

## Getting out of the food-energy-climate crisis



Protests in Colombo, Sri Lanka, 2022. Photo: Supun D. Hewage/Pexels

*“Memo to the media: Please don't say inflation is at a 40-year high without also mentioning that corporate profits are at a 70-year high. Give the people the full picture.”*

— Robert Reich, former US Secretary of Labour<sup>1</sup>

On 11 October 2022, the International Monetary Fund's head of research, Pierre-Olivier Gourinchas, warned that today's high energy prices were not going away any time soon. The “energy crisis”, he cautioned, “is not a transitory shock”. The same could be said for what he called the “food crisis”. As Gourinchas noted, today's high prices for energy and food are intimately linked.<sup>2</sup> But they are also intensely connected to how corporations exercise control

<sup>1</sup> Robert Reich, Twitter, 3 November 2022, <https://twitter.com/RBReich/status/1588236190334955520>

<sup>2</sup> Pierre-Olivier Gourinchas, “Policymakers need steady hand as storm clouds gather over global economy”, IMF, 11 October 2022, <https://www.imf.org/en/blogs/articles/2022/10/11/policymakers-need->

over consumers, decision-makers and workers, and the ensuing destabilisation of our climate. Finding a way out of this “polycrisis” requires a deep transformation in how energy and food are produced and distributed, with actions that challenge corporate control head on.

## **A fossil fuels diet**

The food system accounts for around a third of the world’s total energy demand.<sup>3</sup> So any upswing in energy prices has an impact on food prices, even though it can take some time for that impact to occur. This is especially true of fossil fuels. The industrial food system is more addicted to fossil fuels as an energy source than other sectors, with little involvement of renewable sources.<sup>4</sup> Much of this dependency is due to the massive amounts of natural gas needed to produce nitrogen fertilisers. Fossil fuels are also used widely in crop cultivation, food processing, packing, transport and retailing.

But the food and energy picture varies greatly around the world. The large scale, mechanised farms that dominate Europe, North America and parts of Latin America use vastly more energy than small farms in the global South. Farms in the global North use roughly 2.5 times the amount of energy to produce a tonne of cereals than farms in the global South, and more than three times the energy per hectare. The disparity is even larger when looked at in terms of farmers. On a per worker basis, a farm in the global North uses 33 times the energy of a farm in the global South.<sup>5</sup>

There is also variation when it comes to farming systems. Studies show that organic farming is more energy efficient than industrial farming. One recent comparison of organic versus conventional rice farming by colleagues in the Philippines found organic farming to be 63% more energy efficient, while producing equal yields.<sup>6</sup>

These differences help to explain why the heavily industrialised US food system consumes as much energy as India’s total energy budget or the entire energy budget of all African nations combined.<sup>7</sup>

## **Hungry for energy**

[steady-hand-as-storm-clouds-gather-over-global-economy](#). See also GRAIN’s earlier piece, “Lurching from food crisis to food crisis”, 8 July 2022, <https://grain.org/e/6862>

3 Monforti-Ferrario F. et al, “Energy use in the EU food sector: State of play and opportunities for improvement”, European Union, 2015, <https://publications.jrc.ec.europa.eu/repository/handle/JRC96121>

4 Ibidem. In the EU, fossil fuels account for 79% of energy consumed in the food system and 72% overall.

5 FAO, “The energy and agriculture nexus”, 2000, <https://www.fao.org/3/x8054e/x8054e05.htm>

6 May Soe Oo et al, “Comparative energy bill of inbred and hybrid rice genotypes grown under conventional and organic production system in Bay, Laguna, Philippines”, International Journal of Agriculture Technology, January 2021, [http://www.ijat-aatsea.com/pdf/v17\\_n1\\_2021\\_January/13\\_IJAT\\_17\(1\)\\_2021\\_May%20Soe%20Oo.pdf](http://www.ijat-aatsea.com/pdf/v17_n1_2021_January/13_IJAT_17(1)_2021_May%20Soe%20Oo.pdf)

7 Patrick Canning et al, “The role of fossil fuels in the US food system and the American diet”, USDA, January 2017, <https://www.ers.usda.gov/webdocs/publications/82194/err-224.pdf>

Europe's food system is equally reliant on fossil fuels as that of the US. Over a quarter of all the energy consumed in Europe goes into the cultivation, processing, packing and retailing of food.<sup>8</sup> Without cheap, abundant access to fossil fuels, Europe's food system would be in serious trouble.

