
Responding to Food Crises

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Responding to Crises

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My two main messages

1. We should agree on what we mean by “food crisis”
2. A political economy analytical approach is needed to better predict and recommend responses by relevant stakeholder groups.

Perceived meaning of the term “food crisis”

- Which indicators?
 - Large drop in food production or supply
 - Large increase in food prices
 - Large increase in prevalence of food insecurity, malnutrition or health
- Global, national, community, or households?
- Inter-market transmission and interaction



Causes of food crises

- Income fluctuations
- Climatic fluctuations
- Armed conflicts
- Speculation and market manipulation
- Political factors

Who are the “Instigators” and “Responders” (1)

- Government agencies
- Civil Society
- Private sector
 - Farmers
 - Agribusiness (post-harvest supply chain)
 - Consumers
- International agencies

Who are the “Instigators” “Responders”? (2)

- Food Policy Analysts and advisors
- Agricultural research organizations
- Foreign direct investors
- News Media

Response motivations

- Legitimacy goals
 - Governments
 - Private sector (Social responsibility)
- Revenue (profit) goals
- Humanitarian goals
 - Protection of food security, nutrition, health.
 - Avoiding deteriorating poverty



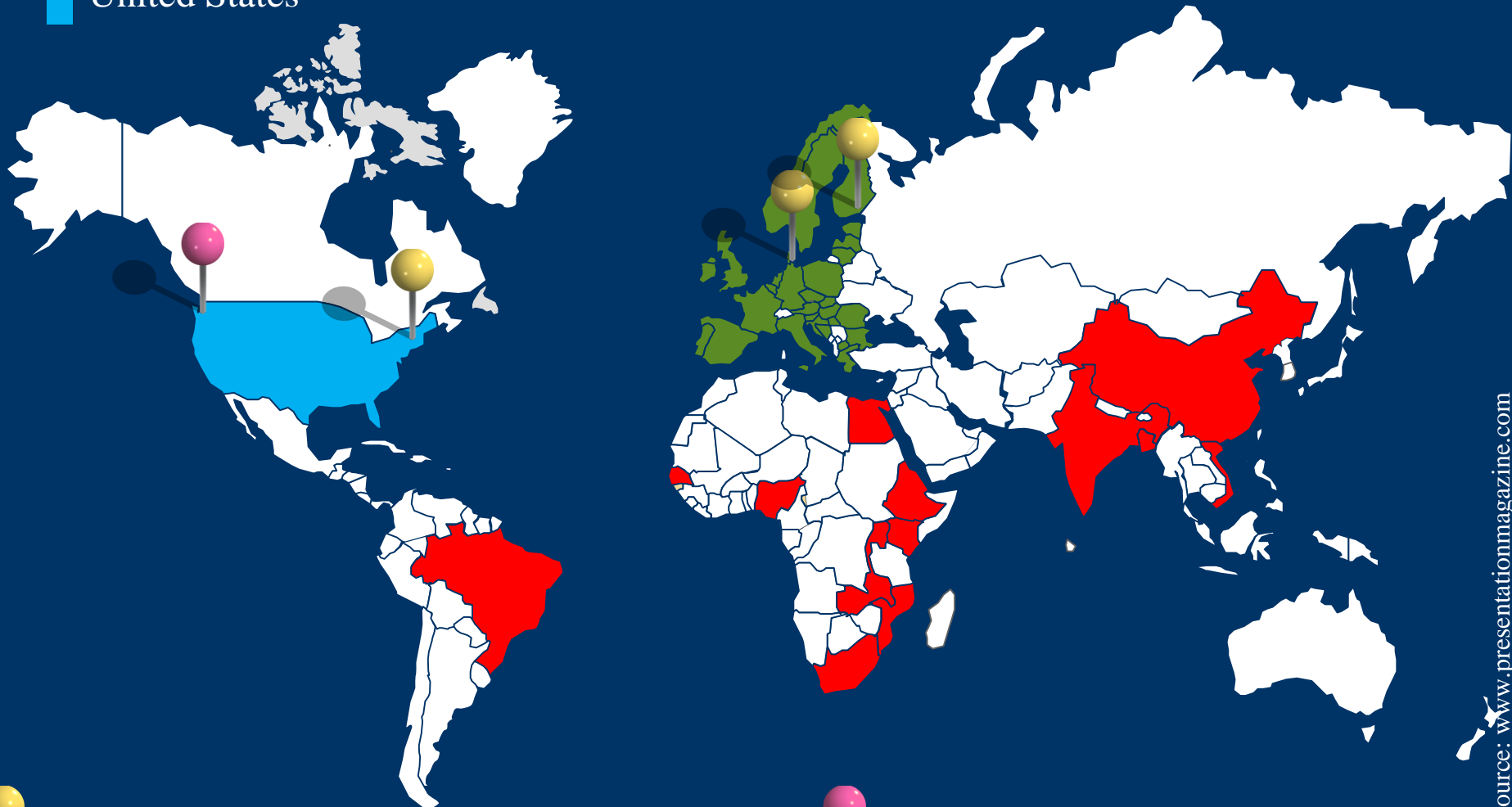
A political economy analysis of Global food price volatility

