
Towards a regime change in global food system?

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Mini-plenary: Theoretical Perspectives on the Food
Crisis

Food crises 2007-08

- Rising cereal prices in 2007
 - Food riots in over 40 countries (*Grain, FT*)
 - Governmental measures to restrict export, stabilize prices and building food reserves
 - A wave of investments on agricultural land at home and abroad
 - In autumn 2008 acute crises was over
 - Changes in market were much smaller than price increases and social reactions would let suppose (next figures and table)
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Regulation approach

- Regime of accumulation:
 - Complementary pattern of production, consumption and reproduction (Mark Goodwin 2006, 307; Bob Jessop 1990)
 - Food and agriculture -system is weakly integrated part of global economic system
- Regime change ?
 - From nationally protected 'productionist' ('fordist') agriculture based on family farming and strong state interventions
 - a) Towards globally oriented agriculture and liberalized world market (Friedmann, McMichael 1995)
 - Agriculture and food market has been very hard to liberalize.
 - b) Towards neo-productionism

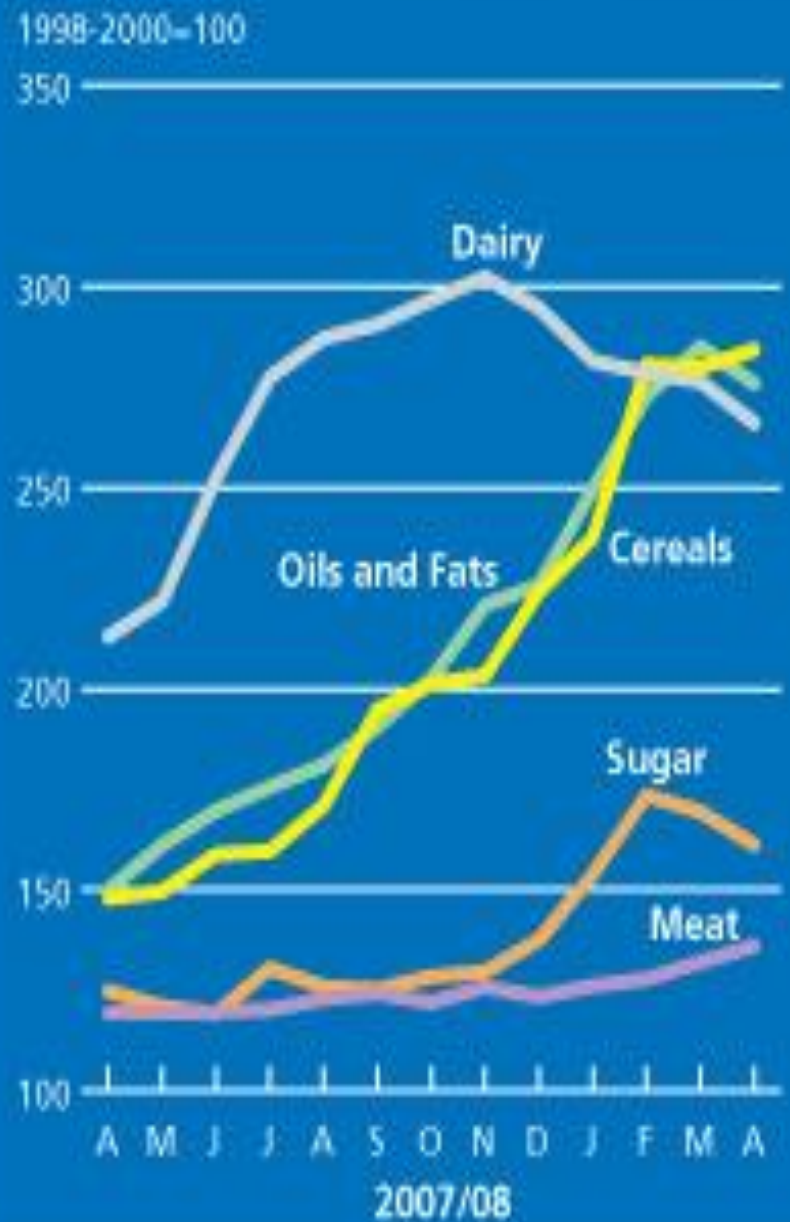
Table 2. Old (1950-80s) regime of accumulation

| | |
|--------------|--|
| Production | Productionism/Fordism <ul style="list-style-type: none">• more and cheaper food• no concern on environment, health care or rural issues |
| Consumption | National self-sufficiency & price control |
| Reproduction | State guarantees to generation change within family farming |
| Moral order | Goal: <ul style="list-style-type: none">• equality of results, income parity• family farm as the basic type of farm |

