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OP-ED COLUMNIST

## Grains Gone Wild

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These days you hear a lot about the world financial crisis. But there's another world crisis under way — and it's hurting a lot more people.

I'm talking about the food crisis. Over the past few years the prices of wheat, corn, rice and other basic foodstuffs have doubled or tripled, with much of the increase taking place just in the last few months. High food prices dismay even relatively well-off Americans — but they're truly devastating in poor countries, where food often accounts for more than half a family's spending.

There have already been food riots around the world. Food-supplying countries, from Ukraine to Argentina, have been limiting exports in an attempt to protect domestic consumers, leading to angry protests from farmers — and making things even worse in countries that need to import food.

How did this happen? The answer is a combination of long-term trends, bad luck — and bad policy.

Let's start with the things that aren't anyone's fault.

First, there's the march of the meat-eating Chinese — that is, the growing number of people in emerging economies who are, for the first time, rich enough to start eating like Westerners. Since it takes about 700 calories' worth of animal feed to produce a 100-calorie piece of beef, this change in diet increases the overall demand for grains.

Second, there's the price of oil. Modern farming is highly energy-intensive: a lot of B.T.U.'s go into producing fertilizer, running tractors and, not least, transporting farm products to consumers. With oil

persistently above \$100 per barrel, energy costs have become a major factor driving up agricultural costs.

High oil prices, by the way, also have a lot to do with the growth of China and other emerging economies. Directly and indirectly, these rising economic powers are competing with the rest of us for scarce resources, including oil and farmland, driving up prices for raw materials of all sorts.

Third, there has been a run of bad weather in key growing areas. In particular, Australia, normally the world's second-largest wheat exporter, has been suffering from an epic drought.

O.K., I said that these factors behind the food crisis aren't anyone's fault, but that's not quite true. The rise of China and other emerging economies is the main force driving oil prices, but the invasion of Iraq — which proponents promised would lead to cheap oil — has also reduced oil supplies below what they would have been otherwise.

And bad weather, especially the Australian drought, is probably related to climate change. So politicians and governments that have stood in the way of action on greenhouse gases bear some responsibility for food shortages.

Where the effects of bad policy are clearest, however, is in the rise of demon ethanol and other biofuels.

The subsidized conversion of crops into fuel was supposed to promote energy independence and help limit global warming. But this promise was, as Time magazine bluntly put it, a “scam.”

This is especially true of corn ethanol: even on optimistic estimates, producing a gallon of ethanol from corn uses most of the energy the gallon contains. But it turns out that even seemingly “good” biofuel policies, like Brazil's use of ethanol from sugar cane, accelerate the pace of climate change by promoting deforestation.

And meanwhile, land used to grow biofuel feedstock is land not available to grow food, so subsidies to biofuels are a major factor in the

food crisis. You might put it this way: people are starving in Africa so that American politicians can court votes in farm states.

Oh, and in case you're wondering: all the remaining presidential contenders are terrible on this issue.

One more thing: one reason the food crisis has gotten so severe, so fast, is that major players in the grain market grew complacent.

Governments and private grain dealers used to hold large inventories in normal times, just in case a bad harvest created a sudden shortage. Over the years, however, these precautionary inventories were allowed to shrink, mainly because everyone came to believe that countries suffering crop failures could always import the food they needed.

This left the world food balance highly vulnerable to a crisis affecting many countries at once — in much the same way that the marketing of complex financial securities, which was supposed to diversify away risk, left world financial markets highly vulnerable to a systemwide shock.

What should be done? The most immediate need is more aid to people in distress: the U.N.'s World Food Program put out a desperate appeal for more funds.

We also need a pushback against biofuels, which turn out to have been a terrible mistake.

But it's not clear how much can be done. Cheap food, like cheap oil, may be a thing of the past.