

# Global Food Price Inflation:

SINCE 2006



Cause	Explanation	Effect	Policy Solution (and drawbacks)
1. Rising Demand a. Population growth (e.g. India)	More mouths to feed!	1. Rising cost of living: a. Food rioting in LEDCs b. Rising interest rates in MEDCs c. Fall in real GDP	1. Aid (cash or food) to food importing LEDCs (but costly to taxpayer) 2. Food subsidies in domestic markets (but costly to taxpayer) 3. Food rationing regulations to control panic buying (but hard to enforce)
b. Rising incomes (e.g. China)	Poorest getting richer buying more food, especially meat (raising price of cereal crops as farms switch to animal feeds)		
c. Panic buying	Hoarding as fears of price rise / no supplies		
2. Faltering Supply (alongside inelastic demand)	<i>(Fall in supply sends price rocketing where demand for such necessities is inelastic...)</i>	2. Rise in farmer incomes 3. Panic buying (also a cause) 4. Trade wars (also a cause)	4. Increase green taxes etc to address climate change (but slow to act: energy demand is inelastic & needs international coordination to be effective) 5. Increase biofuel support to address climate change (but costly to taxpayer and may not be that effective in reducing net emissions)... 6. ...Reduce biofuel support since 'first generation' biofuels use food crops (but would anger farmer and car manufacturer lobbies) 7. Remove export limits (but raises price domestically) 8. Research more into improving agricultural technology e.g. GM foods (but costly)
a. Climate change	Rise in extreme weather: droughts, floods and desertification leads to failed harvests		
b. Rising oil (& gas) prices	Rise in farm costs: for transport (& fertiliser)		
c. Subsidising biofuels	As a policy to address energy security and climate change, maize, soyabean and sugar cane is cultivated for ethanol (petrol substitute) etc. and less is produced for food		
d. Export restrictions (e.g. Ukraine)	Food exporting governments react to rising food prices by taxing exports, thereby reducing supply to the global market		
e. Falling productivity gains	Yields per hectare fairly static now and constrained by scarcity of water		

