent ethanol boom has been a catalyst in exposing the underlying faults of our deregulated industrial food system, it is important to acknowledge that ethanol is only one of several factors that have combined to create what is now commonly referred to as the “Food Crisis.” Other important factors include:

- The expansion of agricultural market and trade deregulation through the 1996 Farm Bill and international trade agreements like NAFTA, CAFTA, and the Uruguay Round of WTO negotiations, has dismantled food reserves and associated inventory of management mechanisms in favor of “just in time” delivery of agricultural commodities. This has resulted in dangerously low food stocks that make our food system vulnerable to inevitable market shocks, whether caused by natural or man-made disasters.
- Regulators have turned a blind eye to agribusinesses keeping increasing amounts of crucial market information

secret under “business confidentiality” clauses, opaque forward contracts and strategic corporate alliances. These developments have eroded price transparency and suppressed price discovery, while restricting or denying market access to independent farmers and smaller companies. The result has been growing corporate concentration and control of our agricultural and food markets, and predatory price manipulation.

- Growing speculation by non-commercial investors in agricultural commodity futures markets has increased price volatility, thereby increasing the risk to traditional commercial investors like farmers and grain elevators to such a degree that many can no longer afford hedge futures contracts to minimize risk just when they are most needed.
- The expansion of industrial meat production based on below-cost feed, as well as the expansion of highly processed food production based on below-cost high fructose corn syrup and soy oil, threatens health while exploiting farmers, workers, animals, communities and the environment.

The resulting market volatility in both the food and energy sectors resurrects the specter of the disastrous impact of the deregulation of energy markets in the 1990s Enron Scandal. That scandal exposed how unscrupulous speculators were allowed to manipulate energy markets at the expense of consumers, pension holders and stockholders. Energy trading deregulation provides important lessons for developing effective responses to the Food Crisis. The difference is that if we fail to act this time, the damage could be even worse because it is now our food supply that is at risk.

As the debate escalates over the Food Crisis, we must categorically reject the current calls for an expansion of these

same failed policies of promoting unsustainable industrial agriculture and deregulated markets that have brought us to this crisis point.

One place to start looking for answers is in the policy recommendations of more than 400 researchers in the “Summary for Decision-Makers” of the International Assessment of Agricultural Science and Technology for Development (IAASTD), released in April 2008. The IAASTD reports conclude that the world must radically change the way it grows and markets food to better serve the poor and hungry; to cope with a growing population and worsening climate change; and to avoid social breakdown and environmental collapse.

The lessons from the IAASTD reports are not limited to developing countries; they are also applicable in the United States where inequality continues to grow, where hunger continues to increase at an alarming rate, and where new approaches to ensure sustainable agricultural production and fair food distribution are urgently needed.

Other solutions to the Food Crisis include support for policies that encourage food and energy decentralization based on local and regional food and energy systems; creation of publicly owned food reserves; and strengthened antitrust enforcement.

As the debate escalates around the Food Crisis, we must collaborate to identify short-term measures to address the immediate food emergencies, while working together toward longer-term solutions. ■