FAO Food Price Index



Food Commodity Price Indices



Short-term reasons for new food system

- “the current global food security situation is a cause for deep concern”. Possible reasons:
 - high energy prices,
 - poor harvests,
 - rising demand, (in China and India)
 - biofuels and
 - export bans in some countries”
 - British Government’s [discussion paper](#) issued by the Department for the Environment, Food and Rural Affairs found FT 18.7.2008
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Short-term reasons for new food system

■ Evaluation of reasons

- high energy prices, *Not reason, emerged later*
- poor harvests, *Yes but, world cereal stocks increased*
- rising demand, in China and India *Not verified**
- biofuels *Not yet, even if 10 %/year increase*
- export bans in some countries” *A consequence, not reason*

**) because their rising production covers rising demand*

Table 1. World cereal market 2006-2009

| | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|--------------------------|-----------------------|----------------|----------------|----------------|
| | | | <i>estim.</i> | <i>f'cast</i> |
| WORLD BALANCE | <i>million tonnes</i> | | | |
| Production | 2 010.6 | 2 131.8 | 2 287.2 | 2218.8 |
| Trade | 257.0 | 272.6 | 266.3 | 256.6 |
| Total utilization | 2 061.9 | 2 120.0 | 2 201.7 | 2230.4 |
| Food | 994.3 | 1 013.0 | 1 028.5 | 1042.5 |
| Feed | 738.7 | 748.3 | 772.5 | 777.1 |
| Other uses | 328.9 | 358.9 | 400.7 | 410.8 |
| Ending stocks | 426.4 | 444.6 | 528.4 | 520.9 |

Source: *Food Outlook*, November 2008 and June 2009, FAO, Rome

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- However, the situation is not under control
 - “It's an explosive situation and threatens political stability,”

Jean-Louis Billon, president of Côte d'Ivoire's chamber of commerce. (Economist 17.4.2008)

- “We are not facing just a short-term problem but a structural change in the price of food, there is no such thing as normal prices any more.”

Josette Sheeran, the director of the UN's World Food Programme, (FT 4.4.2008)

Production. Structural changes, or not?

- Agriculture has been forgotten in international politics
 - “During last 20 years the need for continuing investments in agriculture lost its urgency (Lennart Båge/IFAD)
 - *Production deficit more speculation than reality*
- Increasing world population and rising prosperity increases total consumption, in China and India above all
 - *In the future*
- Increasing use of cereals to feed domestic animals, which decreases the total supply of food.
 - *Slightly verified*
- Scarcity of energy, especially for transport, forces to develop biofuels.
 - *Verified*
- Green house effect may cause harmful changes into the production circumstances of agriculture.
 - *In the future*

Production. Increasing biofuel production is the clearest indication of the change

- Energy crisis pushes to produce more biofuels for transport
 - In Europe 72 % of agricultural land would be needed in order to produce only 10 % of the transportation fuel.
OECD 2006; here cit. WWI 2007, 37.
- Competition with agriculture for land
- Today fast diffusion
 - *Total utilization of grains for production of ethanol in 2007/08 is estimated at roughly 98 million tonnes, up 27 million tonnes, or 40 percent, from the previous season.*
FAO Food Outlook June 2008
- Increasing biofuel production – when continues – do challenge the system of food production & consumption

Summary I. Crisis in global agrifood production

■ Reasons for crisis

- too low production, too low profitability
- farm land is becoming scarce resource;
- speculation what will happen in the future

■ How to solve crisis

- a) Investments in farming & applying biotechnology (private? – public?)
- b) Reforming food market to decrease speculative element

■ Moral aspects

- a) Continued liberalization of trade and production
 - b) Control over markets (land question returns! farm land for food, not for energy!)
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Consumption. Food security is challenged

- New face of hunger, more urban
 - “Africa has suffered severe famines in the past, including the one in Ethiopia in 1984 that killed more than 1m, but it is the first time the problem is rising prices rather than a lack of food”.
- We are not facing just a short-term problem but a structural change in the price of food, there is no such thing as normal prices any more.“

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- “It's an explosive situation and threatens political stability,”

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Summary II. Crisis in global food consumption

- Reasons for crisis
 - too high prices,
 - worry about global food supply in the future
 - How to solve crisis
 - a) Continue to liberalize trade to get food back to market & Let cities, metropolises and regions make own strategies for food security
 - b) Return to national protectionism
 - c) Public-private partnership aiming at colonial solutions to guarantee food supply in states which are dependant on imports
 - Moral aspects
 - a) Rich and strong regions will solve their food security by themselves.
 - b-c) ?
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Reproduction of agricultural system

Governments and business react to increased prices.

