

UN: Economic Crisis Slams World's Hungry

by Leni Rubinstein

"The global economic crisis dominates the news and dominates government agendas. Trillions of dollars are being spent to resuscitate wealthy economies, but who will bail out the poor?"

—From FAO's leaflet announcing the World Food Day Oct. 16, 2009

Oct. 15—Reflecting the disintegration of the system, in the horrific plight of well over 1 billion human beings going hungry, the UN's Food and Agriculture Organization (FAO), often in collaboration with other organizations, has held more than half a dozen high-level conferences so far this year, beginning with a "Food Security for All" Summit in Madrid in January.

This month, a series of High-Level Expert Forums: "How to feed the world in 2050"; "Committee of World Security Meeting"; and "World Food Day," in preparation for a World Summit on Food Security in Rome, Nov. 16-18, will take place.

A report released Oct. 14 by FAO, "The State of Food Insecurity in the World—Economic crisis, impacts and lessons learned," is the tenth progress report on world hunger, since the 1996 World Food Summit. While it does not address the destructive effects of the international speculative financial bubble, or the necessity for a total bankruptcy reorganization, and the implementation of a new credit system, the report does clearly reflect, without stating it directly, the devastating effect of globalization.

The report states, that "the present crisis is not a new crisis. It is a sudden worsening of a structural crisis that, over the past decades, has denied hundreds of millions of human beings access to adequate food.... The current situation points to the urgent need to tackle the structural root causes of hunger." While hunger has been on the rise for the past decade, the report outlines that last year's explosion in the number of hungry people is due to the global economic crisis, and lists three factors: 1) The crisis is affecting a large part of the world simultaneously. Traditional coping mechanisms of national and

sub-national levels are not effective now. 2) The current economic crisis came immediately after the massive increase in food and fuel prices during 2006-08. At the end of 2008, domestic prices for staple foods remained an average of 17% higher than two years earlier. Then, poor people spent about 40% of their income on staples, so the price increase has meant a considerable reduction in purchasing power. 3) Developing nations have become more integrated, both financially and commercially, into the world economy, than they were 20 years ago, making them more vulnerable.

The report documents how the poorer nations have become both increasingly dependent on exports of goods and services, workers' remittances, and foreign direct investment (FDI), as well as increasingly dependent upon imports.

To illustrate: The share of export and services in GDP for developing nations grew from 15% in the 1980s, to 27% in 2007, an increase of 80%. The share of remittances in GDP grew from 2 1/3 in the '80s to 5% in 2007, an increase of 150%; and, the share of FDI in GDP rose from 1/2% in the '80s to 5% in 2007, an increase of 900%!

Although globalization has infected the planet as a whole, the report outlines how, from 1970 to 2003, import dependency grew most, among the least developed countries, compared with higher income countries. For example, in 2003, least-developed nations relied on imports for 17% of their grain consumption, compared with 8% in 1970, and for 55% of their vegetable oils, compared to 9% in 1970. Seventeen countries in Africa depend on imports for 30%, to over 50% of their grain consumption.

For countries that are dependent on food imports, the export earnings, remittances, foreign aid, and FDI are critical. With the international breakdown crisis, these sources of income are all imploding, and international loans are not an option. It is estimated that remittances will fall 5-8% in 2009, after growing by 15-20% from 2005-07; that FDI will decrease by 32% in 2009 in the developing nations as a whole, and that the poorest 71 countries will experience an overall drop in foreign aid of about 25%.

The FAO issued a report last month, in which it stated, that for the first time in human history, over 1 billion (1.02 billion) are undernourished. However, this is an estimate. FAO has hypothesized three scenarios to evaluate the probable impact of the economic crisis on the food security of poor nations. It is clear, that without a complete, and near-term policy shift, the figure of 1.02 billion will be vastly understated.