

The Coming Food Coups

The doubling of grain prices over the past two years has already set off violent protests in over 30 developing countries and led to the overthrow of the Haitian prime minister Jacques Edouard Alexis.¹ Even though the media has provided extensive coverage and analysis of the causes of the increase in food prices, the potential political and security consequences have been given little attention. All food crises do not become famines, but the dynamics of rapid food price increases show some of the same characteristics of famines in their early stages. Though it is unlikely that famine will sweep across the globe, causing revolution, upheaval, and mass starvation, the consequences of the increase in food prices since 2004 could still be dire if prices continue to increase and a severe worldwide recession drastically reduces family income in developing countries.

The term “crisis” is not, and should not be, used to describe recent price increases because such terminology only encourages doomsday visions in Washington and other capitals, which can lead to unwise policy responses. Policymakers need to be equipped with an analytical framework that can be used to minimize the humanitarian, political, and security consequences of the recent hike in prices. Famine theory—a body of knowledge about the microeconomic dynamics of famines, the vulnerability of people to food price shocks, and the common patterns of behavior people use to try to survive in different stages of a famine—can provide a foundation for such a framework. Historically, the political consequences of famine have been manifested through a country’s political system. The political and security consequences of current price increases can be analyzed through a framework based on traditional famine

Andrew S. Natsios is Distinguished Professor in the Practice of Diplomacy at the Walsh School of Foreign Service at Georgetown University and is also a Senior Fellow at the Hudson Institute. He can be reached at asn8@georgetown.edu. Kelly W. Doley, who can be reached at kwdoley@gmail.com recently returned from Darfur and currently works as research assistant to Andrew S. Natsios.

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theory so that donor governments will be better equipped to identify the gravest potential risks in countries with different political systems—varying from failed to totalitarian states—and implement effective policy responses.

Why Are Food Prices Spiking?

Rapid food price increases show some characteristics of famines in their early stages.

The recent escalation in food prices is a result of the confluence of several factors. The remarkable economic growth of China and India, as well as other rapidly developing economies such as Brazil, Russia, and numerous African countries, has led to burgeoning middle classes and a corresponding increase in demand for animal protein in the family food basket in these countries. Since the increased demand for meat requires additional grain production to feed animal herds and poultry stock, global grain prices have increased—an unintended consequence of an otherwise favorable trend in poverty reduction. According to the International Food Policy Research Institute (IFPRI), United States subsidies and European Union (EU) mandates for grain-based biofuels have caused up to 30 percent of the increase in the price of average grain prices between 2000–2007.² The historic rise in oil prices has forced some smallholder farmers, such as those in East Africa, to cut back on planting crops because they can no longer afford to buy fertilizer, which is closely correlated with the price of oil.³

Approximately 15 percent of the increase in food production prices is due to higher energy and fertilizer costs.⁴ Food exporting countries have imposed export quotas and trade restrictions to keep food prices low for their own consumers, actions that have driven up prices further in net food importing countries. The World Bank recently tracked the reactions of 58 countries and found that 48 have imposed price controls, consumer subsidies, export restrictions, or higher tariffs.⁵ Some poor farmers have cut back production because they lack access to credit, and hence to finance their purchases of fertilizers.⁶

The likelihood of a substantial reduction in U.S. corn-based ethanol subsidies is unlikely. Once democratic governments begin to subsidize something, withdrawing the subsidy becomes politically very difficult, mainly because the subsidies create constituencies which make a great deal of money and wield

substantial political power. The increased demand for animal proteins in the diets of emerging middle classes in developing countries may level off temporarily in 2009 with the slowdown in the world economy, but it will likely rise again should the economic cycle renew its growth trajectory. Even though the International Monetary Fund (IMF) recently announced that food prices have declined eight percent since their peak in mid-June, food prices remain at historical levels. The era of cheap food may be over, unless policymakers act.⁷

Policymakers need a framework to minimize the consequences of the recent food price hikes.

What We Know About Famine

Famines occur when large numbers of people in a country or region suffer a rapid and substantial reduction in caloric intake, causing widespread starvation deaths from disease and acute malnutrition.⁸ Famines are seldom caused by the absence of food, but rather by an individual's inability to access food that is available. In one of the classic formulations of famine theory, Nobel Prize winning economist Amartya Sen describes it according to his exchange entitlement theory, stating: "Starvation is the characteristic of some people not having enough food to eat. It is not the characteristic of there being not enough to eat. While the latter can be a cause of the former, it is but one of many possible causes."⁹

Sen's exchange entitlement theory is perhaps the most widely accepted microeconomic theory of famines, providing a useful framework to determine an individual's vulnerability to famine and to acute food stress which indicates approaching famine. Entitlement theory argues that a person's access to food is not determined by assets and income alone. What matters is their *value* on the market relative to the price of food.¹⁰ This critical observation is very important in fashioning a response to the current price increases.