- **Example 1, Government of Russia**

- is going to increase its agricultural production with 25 % in coming years.

(Minister Aleksei Gordejev).

- **Example 2, Private business in Russia:**

- “**Black Earth Farming Ltd.** is a leading farming company operating in Russia, controlling about 325,000 hectares of what perhaps is the world’s most fertile soil.” (BEF home site)

- **Example 3, Libyan government** has leased 200,000 hectares of cropland in Ukraine

(Grain, July 2008)

Reproduction. Warning for neo-colonialism

- The race by food-importing countries to secure farmland overseas, in order to improve their food security risks, are creating a “neo-colonial” system.
- The warning by Jacques Diouf, dg of FAO, comes as countries from Saudi Arabia to China plan to lease vast tracts of land in Africa and Asia to grow crops and ship them back to their markets.

FT 19.8.2008

Summary III. Crisis in reproduction of agrifood system

- Reason for crisis: Family farming reaching its limits
 - Techno-scientific progress demands a reform in socio-economic organisation of farming
 - Capital intensive farming in large-scale units questions family farming in the east, south, and west.
 - How to solve crisis
 - a) Continue to liberalize. Make investments in farming and biofuel production, integrate family farms together and as parts of global food chains.
 - b) Renew global order creating institutions acting against neo-colonial arrangements.
 - Moral aspects
 - a) ?
 - b) Guarantees for local population's rights on local resources: land and genetic resources among others. Rural poverty regulation
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What are the signs of regime crisis:

- ❑ Agricultural land ownership and production structures change radically;
 - ❑ Food security of urban population is questioned. Who takes care of food security?
 - ❑ Reproduction of agricultural systems is challenged.
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Crucial question:

What is the new moral economy behind the coming regime of regulation of global agrifood system?

Thanks for your attention





New regime of accumulation

- has to find ways to regulate crises elements in the new regime.
 - In this task neoliberal regime has great problems and therefore it might remain on the level of ideological construction without long-term prospects to survive.
 - In reality, inside of neoliberal project are growing new institutional arrangements, which have another logic (than neoliberal), e.g. metropolis strategies
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Political mistake: Agriculture forgotten

FAO conf. on World Food Security, Climate Change and Bio-energy

- “During last 20 years the need for continuing investments in agriculture lost its urgency.
 - Development aid for agriculture dropped from 18% in 1979 to just 2.9% in 2006.
 - In developing countries, Agricultural spending to total Government spending declined by 1/3 in Africa and by 2/3 in Asia and Latin America.
 - Productivity growth declined from 3-4% in the 1980s to
 - 1-2% today
 - This underlying decline in productivity growth would sooner or later have created the problem we now face. We face the prospect of insufficient supply to meet the growing demand... the focus needs to shift back on agriculture”.
 - Lennart Båge, president of IFAD, In 3.6.200
 - Is this a consequence of neoliberalism in agriculture?
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Table 2. Old (1960s) regime of accumulation

| | |
|-------------|---|
| Production | <u>Productionism/Fordism</u> <ul style="list-style-type: none">• more and cheaper food• no concern on environment, health care or rural issues |
| | <u>Neo-productionism</u> <ul style="list-style-type: none">- More food and bioenergy- Less concern on environment and rural development |
| Consumption | National self-sufficiency |
| | Food security for cities and regions |

Table 2. Old (1960s) regime of accumulation

| | |
|--------------|---|
| Reproduction | State guarantees to generation change within family farming |
| | New conflicts <ul style="list-style-type: none">• local producers vs. global investors & land owners |
| Moral order | Old Goal: <ul style="list-style-type: none">• equality of results, income parity• ‘sacred’ family as the basic unit in farming |
| | New Moral economy ? <ul style="list-style-type: none">• Poverty alarms• Genetic biodiversity problems |



