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Poverty Memo; African Food for Africa's Starving Is Roadblocked in Congress

By CELIA W. DUGGER (NYT) 1264 words

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It seemed like a no-brainer: changing the law to allow the federal government to buy food in Africa for Africans facing starvation instead of paying enormous sums to ship it from the American heartland, halfway around the world. Not only would the food get to the hungry in weeks instead of months, the government would save money and help African farmers at the same time.

The new approach had an impeccable sponsor in Republican-dominated Washington. The Bush administration, famous for its go-it-alone style, was trying to move the United States -- by far the world's biggest food donor -- into the international mainstream with a proposal to take a step in just this direction. A lot of rich countries had already done so, most recently Canada.

So why is this seemingly sensible, cost-effective proposal near death in Congress?

Fundamentally, because the proposal challenges the political bargain that has formed the basis for food aid over the past half century: that American generosity must be good not just for the world's hungry but also for American agriculture. That is why current law stipulates that all food aid provided by the United States Agency for International Development be grown by American farmers and mostly shipped on United States-flag vessels. More practically, however, it is because the administration's proposal has run into opposition from three interests some critics call the Iron Triangle of food aid: agribusiness, the shipping industry and charitable organizations.

Just four companies and their subsidiaries, led by Archer Daniels Midland and Cargill, sold more than half the \$700 million in food commodities provided through the United States Agency for International Development's food aid program in 2004, government records show. Just five shipping companies received over half the more than \$300 million spent to ship that food, records show.

Members of Congress often applaud the benefits of food aid for American farmers, but that is not really how it works, as Christopher B. Barrett, a Cornell University economist and co-author of "Food Aid After Fifty Years: Recasting its Role," noted. "It's the middlemen who enjoy most of the gains," he said, "not the farmers."

Mr. Barrett's research has established a third side to the triangle of interests with a deep stake in the status quo: nonprofit aid organizations. He and his co-author, Daniel Maxwell, a CARE official, found that at least seven of them, including Catholic Relief Services and CARE itself, depended on food aid for a quarter to half their budgets in 2001. Those groups distribute food in poor countries. But what is less well known is that they have also become grain traders, selling substantial amounts of the donated food on local markets in poor countries to generate tens of millions of dollars for their antipoverty programs. Given that at least 50 cents of each dollar's worth of food aid is spent on transport, storage and administrative costs, selling food to raise money in, say, Africa, is an exceedingly inefficient way to finance long-term development, Mr. Barrett said. Better to just give nonprofit groups the money

directly.

Had the Agency for International Development had the authority to buy food in Ethiopia in the mid-1980's, when a million perished, or in 1999-2000 when 20,000 died, it could have saved many more lives, said its administrator, Andrew S. Natsios, who added, "Speed is everything in a famine response."

He pushed within the administration for a proposal that would allow up to a quarter of his agency's food aid budget to be spent in developing countries. President Bush approved the idea, he said, and it was included in the proposed 2006 budget introduced in February.

Ed Fox, the agency's assistant administrator for legislative and public affairs, said the issue was deliberately given a low profile. Little was to be gained from putting members of Congress in the position of choosing between agricultural constituencies and starving children, he said.

But if the proposal was little noticed by the general public, it did not escape the attention of groups representing the so-called Iron Triangle, who argued that cash used to buy food was more likely to be misused or stolen than were in-kind food donations. They maintained that the administration's proposal should not come at the expense of a program "upon which American producers, processors and shipping companies rely," as a statement from an ad hoc coalition of 17 companies and associations put it.

The Coalition for Food Aid, which represents 16 nonprofit groups, also opposed it. While supporting the idea of buying food in poor countries, said Ellen Levinson, the coalition's lobbyist, its members favored a more limited pilot program paid for only with additional appropriations, not money from the agency's core budget.

Ms. Levinson criticized the administration for failing to spell out how its plan would work, and said a carefully monitored pilot was needed to ensure that food bought in poor countries was safe and that the purchases did not drive up food prices for the poor. She also cautioned that food bought near a crisis would not necessarily be quicker to arrive, noting that the European Union has been very slow to release cash for food in some cases.

But Oxfam, which accepts no direct American food aid and is not part of the coalition, has actively supported the administration's proposal. In testimony submitted to Congress, it pointedly noted that the current system offered too many opportunities "for a variety of private interests to skim off benefits in the procurement, packaging, transportation and distribution of commodities."

And CARE, the second largest distributor of United States food aid and a member of the coalition, had a change of heart. It has now given unconditional support to food purchases in developing countries.

The food aid debate will flare again later this year as global trade talks approach, with the European Union proposing that rich countries give a growing portion of their food aid as cash. But, for now, the administration's proposal is going nowhere. Senator Mike DeWine, Republican of Ohio, still hopes Congress will ultimately allow up to 10 percent of food aid to be spent in poor countries. "It's a question of trying to save lives," he said.

But opposition remains strong. Bob Goodlatte, a Virginia Republican who heads the House Agriculture Committee, said even Mr. DeWine's modest compromise "would break a coalition that has resulted in one of the most successful food aid programs in world history."

In Canada this year, the politics of food aid has unfolded in a starkly different way, with the leading nonprofit group, the Canadian Foodgrains Bank, and the Canadian Federation of Agriculture, the country's main umbrella organization of farm groups, supporting a sharp reduction of the amount of food bought in Canada. "Canadian farmers are not going to say you have to source food in Canada regardless of whether starving people are waiting for it," said the federation's president, Robert Friesen.

Photo: A Malawian woman tending dry fields. Aid agencies are scrambling once again to avert starvation in Africa. (Photo by Eldson Chagara/Reuters)

Chart: "Where the Aid Goes"

Because of administration and transportation costs, less than half of the money spent on Usaid food aid actually goes to pay for food.

TOTAL 2005 USAID FOOD AID BUDGET*
\$1.6 BILLION

Administrative costs -- \$81 million: 5%
Overland transportation+ -- \$141 million: 9
Ocean shipping from U.S. -- \$341 million: 21
Transportation and storage in destination country -- \$410 million: 26
Food cost -- \$654 million: 40

*Preliminary estimate.

+Transportation from port to final destination in land-locked countries.

(Source by Usaid)