An Ongoing Process, not an Event

Famine is not a single event. It is a process which occurs over time, usually years, with a rise in food stress at the beginning of the process, climaxing in widespread mortality, and then followed by reduced mortality as the death of the most vulnerable people reduces the number of mouths to feed.¹¹ Many famines have lasted between four to five years, such as the Irish potato famine of the 1840s, Joseph Stalin's use of famine as a political weapon to execute the Ukrainian peasantry in the early 1930s for their resistance to his forced collectivization of agriculture, Mao Zedong's Great Leap Forward from 1958–1961, and the North Korean famine of the 1990s.

The era of cheap food may be over.

A famine may begin without any widespread mortality for the first year or two. Typically as many as 90 percent of the people who die in famines succumb to disease induced by severe malnutrition before they actually starve to death, which takes a much longer time. People's immune systems break down if they are acutely malnourished, thus increas-

ing their vulnerability to communicable disease. Pregnant and lactating mothers and their children, whose immune systems are weak and not fully developed, are the most vulnerable. The spread of disease is exacerbated as people leave their homes en masse in search of food, exposing them to new disease environments against which their immune systems are unaccustomed to defending.¹²

Absolute poverty increases the vulnerability of people to price shocks that lead to famine because they may not have the means to absorb reductions in their income or increases in prices. The world's poorest people spend up to 70 percent of family income to buy food. Even small changes in the economic balance between their income, assets, the value of their labor, and the price of food can be disastrous. If they are living on the edge before a shock such as a drought or natural disaster occurs, they may fall off more quickly when the price increases are rapid and steep or when their income drops precipitously. Policymakers addressing the current price increases must keep in mind the direct connection between absolute poverty and vulnerability to famine.

The increase in food prices worldwide differs from famine in two notable ways. First, famine is typically a supply-driven phenomenon and occurs when an external shock reduces food production. The current food price increases are primarily a result of long-term, demand-driven trends as opposed to a reduction in aggregate food supply. Second, the recent food price increases are primarily affecting urban consumers dependent on markets for food. Famines have been historically more common in rural areas. Some of those who die in cities during famine are internally displaced persons (IDPs) who have left rural areas in search for food or employment. The recent increase in food prices is affecting urban consumers the most, where the potential political and security consequences are greatest, especially in fragile states with large, impoverished populations.

Coping Mechanisms

As argued earlier, food crises can mutate into famines when prices rise or incomes fall both *too rapidly* and *too steeply* for people living in absolute poverty to absorb the shock. Since food is an absolute necessity, its demand is highly inelastic. Those who can afford food at higher prices will enjoy continued access, although they may reduce their daily caloric intake or alter their choice of food, which people suffering from the current price increases appear to be doing.

Those people most vulnerable in a famine will employ various coping mechanisms. These coping mechanisms have predictive value, meaning that their presence in a society may indicate an incipient famine. While there are at least 14 coping mechanisms which manifest themselves in various stages of a famine, three have political and security consequences and are already being employed in some countries because of the increase in food prices.

First, in most famines, precautionary and speculative withholding of food stocks, called hoarding, exacerbate food supply problems. For example, during the 1974 Bangladesh famine, newspaper reports of expected crop damage from severe flooding led to widespread hoarding which drove markets to anticipate shortages and caused the price of grain to double between February and June. Famine ensued as the poor witnessed their purchasing power collapse.¹³ In 1996, North Korean farmers withdrew over a million metric tons (MT) of corn as a precaution against a predicted food crisis. Instead, the collective action of the farmers turned a manageable problem into a catastrophe.

Food serves as both a necessary source of income and consumption to producers. When prices increase, large farmers withhold surplus crops in hopes of further price increases, while small shareholders store food to hedge against soaring market prices. If the price increases are a result of supply failure and individuals are unable to meet their subsistence needs, prices may increase even further.¹⁴ When hungry people discover warehouses of hoarded grain during a famine, they frequently take matters into their own hands and will loot the supplies, thus increasing the risk of civil unrest during a famine. Market-based interventions work best to stop hoarding and will be described later in the article.