This is why the war in Ukraine is such a disaster for Europe's industrial food system. Without cheap natural gas, European food companies cannot run their processing plants, nitrogen fertiliser factories have to shut down, and greenhouses cannot keep the lights on. This winter many European households will have to choose between heating or eating, as prices for both are rising too high and real wage growth is not keeping up. Experts predict the situation will only worsen next year.

This should be a moment for European powers and citizens to rethink their outsized energy consumption and reliance on a model of food production that is overly dependent on fossil fuels. Instead, the continent's corporations and governments have their eyes on an overseas energy grab – with scant consideration for the people living in those countries or our climate. There's a boom in energy projects that involve drilling, building ports, signing purchase agreements and making other investments across Africa and Asia, for example. The European Union has committed €50 billion to fossil fuels since the war broke out earlier this year, most of it to be able to import new non-Russian liquified natural gas (LNG) from countries like the US, Qatar, Senegal, Algeria, Egypt, Congo, Mozambique and Tanzania.<sup>9</sup> The East African oil pipeline being built by French energy giant Total in Uganda and Tanzania is mainly to serve Europe. The EU is even deploying massive funds to beef up security services in Mozambique to protect its gas interests there.<sup>10</sup> These are not one-off blips, that will stop when the war in Ukraine comes to an end. There are 20 new long-term LNG terminals being planned in Europe right now.<sup>11</sup>

Europe is taking energy supplies from countries in Asia, as well. It is buying up Indonesia's coal and Malaysia's LNG resources, driving up energy prices for local communities there. Similarly, communities in Pakistan and Bangladesh have been suffering blackouts due to gas supplies being diverted to Europe.

All of this spells disaster for a world already heading for a 2.5°C increase in temperatures by 2100. More fossil fuel production will deepen the climate crisis, which will put further stress on global food production. Already, the increase in global temperatures is wreaking havoc on food

8 Monforti-Ferrario F. et al, op cit.

9 According to European officials, US companies are taking great advantage of this and overcharging them for supplies. See Balkan Green Energy News, "France joins Germany in accusing US of using Ukraine war to overcharge for gas", 12 October 2022, <https://balkangreenenergynews.com/france-joins-germany-in-accusing-us-of-using-ukraine-war-to-overcharge-for-gas/>

10 Francesco Guarascio, "Amid energy crisis, EU plans to help gas-rich Mozambique boost security", 16 August 2022, <https://www.reuters.com/world/africa/amid-energy-crisis-eu-plans-help-gas-rich-mozambique-boost-security-2022-08-16/>

11 Matt McGrath, "Climate change: Hidden emissions in liquid gas imports threaten targets", BBC News, 3 November 2022, <https://ca.sports.yahoo.com/news/climate-change-hidden-emissions-liquid-035129148.html>

production through droughts, floods and storms and scorching temperatures that make it unbearable for farmworkers to work in open fields. We cannot solve the energy crisis or the food crisis with measures that worsen the climate crisis; all three crises are deeply connected and overlapping.

### **Paths out of the polycrisis**

There have been open protests against fuel and food prices in over 90 countries this year.<sup>12</sup> Huge mobilisations, sometimes aimed at the highest seats of power, have filled the streets in major cities of Sri Lanka, Sierra Leone, Ecuador and, most recently, Ghana. In many countries, the costs of medicine, housing and other necessities are being equally painfully felt.

People are now talking about “polycrisis” to describe the growing anxiety, dishevelment and destruction that this is leading to. And while it is triggering many new forms of social activism, it is also making clear that drastic structural change is needed.

For one, people are realising that corporate power is playing a big role in the surge in prices of daily necessities. It is widely recognised today that companies are taking advantage of the general inflationary time we are in to increase their margins and raise prices above and beyond what’s needed to cover their own costs.<sup>13</sup> In the US, experts say that while corporate profits accounted for 11% of price increases there in 40 year period spanning 1979-2019, today they account for a massive 53.9%.<sup>14</sup> This is playing out quite notably in the food sector, including supermarket chains and restaurants. In Canada, the government is launching an official investigation into this, while in Europe and Australia business leaders themselves and media are reporting unjustified price hikes.<sup>15</sup>

12 Efreem Gebreab et al, “Fuel protests gripping more than 90 countries”, BBC News, 17 October 2022, <https://www.bbc.com/news/world-63185186>

13 Paul Donovan, “Fed should make clear that rising profit margins are spurring inflation”, Financial Times, 2 November 2022, <https://www.ft.com/content/837c3863-fc15-476c-841d-340c623565ae>