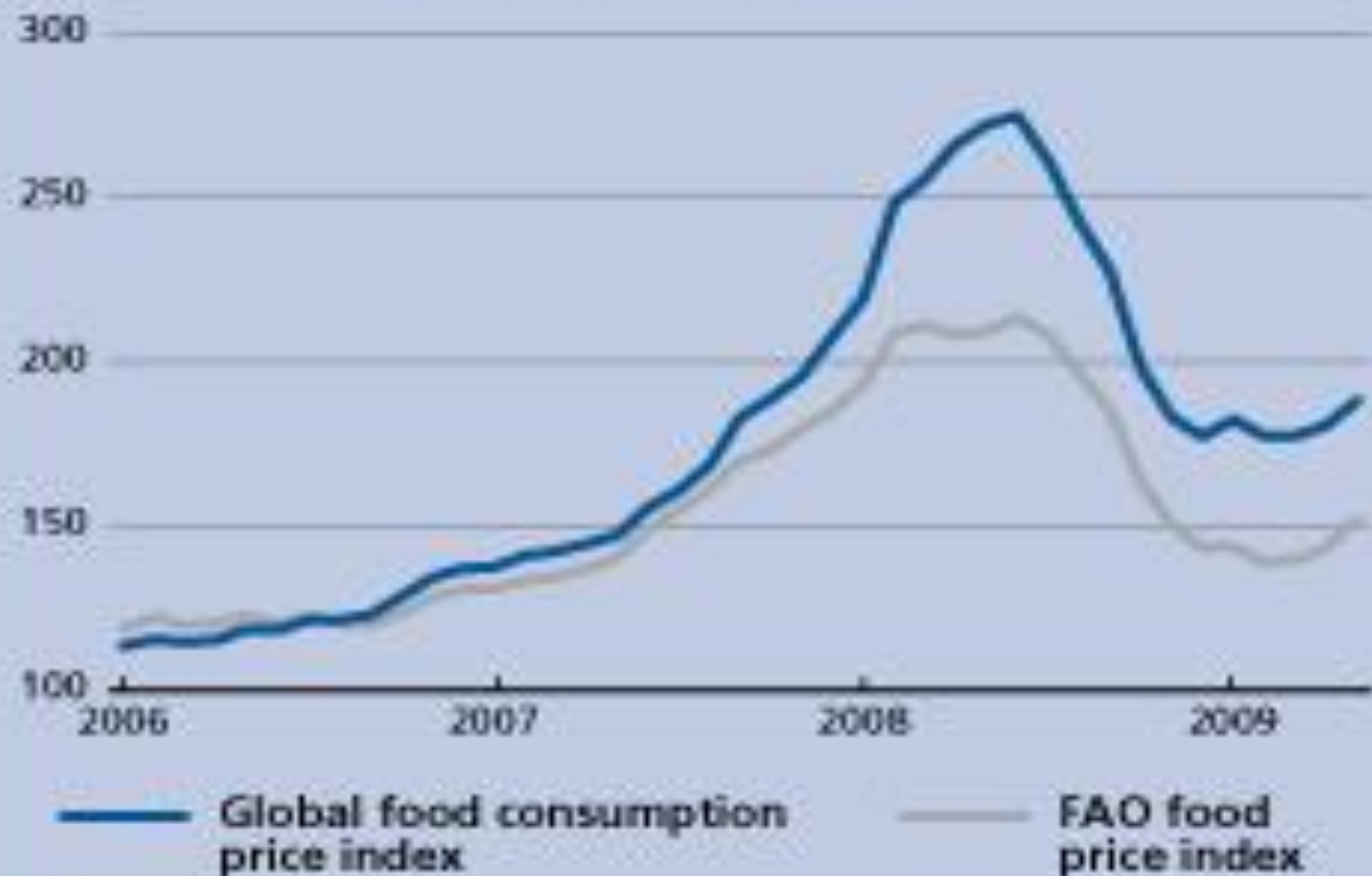
Reactions, Warning for food security

- 2008 big providers of agriculture commodities – including India, Russia, Argentina and Vietnam – have restricted exports to keep local markets supplied.
 - importing nations realized that dependence on the international market made them vulnerable – not only to rising prices but, also to an interruption in supplies.
 - “They want to secure the supply lines of food,”
 - Joachim von Braun, director of the International Food Policy Research Institute (FT 8.9.2008)
 - Some examples:
 - “Libyan government has leased 200,000 hectares of cropland in Ukraine and the United Arab Emirates is buying large landholdings in Pakistan
 - (Grain, July 2008)
-