By the end of June 2008, at least 29 countries had responded to the increase in food prices by sharply curbing food exports.¹⁵ While restricting food exports provides temporary domestic relief for consumers, mostly urban, it adversely affects a country's farmers, who must sell their stock at lower prices, and trading partners, especially net-importers, through higher prices. The anticipation of food shortages caused by export restrictions has led to hoarding around the world by farmers, traders, and even consumers. Increased hoarding, in turn, has compounded the problem by increasing prices further. Moreover, some countries such as Russia and Venezuela have imposed controls on food prices as a response to the increase in prices. Similar to export restrictions, price controls protect consumers by artificially lowering prices in the short term, although they reduce production incentives and may even lead to increased smuggling and corruption in the long term.¹⁶

A second coping mechanism with both political and security implications is migration away from the epicenter of food shortages. Young men are typically the first to migrate in the pre-famine phase, often to urban areas, in search of work to support their families. If conditions worsen and famine ensues, entire

families may follow. In Somalia in 1992, famine conditions and intense fighting forced families from their homes and into displaced camps where sanitary conditions were poor, unaccompanied women were subject to physical and sexual violence, and traditional family ties broke down. The displaced camp populations regularly came under the control of warlords, who actively recruited idle and angry young men in the camps for their armies and militias, providing these men with an attractive alternative to the terrible conditions and hopelessness of the camps.¹⁷

The Iraqi insurgency was partially fueled by the migration of destitute young men from rural areas where the agricultural economy had collapsed before the Iraq war had begun. Most of these men were homeless and easily recruited into militias. According to officials from the United Nations Assistance Mission in Afghanistan (UNAMA), the increase in food prices in Afghanistan, one of the world's most vulnerable countries to the increase in global food prices, may contribute to an increase in the number of Taliban recruits.¹⁸ The extent to which migration movements are currently occurring as a result of the rise in food prices is unclear and will depend on whether high global food prices persist or increase further. If they do, potential migration and the vulnerability of teenage boys and unemployed men could lead to political instability, especially in countries with weak institutions.

The impact of rising food prices is, however, already being felt by refugees and IDPs because of the reduction in purchasing power of U.S. Agency for International Development's (USAID) Food For Peace program, the World Food Program (WFP), and other food aid donors. Since the beginning of fiscal year 2008, commodity costs for USAID's Title II food aid have risen 41 percent and ocean freight rates have risen 26 percent, totaling \$265 million in unanticipated costs, of which approximately \$200 million is for commodities. Overall tonnage has not decreased in 2008, however, because of the record supplemental appropriated by Congress at the end of the year to address increased needs due to drought or conflict.

A third coping mechanism is stealing. Sen has noted that a dramatic increase in criminality, particularly theft, occurs during each stage of famine as men, particularly those with weapons, steal food to survive. The North Korean famine in the mid-1990s led to a widespread increase in theft and criminality, although the government hung people if they were caught. The recent increase in food prices has contributed to a rise in stealing and banditry, especially in weak and failing states such as Afghanistan and Somalia, not because it is the poor who are stealing but because the value, for example, of food aid, has risen so much as to make banditry a profitable livelihood in environments characterized by limited opportunities. In Afghanistan, where approximately 35 percent of the estimated population of 26.6 million cannot meet their minimum daily food requirements,

there have been 12 armed attacks against vehicles carrying WFP food between January and June 2008 after more than 30 attacks in 2007—over \$1 million in food lost.¹⁹ On June 26, 2008, a convoy of 49 trucks transporting WFP food aid from Kandahar to Herat was attacked. Two trucks were torched, and eight trucks were stolen.²⁰

The situation is also extremely dire in Somalia, where drought, banditry and piracy, high food and fuel prices, and inflation have caused over one million Somalis to leave their homes since the beginning of 2007. By mid-July 2008, five WFP-contracted transport workers had been killed.²¹ These attacks may be politically motivated, but the impact of food prices should not be underestimated as history may be repeating itself. During the 1992 famine, Somali warlords attacked aid convoys because the value of food aid was so high on the local markets.

If food prices increase further, they will most certainly have political consequences.

How Political Systems Matter

If food prices increase further, they will most certainly have political consequences, varying widely depending on prevailing political and economic conditions in the countries in which they occur. The political implications of the global food price increases cannot be analyzed regionally, or even globally, because, as the old political adage goes, all politics is local. Coups and popular uprisings do not occur against regional governmental bodies or global institutions because citizens of a given country do not perceive organizations like the UN, World Trade Organization (WTO), or African Union as being responsible for their problems. Election upheavals, coups, and popular uprisings will occur against national or provincial governments of sovereign states.