14 Robert Reich, Twitter, 24 October 2022, <https://t.co/fvxRGeMXVL>

15 Pete Evans, “Competition Bureau to probe grocery pricing”, CBC News, 24 October 2022, <https://www.cbc.ca/news/business/competition-bureau-grocery-1.6627144> and Pdraig Moran, “Soaring food prices, record profits prompt questions about Canada’s ‘cosy oligopoly’”, CBC Radio, 26 October 2022, <https://www.cbc.ca/radio/thecurrent/canada-food-price-profits-1.6629854>; Amaury Ghijselings et al, “Les superprofits du secteur agroalimentaire doivent aussi être taxés”, L’Echo, 14 October 2022, <https://www.lecho.be/opinions/general/les-superprofits-du-secteur-agroalimentaire-doivent-aussi-etre-taxes/10420334.html>; Tristan Waleckx, “Inflation : les coups bas des hypers”, Complément d’Enquête, France Télévisions, 1 September 2022, <https://www.france.tv/france-2/complement-d-enquete/3815944-inflation-les-coups-bas-des-hypers.html> and Agence France-Presse, “Inflation : Leclerc juge certaines hausses de prix ‘suspectes’ et demande une enquête parlementaire”, 30 June 2022, <https://www.tf1info.fr/economie/inflation-pouvoir-d-achat-michel-edouard-leclerc-juge-certaines-hausses-de-prix-suspectes-et-demande-une-enquete-parlementaire-2224850.html>; Angie Rafael, “Coles reveals shocking extent of food price hikes”, NCA Newswire, 26 October 2022, <https://www.news.com.au/finance/business/retail/coles-reveals-shocking-extent-of-food-price-hikes/news-story/d2fbc04115a63624db8d27053a6a2796>

Countries are increasingly talking about moving to tax windfall profits or super profits, and actually implementing measures on this. This is being targeted not just at energy companies, who are making a killing off the supply restrictions created by the war in Ukraine, but banks, agribusiness conglomerates and food retail chains themselves. The ongoing announcements of exorbitant profit figures coming from these corporations – including food and agriculture giants like Nestlé, ADM or Mosaic – make new taxation strategies more than justified. Another approach being talked about to curb inflation and better distribute resources is a one-off wealth tax.<sup>16</sup>

Price caps, both for energy and food, are another measure being taken as a short term move to protect the majority of people who can't foot the bills. Longer term, people are actively talking about wresting much more public control over these two sectors, such as through municipalisation or new forms of cooperatives.

Many of the most interesting actions being discussed and implemented today are about shifting social control of energy and food production and distribution to more collective ownership or governance. In some countries, for instance, groups are talking about extending social security systems – which provide public health care and retirement pensions – to food.<sup>17</sup> The idea is that salaried workers would see monthly contributions deducted from their wages while all citizens would receive an equal amount of money to spend regularly on food. (Which foods are eligible, and therefore what kind of farmers are supported, would be determined through local decision-making.)

Another key issue that people are acting on now is making energy conservation a top priority – and *not* creating conditions for more cheap consumption or the status quo. Retrofitting housing is a top social demand in many countries, to make homes energy efficient against heat and/or cold. This is widely seen as an effective approach that would uplift people's living conditions and create a lot of local jobs. Similarly, in the food sector, people are focusing on significant cuts in food waste, which is not only energy-intensive to produce, but currently causes 8% of global climate emissions.<sup>18</sup> People are also recognising that we have to scale back consumption where this makes sense (meat, dairy, ultra-processed foods and excess) while investing more in decentralised community-led food models (where producers, vendors and consumers cooperate).

16 Sam Pizzigati, "The fight against inflation doesn't have to be rich-people friendly", Inequality.org, 21 October 2022, <https://inequality.org/great-divide/the-fight-against-inflation-doesnt-have-to-be-rich-people-friendly/>

17 "La Sécurité sociale de l'alimentation", France, <https://securite-sociale-alimentation.org/> and FIAN Belgium, "Accompagner des projets concrets vers la SSA", 7 February 2022, <https://www.fian.be/Accompagner-des-projets-concrets-vers-la-SSA?lang=fr>

18 United Nations, "Adapt or starve: COP27 spotlights agriculture challenges and solutions in the face of climate change", 12 November 2022, <https://www.ungeneva.org/en/news-media/news/2022/11/adapt-or-starve-cop27-spotlights-agriculture-challenges-and-solutions-face>

These are all very promising changes that we can fight for together. We clearly need to shut down the fossil fuel industry and win public support for more collective and localised food systems. This means supporting small-scale producers and local markets while dismantling the power and profits of the corporate food chain.