Demonstrations and food riots broke out in nearly 40 countries

- In Mexico City, late January 2007
 - Over 75 000 protesters took to the streets to demand price controls on basic foods. The reason was a 40 % rise in the price of tortillas, following the price jump of imported maize.
- In Uzbekistan, in Ferghana valley, in September 2007,
 - street demonstrations to protest the high prices of basic foodstuffs, which nearly doubled – according to local activists.
- In Jakarta, Indonesia in January 2008
 - The government was forced to cut import taxes for soyabeans in January after more than 10,000 people protested against surging prices for tofu and tempeh. (FT 27.2.2008)
- In Ivory Coast, late March and early April 2008
 - violent protests against rising living costs rocked several neighbourhoods of Abidjan. Youngsters burned fires in the street and blocked traffic. Police used tear gas to disperse the crowds
 - (FT interactive map)

Global food consumption price index and FAO food price index *



3. New phase of regulation?

- The end of
 - the time of oil
 - chronic overproduction - the basic context of CAP and GATT
 - Regulation theory
 - New emerging regime
 - From national to local security
 - Metropolitan security arrangements
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4. Prospects for rural development

- The end of postfordism?
 - What about multifunctionality
 - Returning worry about food security
 - from safety to security; Metropolis/ Russia/ Third world
 - Increasing prices for
 - products
 - land
 - forest and agricultural land
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Figure 2. Wheat export price (US no. 2 H.W. Gulf)

