

[Markets in action](#) [1]

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Friends and foes of free markets are in for a terrific time right now. Russia's wheat crop this year looks to be very poor, prompting the country on Thursday to impose an immediate ban on exports of the grain. Global wheat prices duly shot up on the news.

In the coming weeks and months, the usual suspects will bemoan market failures for rising food costs. Expect calls for emergency summits, price controls, general corporate bashing and grand schemes for 'fair' distribution of available supplies.

But while these anti-marketeers flail and wail, the markets themselves are getting on with the job of dealing with the problem. In fact, they've been well ahead of the game for weeks. Russia's export ban has just barely become front page news this week but the wheat markets smelled a problem back in June. Prices have shot up some 80% in the past two months.

Since then, the millions of participants in the food industry from growers to shippers to processors to biscuit makers have been incorporating the price signals from the market to adjust their own business models to the new realities. And all that's well before any global planners have even convened their first 'crisis' meeting.

Indeed, the last 'food crisis' in 2007-08 that followed poor harvests in Canada and Australia created one market-driven solution to the latest crisis. Wheat stocks in the US are now around 30 million tons compared with just 8 million tons in 2007-08. There are also healthy stocks of rice, corn and other grains, ready for release into the marketplace.

Make no mistake - the spike in wheat prices will have a huge impact on everything from the cost of bread to pasta to cakes to beef. Faced with those unmistakable signals, the world's billions of producers and consumers in their daily decision-making will adjust accordingly, sending yet more signals back into the marketplace. Potatoes and rice will offer an alternative source for carbohydrates while beans and pulses do the same for protein. Don't ask how it will happen; you just know it will as a result of the market forces unleashed.

Believers in free markets can take some heart from the fact that the 2007-08 crisis didn't result in any new global arrangement to manage food supplies. Of course, that was before the credit crunch led politicians to blame unbridled markets for the fecklessness of over-extended homeowners and their own governments. Those same beleaguered politicians now need close monitoring as the impact of rocketing wheat prices work their way through the food chain. Before they implement fixes for 'market failures', let's make sure those failures aren't really those of market interference.

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- [3] http://disqus.com/?ref_noscript
- [4] <http://disqus.com>