

Contemporary policy challenge: Addressing hunger and food affordability while heading off future farm profitability crises

The executive director of the World Food Programme, David Beasley, was quoted in an article in The Guardian (<https://tinyurl.com/2yhmv55w>) as saying, “the current food availability crisis is likely to turn into an even more dangerous food affordability crisis next year unless solutions are found.”

We would like to expand on his analysis to make the argument that we face four food/agricultural crises. Even before the invasion of Ukraine by Russia and their blockade of Ukrainian grain exports, the world’s poorest have experienced an **endemic crisis of chronic hunger and undernutrition**.

In his Guardian Article, “UN warns of ‘looming hunger catastrophe’ due to Russian blockade,” David Wintour writes, “The number of people classed as ‘acutely food insecure’ by the UN before the Covid crisis was 130 million, but after Covid this number rose to 276 million.”

To put that number into perspective, the current US population is estimated to be 332 million people. The 276 million acutely food insecure people in the world represents a number equal to 83 percent of the estimated US population on January 1, 2022. This number does not include those who are seasonally or episodically food insecure. Depending on the criteria being used, including the episodically food insecure would bring the number the hungry in the world to between 800 million and a billion people.

With the blockade of Ukrainian grain by the Russians and the embargo of Russian energy and grain supplies led by the US and its allies, we are currently facing what Beasley describes as a **food affordability crisis**. The response of grain markets to a reduction in their access to supplies that they can move around the world can easily be seen by US consumers when faced with higher prices as they shop for groceries in their local supermarket.

Beasley says that as a result of the Ukraine crisis, the number of acutely food insecure has risen from a post-Covid number of 276 million people to 345 million. In addition, “a staggering 50 million people in 45 countries are now just one step from famine.”

Next year, because of higher fuel and fertilizer prices brought on by the war, Beasley argues that “without urgent action, food production and crop yields will be slashed. This raises the frightening possibility that on top of today’s food-pricing crisis, the world will also face a genuine **crisis of food availability** over the next 12 to 24 months – and with it, the specter of multiple famines.”

If in addition to the blockade and embargo we see today, food production and crop yields plummet due to higher input costs, food prices could go even higher.

In our analysis of agricultural history, when prices get high enough, farmers figure out how to increase future production. They bring fallow land into production; they find ways to produce more with existing inputs, they use the latest technology and soon production soars to exceed effective demand.

Eventually, farmers end up producing more than the markets need, especially after the war is over and Ukrainian and Russian grains have returned to world markets.

That leads us to the fourth crisis which we call the **farm profitability crisis**. With increased supplies and stabilized demand, crop and livestock prices will fall hard and fast. And once they are down, they stay there for a long period of time.

The challenge of contemporary public agricultural policy is to identify a suite of policies that can address endemic hunger and the current food affordability crisis while heading off the availability and farm profitability crises.

Policy Pennings Column 1134

Originally published in MidAmerica Farmer Grower, Vol. 37, No. 380, July 15, 2022

Dr. Harwood D. Schaffer: Adjunct Research Assistant Professor, Sociology Department, University of Tennessee and Director, Agricultural Policy Analysis Center. Dr. Daryll E. Ray: Emeritus Professor, Institute of Agriculture, University of Tennessee and Retired Director, Agricultural Policy Analysis Center.

Email: hdschaffer@utk.edu and dray@utk.edu; <http://www.agpolicy.org>.

Reproduction Permission Granted with:

1) Full attribution to Harwood D. Schaffer and Daryll E. Ray, Agricultural Policy Analysis Center, Knoxville, TN;

2) An email sent to hdschaffer@utk.edu indicating how often you intend on running the column and your total circulation. Also, please send one copy of the first issue with the column in it to Harwood Schaffer, Agricultural Policy Analysis Center, 1708 Capistrano Dr. Knoxville, TN 37922.