

When nations turn into hoarders

By Gideon Rachman

Published: January 26 2010 02:00 | Last updated: January 26 2010 02:00

During the second world war, Britain's food supplies were threatened by German U-boats and the government responded with posters, urging the public to "dig for victory", by growing vegetables. You might assume that such concerns were consigned to history. But apparently not. The issue of national food security is back on the agenda.

Earlier this month, Hilary Benn, Britain's minister for food and rural affairs, gave a speech in which he argued that "the truth is now apparent . . . We cannot take food security for granted any more. Food security is as important to this country's well-being as energy security". With energy, even more than with food, the British are beginning to question their reliance on purchasing supplies on the open, world markets. This month, supplies of natural gas ran so low that almost 100 large industrial users were temporarily cut off.

This is no mere national eccentricity. On the contrary, the fact that even the free-trading British are worrying about food and energy supplies is indicative of a much broader global trend. Across the world, the major powers are moving to secure access to energy, food and, in some cases, water. Faith in a trade-based system of globalisation - in which nations can always buy what they need on the open, world markets - is giving ground to an effort by individual nations to secure supplies. Like survivalists, hoarding tinned food in the basement, individual nations are preparing for the worst.

Chinese state-owned oil companies are engaging in ferocious bidding wars with western energy companies as they go after access to the same oil and gas fields, particularly in Africa. The pursuit of "energy independence" has become a bipartisan dream in the US, leading to a big increase in the production of biofuels made from grain which, perversely, has helped to tighten food prices. Middle Eastern investors, in particular the Saudis and the Gulf Arabs, have been leasing huge tracts of land in Africa, in an effort to grow food that is reserved for their own nations. In Europe, supporters of the protectionist Common Agricultural Policy are freshly emboldened.

This new global paranoia about food and energy security is driven by four factors: economics, demography, the environment and geopolitics.

Rapid economic growth in Asia has increased demand for food and energy and helped create destabilising spikes in prices. China's demand for oil has more than doubled over the past decade. Just before the global financial crisis, prices of food and oil were surging, leading some big food producers to restrict exports. Hillary Clinton, the US secretary of state, claimed recently that there had been food riots in more than 60 countries over the last two years.

Today's food and energy scares are sharpened when governments examine demographic and climate trends. The United Nations has estimated that the world's population could exceed 9bn by 2050, compared with about 6.6bn now. This, it says, could necessitate an increase in food production of about 70 per cent from current levels.

Environmental worries add to the paranoia. Even if it now turns out that the Himalayan glaciers will be with us rather longer than the UN climate panel foresaw, politicians such as Britain's Mr Benn regularly cite the threat that climate change will devastate some of the world's most important agricultural land.

Finally, there are the geopolitical concerns. Worrying about sea lanes in the age of the internet sounds anachronistic. But the globalised trading system still relies on moving huge amounts of food and energy around the world by ship - and there are at least three choke-points that look vulnerable to disruption. The one that is getting all the attention at the moment is the Gulf of Aden, just south of the Suez canal, where a large multinational flotilla is fighting the threat from Somali pirates. The Strait of Hormuz, through which most Gulf oil needs to pass, could easily be blocked in the event of a conflict with Iran. Meanwhile, the Chinese government has fretted publicly about its "Malacca dilemma" - the fact that most of China's imported oil from the Middle East has to pass through the Malacca strait, a narrow waterway between Indonesia and Malaysia. China is uncomfortably aware that it is ultimately reliant on the American navy to keep these vital sea lanes open - a fact that may be driving the Chinese effort to build up its own navy.

Most of these concerns will probably turn out to be excessive and paranoid. Ever since Thomas Malthus in the 18th century, pessimists have been predicting that a population boom will lead to starvation - and technological change has always proved them wrong. As for geopolitics, things will have to go seriously wrong before the British middle classes beat a retreat from Tesco and start growing their own potatoes again.

But the trouble with energy and food scares is that they risk creating a self-fulfilling prophecy. If countries embrace protectionist food policies, then destabilising price surges are more likely. Aggressive action by one major power to secure energy supplies is liable to set off alarm bells elsewhere.

What is ultimately at risk is the system of globalised trade and open markets that the world has got used to over the last 30 years. That is an idea for world leaders to chew over, as they gather at well-supplied dinners in Davos later this week.

gideon.rachman@ft.com