Generally the severity of food distress and its political consequences will be greatest in countries with large urban populations that are connected to international food markets, though there are some specific exceptions to this rule. Wellesley College Professor Robert Paarlberg has argued that Africa, the most food insecure region with the highest acute malnutrition rates and the greatest number of fragile and failed states, may be the least affected region by the increase in food prices because the majority of Africans buy little food on international markets and use less oil-based agricultural inputs (herbicides, pesticides, and fertilizer) than other regions.²²

While it is correct that high malnutrition rates in sub-Saharan Africa are concentrated in rural areas and are a function of poverty and low productivity in farming as opposed to high food prices, Paarlberg's analysis does not apply in two

Pay special attention to urban areas of fragile states.

significant ways. First, as already mentioned, these price increases have substantially reduced the amount of funds that donor governments are able to contribute to the WFP and to nongovernmental organizations, which feed refugees and IDPs. High food prices also undermine a government's ability to purchase food on international markets. Second, it is noteworthy that the majority of riots last spring occurred in Africa

and were a direct result of the effect of high food prices on urban consumers linked to international markets. Policymakers should pay special attention to relieving food distress in urban areas of fragile states because the political consequences of famine have been the greatest in these areas.

The potential political and security consequences of famine and increases in food prices are contingent on five variables: 1) the speed and steepness of food price increases, 2) the level and extent of absolute poverty before price increases occur, 3) the existence of functioning feedback mechanisms, mainly for political leaders so they may understand what is happening in their countries, 4) the extent to which governmental leaders are held accountable to their citizens, and 5) how aggressively and rapidly the international humanitarian system can respond to sharp price increases at their earliest stages.

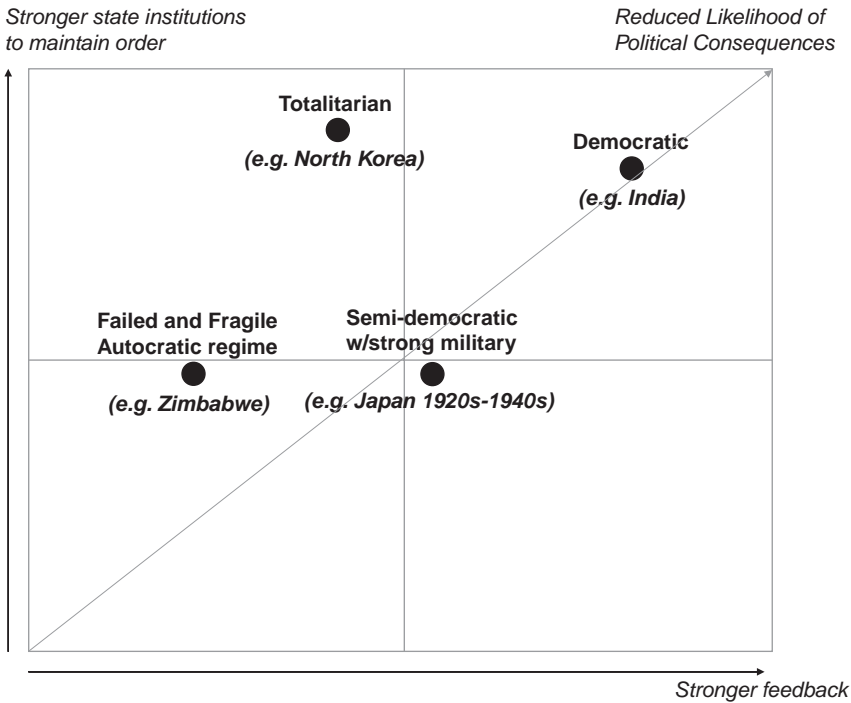
The following matrix, represented in Figure 1, assesses the political and security consequences of famine as manifested through four categories of political systems: 1) those which are mature and fully democratic, 2) totalitarian, 3) fragile or failed autocratic, and 4) semi-democracy with large army.

Stable and Mature Democracies

Sen reports that there has never been a famine in a democracy.²³ While democracies are not immune from price shocks, their political consequences are likely to be minimized because of the feedback and accountability mechanisms embedded in democratic institutions. Governments of multiparty democracies with free and fair elections, a free press, and political freedom safeguard economic freedom and what Sen refers to as “the freedom to survive.”²⁴ Market forces and feedback and accountability mechanisms are operative in a mature democracy, which send signals to government leaders to take preventative measures before a looming crisis expands.

