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ABSTRACT

In the dawn of increasing economic insecurity and instability, high food price inflation, increasing unemployment rates and chaotic, dangerous crises, the globe has to question, even remind itself, of the priorities that define its well-being. In response to the necessity to establish new rules for our changing world, my thesis takes issue on two major steps that would provide a reasonable path for sustainable development: short run price control and social insurance policies targeting particularly the poor, and long run reappraisal of the central role of agriculture in our economies, both on the perspective of “thinking globally, but acting domestically”.

TOPIC: Faced with a fuel and food crisis, how should society improve its well-being?

They say that if you're hungry, you get angry quicker. The food and fuel crisis in the recent years have proved this proverb fairly well. The world is getting dangerously angry because of its increasing hungriness, while the food prices remain at historically high levels, spreading tremendous uncertainty and worry all around the globe. Wanted: a rapid and efficient plan of solution that would not only respond to the immediate emerging problems, but would guarantee a steady stability. The only way of going out of this grave situation is by daring to recognize the huge dimensions that the consequences of these crises have captured, by attempting to find the real causes and design a strategy that besides of looking in a safer tomorrow, aims further: in a more sustainable way of life for the coming generations. Lead by this perspective, I believe that governments have a crucial role to play. They ought to address to these causes with both immediate effective policies to temporarily cease the current situation, as well as transform these small policies into one extensive global strategy that aims to provide a substantial solution in the long run. In such a changing world, countries need to rearrange their priorities fundamentally, considering a redistribution of both the exploitation of its unrenovable resources, and of the income favorizing with protective policies the most sensible parts of population toward the crises.

While facing the 3F crises (fuel, food and financial), our societies need to urgently redefine the terms of their happinesses and well being in terms of long periods of time. Although they have unreversely affected the population of the whole world, the poor have been the most exposed group to their impacts. That's why i suggest that a certain packet of price control policies should be designed having in mind as a target the poorest parts of the society. Through taxes imposed to actors other than the poor and its revenues collected in help of the poor, as well as implementing specific subsidies, employment insurances and other kinds of policies that would reduce the burden of rising food prices, a certain efficient balance, that would make the economy move again, would be drawn between different groups in societies. On the other hand, i believe that as these crises have expanded in uncontrollable global dimensions,

addressing them at a international level is becoming harder. Thus, the treatment of this problem would be effective if handled at a domestic level, using export bans that would directly influence a better application of these immediate policies inside the borders of a country. The goal of these short-run policies is stabilizing the situation into normal standards, when unemployment and poverty rates will fall into the acceptable usual percentages. In other terms, the above economic actions would have a great role in amortizing the effects and spreading them out, so that none of the economic fields and social groups would be affected irrevocably and become unable to improve its situation out of the crises.

In the long run, the problem becomes even more convoluted, because apart from implementing the above policies through time, even when crises are not that obvious, we need to come up with a wide platform that would provide sustainability. As we witness the excessive industrialization of our lives, the base of our foods, and ironically of our current misfortune as well, is agriculture. Disproportionate urbanization and neglect of rural products versus across-borders goods are believed to be the roots of our undeveloped agriculture. These phenomenas, influent mostly in developing countries where resources are more abundant, but less utilized, has discouraged the necessary development of agriculture, creating a gap on our possibilities to use nature to improve our well-being. Thus, giving the right incentives through careful limitations of imports and generous subsidies would be a good way to encourage people to go back to rural activities. International free trade should not restrict our capacities to maximize the use of the resources, but rather should work to support these purposes.

In a community of countries that spends approximately more in public administration and military expenditures compared to safety net programs (Zaman *), a sustainable solution is becoming such a controversial, even pessimistic, issue. I conclude that the society can assure its well-being in the future through reevaluating its principles, needs and limits. While some short-run measurements would include the appliance of price control policies that aim to reduce the growing inflation of food prices at a decent extent, a long run strategy that fundamentally reforms our comprehension of agriculture would be essential in improving our situation. In the long economic debate "fair vs. efficient", the government's intervention should aspire to disperse the consequences of the crises among the population proportionally to their economic sensitivity, while having in mind a plan that fosters the domestic agricultural development. Above all, time of action is crucial in such sensitive problems as these crises are. Ignoring doesn't make them nonexistent; it rather deteriorates their negative impact. Citing Marquez , "the right moment is now".

*Zaman, Hassan. Poverty Reduction Group: Presentation at ECA Learning Group. October 30, 2008