Selected empirical findings from a
collaborative study WIDER – Cornell –
Copenhagen University

14 Participating Countries (Bangladesh, Brazil, China, Egypt, Ethiopia, India, Kenya, Malawi, Mozambique, Nigeria, Senegal, South Africa, Vietnam, Zambia)

European Union

United States



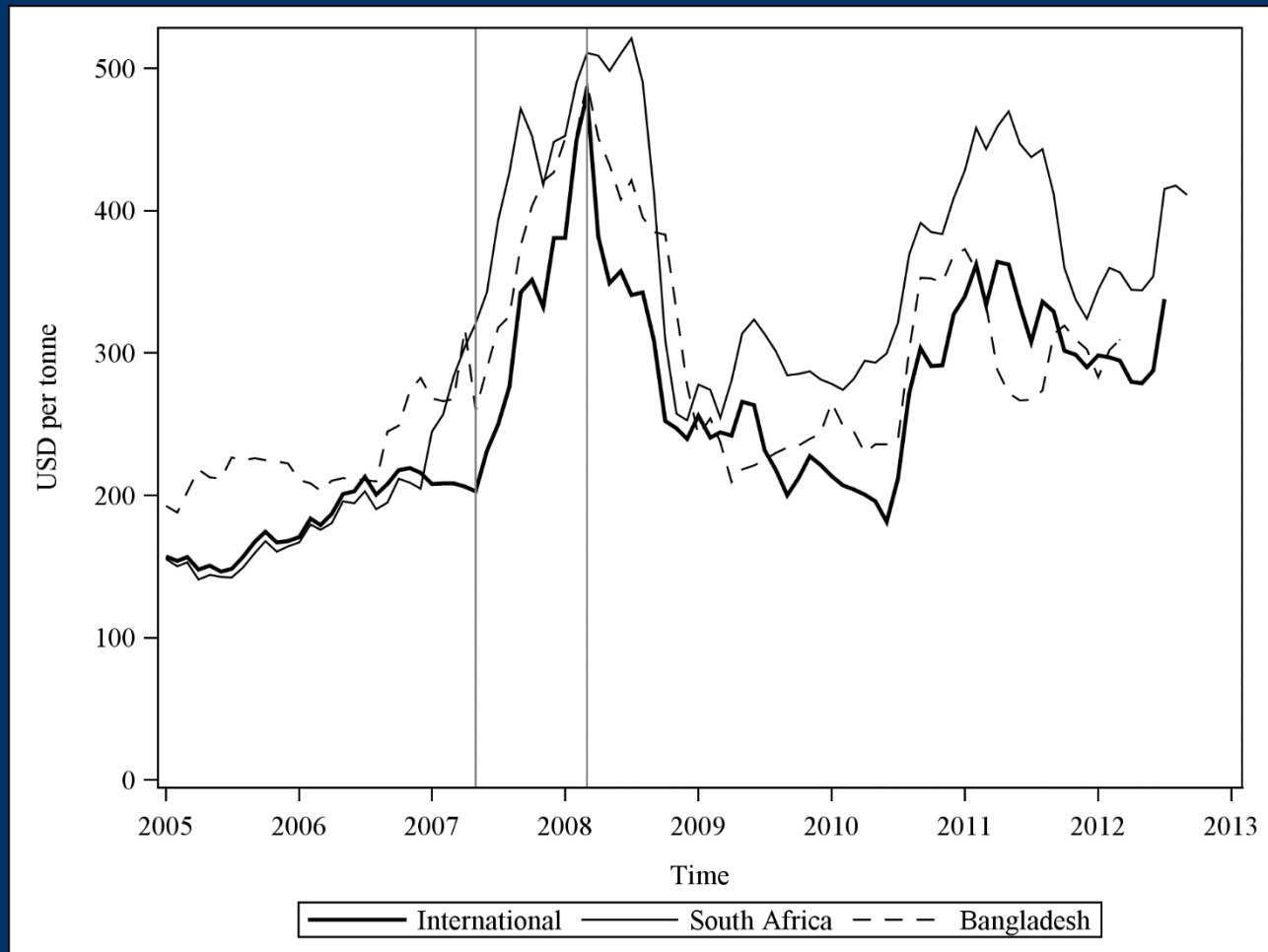
Collaborating Institutions: Cornell University, UNU-WIDER, and University of Copenhagen