The most noteworthy example is India, historically an epicenter of famine. At independence in 1949, India decided to implement a system established by the British in the 1870s during the Raj. This system paid individuals for work on public works projects such as roads and irrigation systems and fed farmers from a chain of food warehouses if their crops failed. The system, however, was

Figure I. The Political Consequences of Food Price Increases in Different Types of Political Systems



erratically administered and India remained vulnerable to famine until it became independent, instituted democracy, and began to implement the system effectively. Since then, India has experienced no famine. In developing countries with large impoverished populations, such as India that have developed democratic institutions embedded with feedback and accountability mechanisms, there is little likelihood that a famine will develop.

Totalitarian Regimes

A totalitarian regime is one that has “eliminated almost all pre-existing political, economic, and social pluralism, has a unified, articulated, guiding, utopian ideology, has intensive and extensive mobilization, and has a leadership that rules, often charismatically, with undefined limits and great unpredictability and vulnerability for elites and non-elites alike.”²⁵ A totalitarian state minimizes the *political* consequences of famine, although not the humanitarian consequences of famine itself, because the ruling party can either suppress any political unrest that may occur by force or provide subsidies or other social support programs to stabilize unrest in politically sensitive areas, which are usually urban centers. Most of the coping mechanisms and microeconomic dynamics of famine described earlier are illegal in totalitarian systems, and thus

Totalitarian states often postpone or suppress famine's political consequences.

are difficult to observe and monitor by outsiders. Yet, nearly all exist underground.

There are two noteworthy features of the five totalitarian famines of the twentieth century: Stalin's Ukrainian famine in the 1930s, Mao's Great Leap famine starting in 1958, the Khmer Rouge Famine in the Cambodian killing fields in 1975, Mengistu's Ethiopian famine in 1984, and Kim Jong Il's North Korean famine in the 1990s. First, all the

governments went to extraordinary lengths to hide the famines from outsiders. For instance, during the North Korean famine, in which 2.5 million people died and more than one million migrated to China, Kim Jong Il prevented political unrest by ensuring that the capital city, Pyongyang, was fed through the public distribution system, though everywhere else it had been shut down.²⁶ In most totalitarian states, people cannot leave their home villages or neighborhoods without travel permits, exacerbating the humanitarian consequences of famine while minimizing its political consequences.

Second, even though all of these famines sustained much higher death rates compared to other political systems, none of them resulted in the internal overthrow of the central government. Famines have consequences—in totalitarian states they are often postponed or suppressed. The Communist party's hold on power in all five famines was weakened, and all conducted internal purges after the climax of the famines so the leaders could maintain power. A strong argument can be made that Kim Jong Il's aggressive behavior during and since the famine of the 1990s is related to a fear of internal turmoil should another famine take place. The aggressive and seemingly irrational foreign policy of the North Korean government may grow more dangerous if the ensuing famine conditions become more severe and the government is unable to cope with the consequences of the famine internally.

Perhaps more than any other country, the current spike in food prices is now destabilizing North Korea's already fragile and dysfunctional food security system. Between 2007 and 2008, food prices in North Korea tripled to levels typical of a pre-famine phase. These price trends have rendered it more difficult for the country to import grain commercially and for households to purchase grain, as they have become increasingly dependent on markets for food over time. The increase in global food prices has driven the Chinese government to prohibit all grain exports, exacerbating the situation since this grain has been North Korea's food insurance policy following the catastrophe of the 1990s. At the same time, South Korean President Lee Myung-Bak has cancelled food aid and fertilizer assistance to the North, tying future assistance, except emergency

aid, to denuclearization and improvements in human rights conditions. Floods in 2006 and 2007, combined with the country's oversized population of 23 million, have also contributed to the spike in food prices.²⁷ According to Good Friends, a South Korean NGO, starvation deaths in North Korea are now sporadically occurring in villages across the countryside. Good Friends also has reported the execution of 15 North Koreans, predominantly women, in North Hamgyong province for attempting to cross into China.²⁸

North Korea's inability to combat famine is a function of its totalitarianism, its lack of feedback and accountability mechanisms, its collectivized agricultural system, and its Stalinist central planning system that strongly discourages foreign donors and investors (even though black markets selling an array of goods from vegetables to Mercedes cars are widespread).²⁹ The regime has restricted WFP operations ever since they began in 1994, though one of the conditions of USAID's food aid program in North Korea, which resumed operations in May ending a three year hiatus, is that these restrictions be eliminated. USAID is enforcing this condition aggressively.³⁰ The future of North Korea is unknown due to Kim Jong Il's mysterious illness. Nevertheless, it is unfortunately all too likely that no matter who is in charge, the regime will maintain control of the economy and political system, thus exacerbating the humanitarian consequences of the country's alarming food insecurity while minimizing its political consequences.

