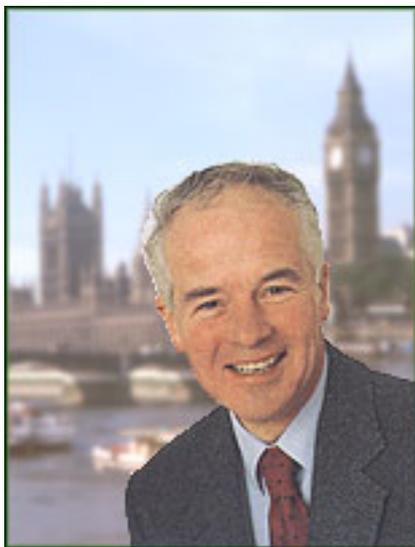


[Power lunch with Michael Jack MP](#) [1]

Written by [Dr Eamonn Butler](#) [2] | Friday 29 February 2008



Is the drive to biofuels prejudicing the food supply of the world's poorest people? That was the question addressed by Michael Jack MP, Chairman of the House of Commons Environment and Rural Affairs Committee, at an Adam Smith Institute Power Lunch in Westminster this week.

He pointed out that billions of the world's population live on less than \$2 a day, but when people start to earn more than that, say up to \$10 a day, their consumption of agricultural products increases ? not surprisingly, perhaps. And the fact that increasing numbers of people are at last pulling themselves over that \$2 threshold is the main reason why we are experiencing a huge increase in world food demand. Indeed, it's expected to double in just a few years.

Meanwhile, of course, there is concern about environmental issues. As in Brazil: wider agriculture can help satisfy food demand, but if it involved cutting down rainforest trees, a lot of people get worried. It's a paradox. Perhaps the clearest manifestation of it, in my view, is the US government subsidy programme which has prompted 20% of US maize production to go into the production of the biofuel ethanol. That (together with some rotten harvests in Australia) has raised food-maize prices, which in turn led to riots in Mexico, a poor country which is highly dependent on the crop for its staple foods.

It gets worse. Farmers use 70% of the world's fresh water, so if we are to meet the rapid rise in food demand, that resource too will be put under strain.

I'm not sure there are any instant answers to such paradoxes. But I am sure that relying on the market is better than relying on governments. People complain that food, water, oil, gas and so on are all getting more expensive to produce as world demand for them increases. I'd say that's a problem for us all in the short term, but just fine in the long term. The rise in prices will prompt people to use these scarce resources more carefully, look at new ways of producing them, or move to substitutes where they can. It will bring forward new technologies like GM crops and the next generation of cleaner nuclear power. Wait for government schemes to produce these changes, and you'll be waiting a long time.

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