Bill & Melinda Gates Foundation



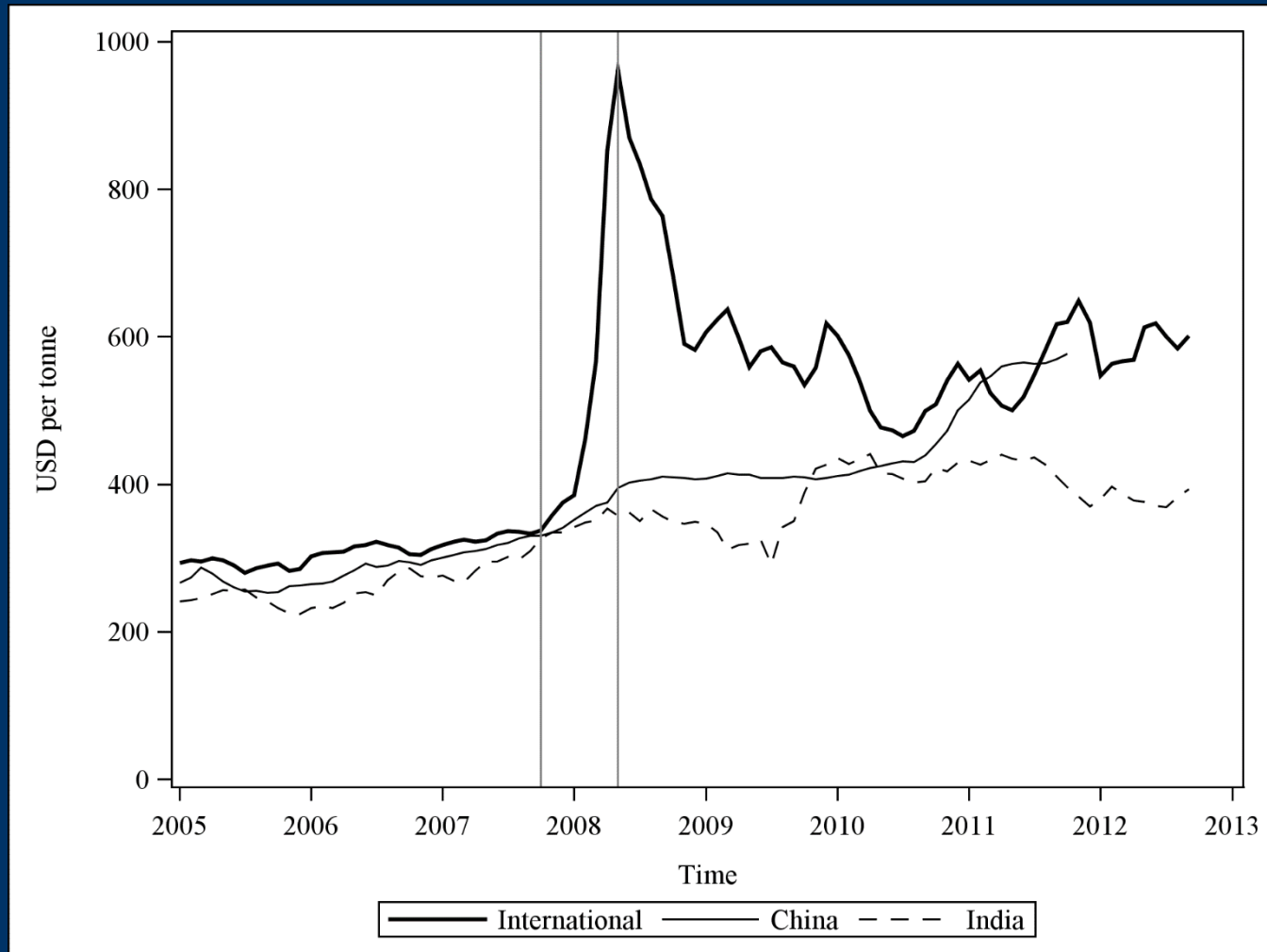
Were Food Price Fluctuations in the World Market Transmitted to National Markets?