Fragile or Failed Autocratic Regimes

Unlike totalitarian regimes, autocratic regimes do not exert total control over a country, nor do they have a monopoly over the use of force. They do, however, lack the feedback and accountability mechanisms embedded in democratic institutions that provide citizens with the means to express their dissent and effect change peacefully. Unlike a totalitarian regime (that prevents dissent) when prices increase suddenly and steeply or family incomes collapse in an autocratic political system, urban citizens, particularly in the capital city, may demonstrate, riot, and even overthrow the regime in power.

The political consequences of famine and severe food stress are greatest in fragile and failed states governed by autocratic regimes. Following the great Sahelian famine of 1968–1974, every government except for Senegal's, which was least affected by the famine, fell to a coup. Though other factors were undoubtedly involved, famine "significantly undermined" the ability of the leaders in power to cope with the growing political instability.³¹ Marxist officers in the Ethiopian military, for example, overthrew Emperor Haile Selassie because of his failure to respond to the 1972–1974 famine which killed several hundred thousand people.³²

The French Revolution is perhaps the most celebrated case of famine's political implications, as it was preceded by a massive increase in food prices and famine in rural areas caused by crop losses in 1788. While few would argue that the revolution itself was caused by the price increases and rural hunger, food riots were the immediate precipitating event that lit the fuse and caused an explosion of simmering anger and resentment over other unresolved issues in French society. The lesson to be learned is that where there is no political mechanism for the release of popular resentment, food price increases may become the rallying cry that sets off political explosions ultimately rooted in other factors.

By definition, all fragile and failed states lack the institutional capacity to deliver basic public services to their citizens. Economist Paul Collier estimates the costs, in economic terms, of a single failing state to itself and its neighbors at approximately \$100 billion.³³ Beyond those quantifiable estimates, these states present the most formidable political and security challenges of our time as the subsequent conflict, disease, and economic collapse undermine regional security.³⁴ Strong national institutions with functioning feedback and accountability mechanisms are fundamental prerequisites to prevent any long-term political and security consequences of high food prices.

Recent data show a strong correlation between high food prices, low human development indicators, and weak institutions. Of the 30 countries deemed by the WFP to be most vulnerable to the rise in food prices, Human Development Index (HDI) information is available for 25 of them.³⁵ Of those 25 countries, 21 are located in the bottom quintile of the HDI, indicating a strong correlation between low human development and food insecurity. Also, for the 30 WFP-designated countries as most vulnerable, 20 of them (two-thirds) are located in the bottom quintile of *Foreign Policy's* 2008 Failed States Index.³⁶ Fourteen of those 20 are located on the African continent.

One significant caveat applies to this analysis. If an autocratic regime exercises a monopoly over violence, the political consequences of food price increases will be minimized. Zimbabwe, which ranks third on *Foreign Policy's* 2008 Failed States Index and has been designated by the WFP as the most vulnerable country to the price increases, is a case in point. Beginning in 2000, supporters of President Robert Mugabe began confiscating land owned by white commercial farmers and redistributing it to his political cronies, thus ruining the agricultural system of a country previously known as the breadbasket of Africa.³⁷ Failed policies and the recent sharp and steep increases in food prices have pushed those suffering from the country's economic collapse over the edge. By October 2008, the country's inflation rate was 231 million percent, unemployment levels hovered above 80 percent, and a quarter of the country's 12 million people had left the country.³⁸ The thuggish and repressive nature of Mugabe's regime, however, suppresses any potential political consequences of the country's

food insecurity while exacerbating its humanitarian consequences. The WFP recently reported that up to 5.1 million people may require food assistance by the first quarter of 2009.³⁹

Semi-democracy with Large Army Confronted with Global Protectionism

The present downturn in the global economy could potentially lead to massive unemployment in rapidly industrializing urban areas. Today, over half of the world's population lives in cities, with the majority residing in developing countries. In the next 30 years, urban populations in Africa and Asia are projected to double.⁴⁰ The confluence of high population rates, high food prices, and widespread unemployment, if met with increased protectionism around the globe, could have devastating political and security consequences. There is an interesting, albeit alarming historical precedent for this situation.

