

They profit while the hungry die

U.S. agribusinesses and shippers reap a windfall from America's emergency food-aid policy. And Congress won't stop it.

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FAMINE LOOMS again in southern Africa. Meanwhile, earthquake survivors in Pakistan struggle to find shelter and food amid harsh weather conditions, hurricane survivors along the Gulf Coast try to rebuild shattered lives, and the malnourished children of Niger -- whose emaciated frames haunted our television screens this summer -- try to hold on until the next harvest.

Humanitarian crisis is disturbingly frequent. Thankfully, relief agencies' capacity to use early warning systems to anticipate crises and respond quickly and skillfully has advanced considerably in recent decades. This saves lives and dollars while creating valuable goodwill in a world rife with danger, where friends are scarce and precious.

In emergency medicine, the "golden hour" is the first 60 minutes after an accident or the onset of acute illness -- the window during which the chances for saving a patient and permitting full recovery are greatest. The international humanitarian community has internalized the principle of the golden hour: Rapid response is essential.

Government policy nonetheless stands in the way. In 2000, the average delay in delivering emergency food aid -- the time between a formal, bureaucratic request and port delivery in the affected country -- was nearly five months, because current rules require all U.S. food aid to be grown in and shipped from the United States. Meanwhile, a child dies every five seconds from hunger-related causes.

Earlier this year, the White House and USAID, which administers the emergency food-aid program, sensibly proposed to relax the rules to allow up to one-quarter of emergency resources to be used to buy food in or near the countries in which the food is to be distributed. Local and regional purchases are not a magic bullet, nor are they always the best method. But on average they permit a more rapid response at a lower cost per unit of food than we get from shipping commodities from North America. The Canadian government recognized this and last month increased the share of its food aid open to local and regional purchases from 10% to 50%. The U.S. is the only donor nation that still avoids local and regional purchases.

Congress nonetheless blocked the overdue reform. Why? The Iron Triangle -- the nickname given the coalition of big agribusinesses, shipping companies and nongovernmental development and relief organizations, or NGOs, that lobbies for food aid. Big agribusinesses and shippers earn above-market profits from selling food aid and transoceanic shipping services to the government. They don't want to sacrifice those windfalls, not even to save lives.

As reported by the New York Times, the food delivered by NGOs and the U.N.'s World Food Program last year cost only 40% of the U.S. food-aid budget. The rest was pocketed by suppliers. The NGOs provide big agribusinesses and shippers with political cover, putting an appealing humanitarian face on private profits, because they fear the bad deal they get -- less than half the resources intended for the disaster-affected populations they serve -- is the best they can muster in the current political environment.

THE IRON TRIANGLE prevails by hiding behind myths. One of the biggest is that food aid helps American farmers by supporting farm prices. Yet there is precious little evidence of this, with the possible exception of a couple of niche products such as lentils and raisins. The \$654 million spent on food-aid commodities last year is a drop in the ocean of the nearly \$1-trillion U.S. food economy. This food aid is a smaller share of the food economy than a family of seven's grocery bill is of food sales in a town of 10,000 people. Farmers don't benefit; only a few big agribusinesses and shippers do.

Another myth is that food aid promotes future commercial agricultural exports; that it is an effective marketing program, rather like try-one-free coupons. But the best available statistical evidence finds no such effects. Indeed, research cited in our recent book found that, on average, food aid reduces commercial exports for 20 years. Why? Because agribusinesses and shippers have no incentive to give up the windfalls they earn from food aid. It's simpler and more profitable to sell to the U.S. government than to compete for consumers overseas. Of course, this means that food aid simply displaces commercial trade.

Food aid has therefore become a point of heated debate in WTO trade negotiations as Canada, Europe and others

argue that U.S. food aid is merely an export subsidy in disguise. This dispute jeopardizes the fundamental humanitarian purpose of food aid.

Increasing flexibility in food-aid sources for humanitarian emergencies won't hurt American farmers, and it won't retard future export growth. Rather, it will speed up deliveries, saving lives and scarce dollars.

As Americans pray for those suffering from war and natural disasters, generously contributing from their paychecks to help hungry people, we must challenge the myths that keep our lawmakers from seeing how the golden hour has become the hostage of the Iron Triangle.

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