Wheat Prices in the World Market, South Africa and Bangladesh, 2005-2012



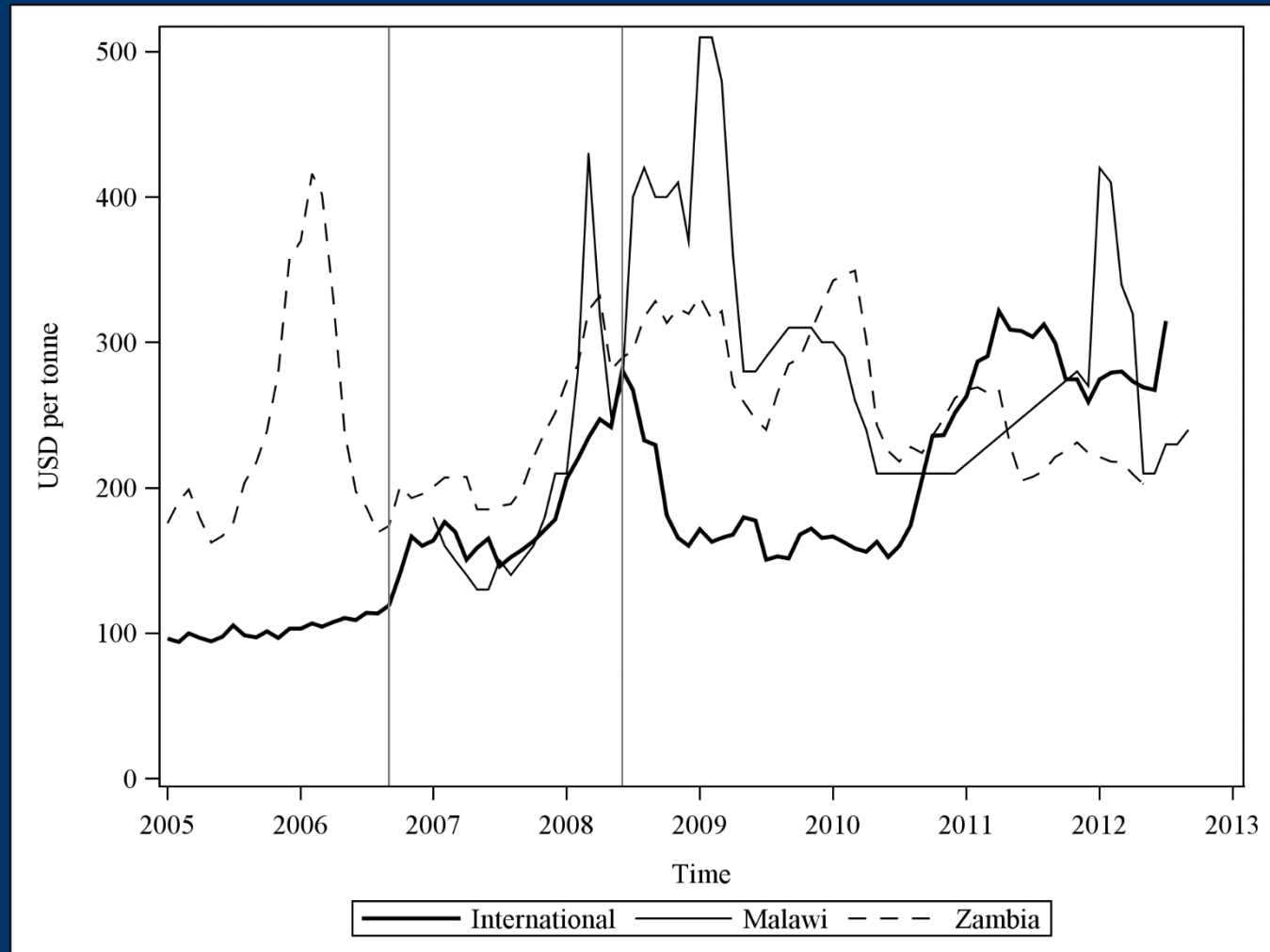
Source: Baltzer (2013)

Rice Prices in the World Market, China and India, 2005-2012



Source: Baltzer (2013)

Maize Prices in the World Market, Malawi and Zambia, 2005-2012



Source: Baltzer (2013)



Policy Responses: Two Options Pursued

1. Decouple world market and domestic prices
2. Permit price transmission and compensate losers

Political Economy Lessons (1)

1. Protecting government legitimacy
2. Pursuing domestic policies irrespective of international consequences
3. Unitary government decision-making is unusual
4. Repeating past or expanding current policies (path dependence)
5. Relative power of stakeholder group varied

Political Economy Lessons (2)

6. Increasing urban bias
7. Smallholders versus larger farms
8. Mutual mistrust between government and the private sector
9. Foreign agencies had little influence

Recommendations

- Protect price signals
- Emphasize targeted compensation over price interventions
- Risk management tools for all system agents
- Seek high levels of price transmission
- Seek low levels of trade restrictions

Recommendations (2)

- Increase supply elasticities for food
- Improve management of cereal stocks
- Seek competitive behavior in supply chain
- Make demand for biofuel input price-related
- Strengthen international agreements regarding exporter behavior
- Improve public-private collaboration



Sources

- Per Pinstrup-Andersen (Editor). Food Price Policy in an era of Market Instability. Oxford University Press, 2015.
- www.wider.unu.edu/foodpricepolicy