In 1868, the time of the Meiji Transformation, Japan's population was 32 million and food consumption averaged just less than four bushels of rice per person each year. At that time, Japan was cultivating six million acres, with each acre yielding 20 bushels, or about enough to feed the population. By 1940, however, Japan's population had increased to 73 million. Agricultural productivity increased considerably but leveled off at 40 bushels per acre in the 1920s, when Japan, partly because of rising per capita food consumption, found herself short of approximately 65 million bushels of rice needed to feed its population each year. Between 1910 and 1930, the Japanese were able to compensate by tripling their rice imports, but as the population continued to grow, the country struggled to feed itself.⁴¹ Although wide-scale famine did not occur in Japan, the typical peasant family's diet was extremely poor and the population of the country in the 1930s was oftentimes hungry. For example, peasant girls were recruited to work in textile factories and brothels, enticed by the promise of better food.⁴²

Hashimoto Kingoro, a prominent intellectual, described Japan's apparent dilemma at the time:

there are only three ways left to Japan to escape from the pressure of surplus population . . . emigration, advance into world markets, and expansion of territory. The first door, emigration, has been barred to us by the anti-Japanese immigration policies of other countries (e.g. the 1924 Japanese Exclusion Act). The second door . . . is being pushed shut by tariff barriers and the abrogation of commercial treaties. What should Japan do when two of the three doors have been closed against her?⁴³

The answer to Kingoro's question was to open up the third door: imperial expansion. Suffering through the effects of the Great Depression in 1929 spurred Japanese military leaders to resort to imperialism. Japan colonized Manchuria and Indochina to gain access to food and natural resources. The country's

A four-pronged strategy to manage the price increases should be put in place.

flourishing democracy of the 1920s degenerated into autocracy and militarism in the 1930s.

It would be simplistic to suggest that Japan's militarism and imperialism prior to, and during, World War II resulted exclusively from the food shortages of the 1920s. Japan's growing population and leveling agricultural productivity, however, coupled with increased protectionism and xenophobic sentiments abroad, undeniably had a profound effect on its foreign policy. None of this justifies

Japanese expansionism, but it does explain some of the consequences of sustained and severe food insecurity on a fragile democratic political system.

History may repeat itself in the current period. Though thankfully no current examples have yet surfaced, there are some warning signs to watch over the next decade. Should protectionist impulses in the West drive policymakers to choose policies significantly undermining the international trading system, net food-importing countries with large, standing militaries may resort to expansionism. Steep hikes in food prices combined with high unemployment can be an enormously destabilizing force.

What to Do

To address these risks, a four-pronged strategy to manage the current, and any future, price increases should be put in place by donor and developing countries in cooperation with the World Bank and UN agencies. First, invest in development programs which will boost agricultural productivity in fragile and failed states on a consistent basis to reduce their vulnerability to price increases. Donor and developing countries alike should support World Bank president Robert Zoellick's announcement of a \$1.2 billion plan to provide grants and loans to support agricultural development in countries affected most by the increase in world food prices and to double investment in the Consultative Group on International Agricultural Research (CGIAR) over the next five years. CGIAR is a chain of 17 research stations around the world devoted to achieving food security through research in the fields of agriculture, forestry, fisheries, policy reform, and environment.⁴⁴

The Green Revolution of the 1960s, which tripled crop yields in Asia, saved over a billion lives and salvaged 16 million square miles of forests from being cut down and converted into farm fields.⁴⁵ Donor governments and international institutions must invest in improved drought-resistant grain varieties, including those from genetically modified organisms (GMO) research, and insect-and disease-resistant seeds in order to reduce the vulnerability of African farmers to

crop losses, and bring a new Green Revolution to Africa. Donor governments and international institutions should launch an international effort to counter the anti-biotech and anti-GMO campaigns from advocacy groups which have delayed or paralyzed the wide-scale dissemination of GMO seed varieties. These varieties remain one of the most promising means to address food insecurity, particularly in Africa, in the near term, boosted by research which could be undertaken by the CGIAR system.

Second, the international humanitarian response system should be improved to meet rapid increases in food prices with new tools, new market-based approaches, and improvements in existing tools. One such system that can be used as a model is USAID's Famine Early Warning Systems Network (FEWS NET), which collaborates with international, regional, and national partners to provide early warning and vulnerability information on food security issues in 25 high-risk countries. FEWS NET has become one of the critical features of successful humanitarian preventive action and recently extended its analytical monitoring to urban markets affected by the current price increases. FEWS NET monitoring should be expanded beyond 25 countries.

