

Food Prices and Market Speculation: The Return of the Global Hunger Games

Par [Graham Vanbergen](#) et [Global Justice Now](#)

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The leading expert on food at the United Nations says sharp price fluctuations in the price of food has little to do with actual supply. Nowadays, rapacious out-of-control investment banks such as Goldman Sachs, Morgan Stanley and Barclays Capital now dominate food speculation through the commodities markets. They dwarf the amount traded by actual food producers and buyers needlessly tipping millions into hunger and poverty.

The United Nations Food and Agriculture Organisation currently estimates that about 795 million people of the 7.3 billion people in the world, or one in nine, are suffering from **chronic** undernourishment in the period 2014-2016. We are not talking of poverty here but life threatening food shortages driven by the pursuers of profit.



About one in eight people, or 13.5 percent of the overall population, remain chronically undernourished in developing regions. As the most populous region in the world, Asia is now home to two out of three of the world's undernourished people.

By 2014, food speculation by banks and hedge funds had risen to \$126bn, a figure that has doubled from 2008. From 2000 to 2015 global [food prices rose](#) a staggering 94 percent and although they have been falling consistently over the last year, prices are still only 14 percent lower than all-time highs.



To give some perspective, speculative

investment in agricultural commodities five years ago was 20 times the amount spent by all countries on agricultural aid and Goldman Sachs, for instance, earned \$600 million from it. It was George Bush who deregulated this market with the Commodities Futures Modernization Act in 2000. Hence the astronomic price rises that followed and it is now estimated that 115 million people has suffered as a direct result.

Various attempts have ben made to curb speculation of food prices but most countries have done nothing significant.

From [Global Justice Now](#):

When it comes to financial market regulation, there is a lot at stake. And none more so than in the area of the commodities market where years of [deregulation was a major factor](#) in driving food price spikes back in 2008. Staple foods like wheat and corn soared to record levels driving hunger and poverty across the globe. But after [four years of public campaigning](#), the EU agreed to introduce legislation to limit the amount that companies can bet on food prices and curb harmful speculation.

Public pressure played a key role in winning the legislation and it's needed once again. The European commission has been considering proposals from the European regulator to implement the legislation. But these proposals are massively weak and would be ineffective at curbing speculation. So Global Justice Now supporters wrote to key MEPs to pressure the European parliament not to accept weakened proposals.

The [parliamentary lead negotiator communicated](#) this to the commission: 'The latest drafts were far from being acceptable for the European Parliament. Especially the position limits regime urgently needs a comprehensive redrafting in order to effectively curb food speculation'

Global Justice also co-ordinated an open letter to the [European commission endorsed by 5000 supporters and 26 European organisations](#) to pressure the commission to reject the weak proposals. It delivered this letter last month and the commission has now sent the weak proposals back to the European regulator and asked for them to be reviewed. Weak rules have not been stopped from being proposed but this is a good development and shows that public pressure is making a difference.

Pressure groups such as Global Justice continue to campaign to make sure that the hard-fought for new rules are as strong as possible to stop corporations from betting on hunger.

Read their open letter on [food speculation to the EU Commissioner](#)

[World Hunger](#) reports that:

"There has been the least progress in the sub-Saharan region, where more than one in four people remain undernourished - the highest prevalence of any region in the world. Nevertheless, the prevalence of undernourishment in sub-Saharan Africa has declined from 33.2 percent in 1990- 92 to 23.2 percent in 2014-16, although the number of undernourished people has actually increased."

Percentages are one thing to crow about but the actual number of the worlds hungry is

actually increasing.

The target set at the 1996 World Food Summit was to halve the number of undernourished people by 2015 from their number in 1990-92. However, in 25 years, although the actual number of hungry people in developing regions fell by over 200 million, from 991 million to 795 million – the goal was 495 million (1/2 of 991 million), and was not reached. This number is now on the rise again.

Hunger continues to take its largest toll in Southern Asia, which includes the countries of India, Pakistan and Bangladesh. The estimate of 276 million chronically undernourished people in 2014–16 is only marginally lower than the number in 25 years earlier. Eastern Asia (where China is by far the largest country) and South-eastern Asia (including Indonesia, Philippines, Myanmar, Vietnam and others) have reduced undernutrition substantially. Food speculation continues to drive global hunger and with the global movement of refugees now at its highest since the second world war, hunger is on the increase.

[UNHCR](#) reports that the number of global refugees has increased to 19.5 million worldwide with the number forcibly displaced from their homes now standing at 60 million today. 42,500 every single day are now leaving their homes in pursuit of safe refuge adding 15 million a year to the misery.

Globally 161 million under-five year olds were estimated to be stunted, 68 million were 'wasted' and every second pregnant woman in the developing world and about 40% of preschool children are estimated to be anemic.

UNHCR states that there is enough food for all people of the world but the principal problem is that many people in the world still do not have sufficient income to purchase enough food.

*Part of this article is by [Global Justice Now](#) and **Graham Vanbergen** at truepublica.org.uk*

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Articles Par : **Graham Vanbergen** et **Global Justice Now**

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