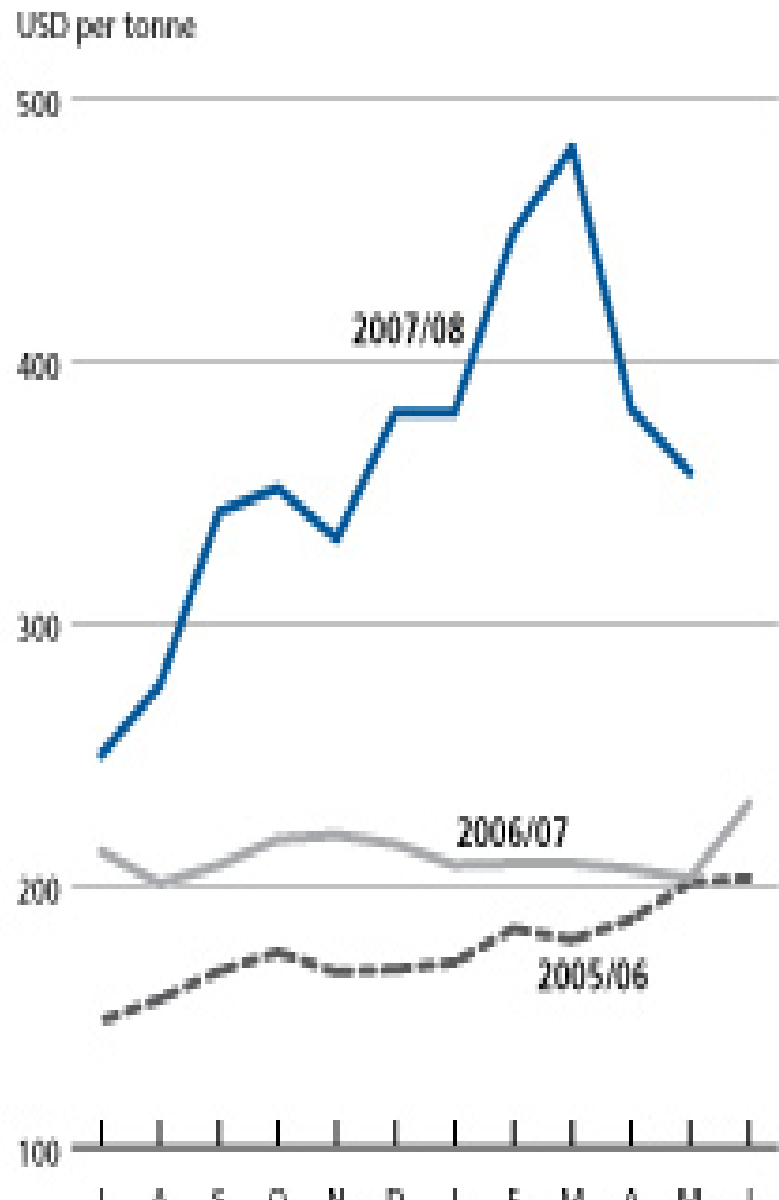
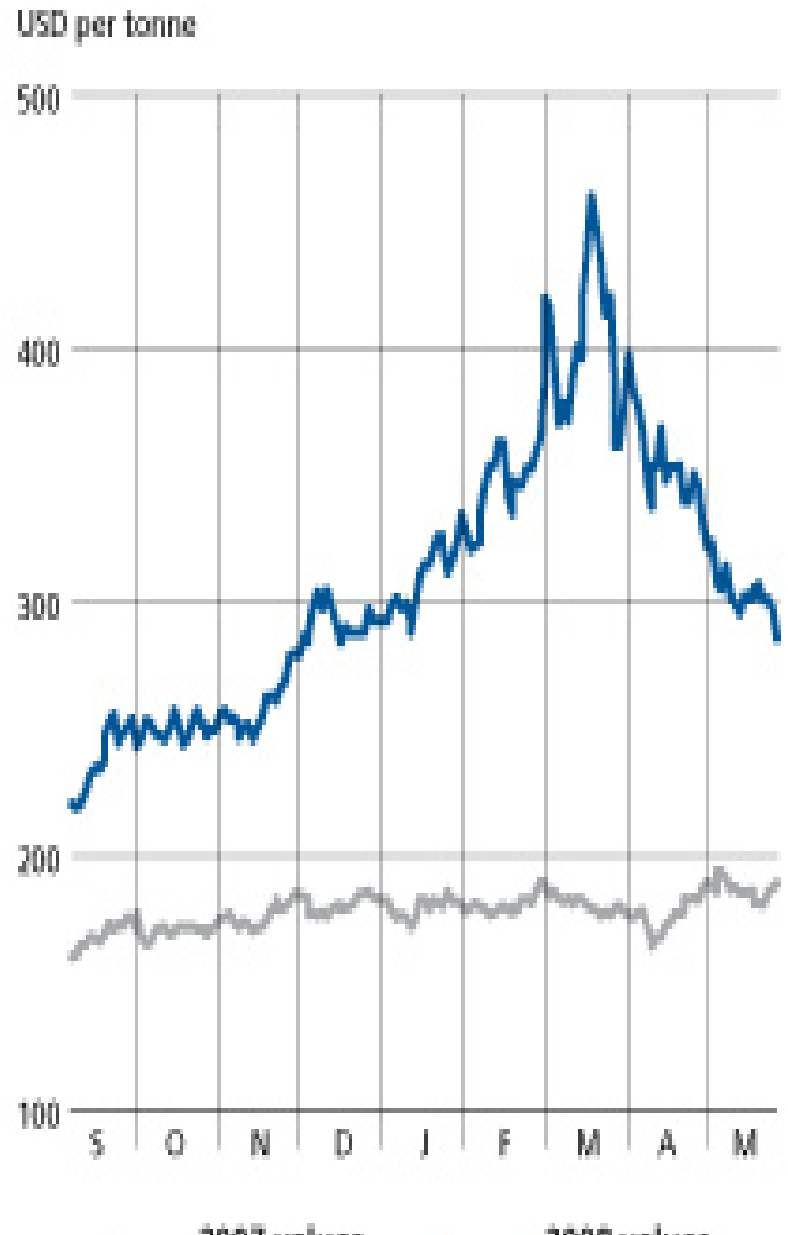


Figure 3. CBOT wheat futures for September



...Reactions (continue)

- Trade regulation and Food security concern by Governments
 - In Ivory Coast, the government suspended all duties and import taxes on rice, oil, milk, flour, sugar, fish and tomato paste. (FT)
 - In British Government, “A discussion paper issued by the Department for the Environment, Food and Rural Affairs found “the current global food security situation is a cause for deep concern”, listing high energy prices, poor harvests, rising demand, biofuels and export bans in some countries as the main factors.” FT 18.7.2008 A food security policy, according to the document, would have to ensure a reliable supply of food; an efficient transport system; and that food was available at prices people could afford – in particular “whether low-income consumers can afford enough nutritious food”. However, there was little detail in the 30-page paper on how the latter would be achieved.

 - Global organisations,
 - More trade liberalisation or
 - taking food out of market: Banning export of food / bilateral trade on palm oil Malaysia)
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