The \$1.2 billion food aid budget used to address famines and other emergencies under U.S. law should be more flexible. Currently, the budget is used primarily to purchase U.S. food to distribute abroad. This system is inefficient and costly. Over 20 percent of food aid is used for shipping costs alone with another 45 percent for logistics, overhead, and distribution costs. Adding to the inefficiency of the current system, it takes four months to order, purchase, ship, and distribute the food aid abroad. President George W. Bush's proposal to allow 25 percent of the USAID food aid budget to be used to purchase food locally makes simple economic sense because it cuts down delays in the delivery of U.S. purchased food, reduces logistical risks, and saves transport costs.⁴⁶

The new president should press for these same reforms, and Congress should approve them. The latest U.S. farm bill contains authorization for a Department of Agriculture-managed pilot program—which compromises the integrity of the program since USDA is strongly opposed to local purchase—for local and regional procurement of a total of \$60 million over five years. This is only a fraction of the \$1.2 billion USAID is appropriated annually. A pilot such as this is unnecessary because the WFP has been purchasing food locally for years now with limited funding from other donors. The best way to prevent the politically destabilizing effects of mass population movements, increased theft and lawlessness, and other disruptive coping mechanisms is through rapid and decisive action which can best be initiated with locally purchased food.

Should acute malnutrition rise precipitously in any country, donor and developing country policymakers should take critical early preventative measures to save lives such as the mass immunization of children under five

Using this analytical framework, donors will be able to respond earlier and more effectively.

years old to prevent major diseases, the biggest killers in famine. Donor food aid has been the principal means for fighting famines for far too long, while public health interventions in incipient famines have been historically underfunded. USAID's Office of Foreign Disaster Assistance (OFDA) should be given more funding for emergency public health interventions.

Third, emergency market interventions should be employed if food prices rise too rapidly and too steeply. If family incomes decline in a fragile or failed state where a large portion of the population is already impoverished, market interventions should be considered as a way of mitigating the effects of the price increases, although only under emergency circumstances as prices kept too low will discourage farmers from producing more food. By auctioning off food aid in local markets, food prices can be stabilized, forcing hoarded food onto local markets. The drop in food prices under these conditions would allow a larger portion of the population access to food markets.

Cash distributions to the most destitute populations with donor aid funding through the WFP and NGOs can increase family purchasing power to compensate for steep and rapid increases in food prices. Free food distribution should be the last option aid agencies consider. These programs are not experimental but have been successfully tried in Ethiopia and Mozambique on a large scale. Emergency market interventions are particularly appropriate in fragile and failed states, and would be useful in North Korea where urban populations survive on informal farmer's markets.

Fourth, lavish subsidies to convert grain into biofuels such as ethanol should be eliminated immediately. According to Joachim von Braun, director of the IFPRI, a moratorium on biofuels would decrease the price of maize by approximately 20 percent and the price of wheat by approximately 10 percent by 2010.⁴⁷ Policymakers should distinguish between biofuels produced from corn and those produced from sugar cane and other non-grain crops, which are not essential to food security. In the United States, import tariffs on ethanol prohibit the entrance of Brazilian sugar cane-based ethanol, which is much more energy-efficient than the corn-based ethanol produced in the United States. Such trade-distorting mechanisms amount to a staggering \$7 billion a year.⁴⁸

Finally, developing countries should immediately rescind export restrictions and price controls on rice, corn, wheat, and other grains. Export restrictions might be entirely rational responses at the country level, but their combined effect raises food prices. Developing countries should also cut taxes on imported

food and improve their overall regulatory environments so that poor farmers can access credit to obtain fertilizer.⁴⁹

While price controls temporarily reduce prices for consumers, they also reduce the price that farmers receive for their agricultural products. As a result, they serve as a disincentive for farmers to produce more food at times when it is most needed.⁵⁰ Developing countries should also consider implementing conditional cash transfer (CCT) schemes to provide short-term aid to poor farmers. Mexico's PROCAMPO program is a successful example, although policymakers must keep in mind that CCT programs place considerable demands on government bureaucracy.⁵¹

Avoiding the Worst Consequences

The link between food price increases and absolute poverty cannot be overemphasized. The best way to break that link is to help facilitate economic growth and foster strong democratic institutions with functioning accountability and feedback mechanisms in developing countries, particularly in fragile and failed states. By using the analytical framework developed in this essay to apply a rigorous, state-level analysis to fragile and failed states, international donors will be able to respond earlier and more effectively to the potential political and security consequences of the recent rise in food prices.

Aid donors in developed countries should respond to the current increase in food prices for purely humanitarian and ethical reasons. The potential political and security consequences, however, must not be ignored. Even though food prices have recently fallen due to the slowdown in the world's economy, according to the World Bank, food crop prices will likely remain at their current level through 2009 (at least) and above 2004 levels until 2015.⁵² If the global economy does not significantly improve and unemployment rates rise in poor countries that have no social safety nets in place, the confluence of high urbanization rates, high food prices, and widespread unemployment could be devastating.

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