

MONDAY EXTRA**Food Inflation, Riots Spark Worries****OVERVIEW**

Surging commodity prices have pushed up global food prices 83% in the past three years, according to the World Bank—putting huge stress on some of the world’s poorest nations.

REVIEW

Read the article “Food Inflation, Riots Spark Worries” and answer these questions:

1 What was the outcome of the recent meeting of world finance ministers?

2 On what grounds is the U.S. being labeled as a cause of the world-wide food shortages and inflation? How do U.S. officials respond to those assertions?

3 India, Egypt and other countries have responded to the shortages by restricting grain exports. What is the effect of such export barriers on global prices?

4 How are international organizations responding to the crisis?

DISCUSSION/RESEARCH IDEAS

■ “When millions of people are going hungry, it’s a crime against humanity that food should be diverted to biofuels,” India’s finance minister, Palaniappan Chidambaram, is quoted as saying in the article.

Discuss Mr. Chidambaram’s statement. Is it a fair criticism of U.S. policy? Is it fair for the U.S. to pursue policies to promote grain-derived biofuels at a time of rising global food prices? Is the U.S. government obligated to do what is necessary to counteract high petroleum prices?

■ Examine the case of Haiti, where food supplies in the marketplace are adequate to feed the people, but prices are still too high in relation to their incomes. What can Haiti, and other governments in the same position, do to make sure that food remains affordable to people, while farmers are compensated enough for their work and products?

■ In the Philippines, the world’s biggest importer of rice, the government is considering a moratorium on converting agricultural land to construction of housing developments and golf courses. How would such a step affect prospects for economic development and job creation in the Philippines? How can societies balance their need for economic development with other pressing social concerns, such as feeding their people?

■ What evidence do you see in your community of the trends discussed in this article? Are food prices higher at your supermarket? Is farmland being converted from growing food to other uses? Is your family changing its shopping or eating habits?

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ANSWERS

1 Many policy makers at the weekend meetings of the International Monetary Fund and World Bank agreed that the problem is severe. But there was little agreement on what should be done.

2 Some policy makers say U.S. policies promoting corn-based ethanol and other biofuels are diverting grain supplies and adding to food shortages. The White House says biofuels are only one contributor to rising food prices. Rising prices for energy and electricity also contribute, as does strong demand for food from big developing countries like China.

3 The global effect of export barriers is to distort the marketplace, driving food prices even higher than they would be otherwise. Countries that import grains face even tighter supplies and higher prices.

4 The World Bank plans to nearly double its agricultural lending to Africa next year to \$800 million, and is urging members to ramp up relief for hard-pressed nations. The World Bank, International Monetary Fund and big industrialized nations also are pushing for the completion of global trade talks which would tackle government farm subsidies that inflate prices. However, cutting food subsidies in the U.S. and Europe under a trade deal would boost prices of food for impoverished importing nations.