



**SUSTAINABLE FOOD SECURITY
FOR ALL BY 2020**
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SUMMARY NOTE

Panel Discussion: 800 Million Still Hungry: Why Have We Made So Little Progress?
Panelist: Sartaj Aziz, Senator and former Agriculture Minister, Finance Minister, and Foreign Minister, Pakistan
Title: Why 800 Million People Are Still Hungry?

It was 27 years ago when world leaders accepted, for the first time at the 1974 World Food Conference in Rome, the common responsibility of the international community to abolish hunger and malnutrition within a decade.

The concerns generated by the food crisis of the mid-1970s and the concrete program of action outlined by the World Food Conference persuaded most developing countries to reorder their priorities, increase investment in agriculture, and readjust their macro policies in favor of agriculture. The results achieved in the next two decades have been quite encouraging. The world production of cereals has been growing at 3.8 percent per year outstripping the annual growth in demand of 3.3 percent. The daily per capita dietary energy in developing countries has gone up from 2,140 in 1970 to 2,716 in 1996–98 and the number of malnourished people has declined from about one billion in the year 1970s to 800 million in 1996–98. As a percentage of total population, the decline has been even faster, from 37 to 18 percent.

But these averages also conceal some depressing realities which represent the negative side of the food security balance sheet:

- ! At least one-fifth of the total world population or 1.2 billion people are still very poor, and subsist on less than \$1 a day. Of these, 800 million are estimated to be undernourished. These are chronically poor and will not be able to achieve food security even if the average availability of food goes up.
- ! The food security situation in the 48 least-developed countries (LDCs) is much worse than that in the rest of the developing world. The per capita food consumption index in these countries between 1980 and 1998 has, in fact, declined to 94, which for developing countries as a whole has improved to 140. As a result, the number of undernourished people in the LDCs has doubled, from 120 to 240 million or 40 percent of their total population.
- ! The debt burden of developing countries has reached crisis proportions and is now crippling their efforts to accelerate growth or reduce poverty.
- ! The dependence of developing countries on food imports has grown enormously in the past 25 years, without a corresponding improvement in their import capacity. The total food imports of developing countries in the year 2000 was \$60 billion, including \$25 billion for low-income food-deficit countries.

On the basis of more recent trends, the prospects of reducing by half the proportion of poor and the undernourished people by the year 2015, do not appear very promising, because (i) the chronic nature of poverty that afflicts the bottom one-fourth of the population in developing countries cannot be alleviated unless a new development framework is evolved; (ii) agricultural growth in the developing countries in the coming decade is likely to be slower than the impressive growth achieved in the past two decades; and (iii) the capacity of developing countries to import food is being hampered by growing competition in world markets in the wake of globalization. These factors, thus, constitute the three main

dimensions of the emerging food security situation that require urgent and effective actions, at the national and international levels.

A New Development Paradigm

The decade of 1970s was remarkably creative in learning from the lessons of the preceding two decades when the impressive economic progress in a large number of developing countries had not provided tangible benefits to the bottom 40 percent of their population. The development community and the UN system, as a whole, began to elaborate an alternative development strategy, focused on objectives like employment, basic needs of the population, poverty reduction, and income redistribution policies. But before these new concepts could be translated into actual policies and national priorities, a serious debt crisis struck several Latin American countries in the early 1980s. In the wake of this crisis, the World Bank/IMF took over, from the rest of the UN system, the task of designing reforms that would enable the developing world to handle its debt crisis.

The promising ideas of the 1970s, like full employment, food security, small farmer agriculture, income distribution, education, housing and drinking water, were relegated in priority and liberalization and privatization were presented as the panacea for all economic ills. The role of state was condemned as the source of all problems and the market as the main instrument for reviving growth which, if sustained, will take care of all the social problems. The age of globalization had arrived.

Within the developing countries, the inherent social handicaps of the poor were already quite formidable. But these have been further compounded by the globalization policies introduced in many developing countries in the past two decades. Even where these policies helped to improve investment and growth, they were not very successful in reducing poverty. This is largely because reduction in subsidies raised food prices, fiscal restructuring increased unemployment, and the all-round shrinkage of state activity-reduced social services like education, health, and housing for the low-income groups. That is why one-fifth of the world population is still very poor and 800 million people are still chronically malnourished.

A determined attack on poverty and hunger will require the formulation of a new development paradigm which recognizes the role of the state in protecting the rights of the weaker and poorer segments of the population and in meeting their basic needs. In articulating this new paradigm, we have to recognize:

- (i) that balanced social development is a basic and essential pre-requisite for sustainable development and social problems are not simply "inevitable costs" of structural adjustment;
- (ii) that sustainable development does not mean "development with environment" but a pattern of development that is meaningful for the large majority of the population;
- (iii) that social development cannot be financed merely from residual financial resources that the adjustment process may spare and the standardized "one size fit all" policies advocated by IMF that restrict demand and thereby increase poverty and unemployment must be modified, either by providing a longer time frame or additional external resources on soft terms; and
- (iv) that market-oriented economic policies are necessary for economic growth, attracting investment and improving competitiveness in international markets but the pace of liberalization should not move faster than a country's institutional structure can cope with. There is need to create, before large-scale liberalization is undertaken, effective regulatory mechanisms to deal with the growing volatility of the capital and foreign exchange markets.

Once these conceptual barriers in formulating the main elements of a new strategy for sustainable development have been crossed, the prospects of implementing the more traditional prescriptions for agricultural development and poverty reduction will improve enormously. These include higher priority for small farmer agriculture, favorable macroeconomic policies to improve the terms of trade for agriculture, building participatory institutions for credit marketing and research, and promoting opportunities for nonfarm employment activities on a large scale. In the existing policy framework, as for example spelled out in several national poverty reduction strategies under the auspices of the World

Bank/IMF, there is no fiscal space for actually implementing such pro-agriculture and pro-poor policies. The task of balancing the required adjustment policies for macroeconomic stability, with policies that promote pro-poor growth and sustain social development, is perhaps the greatest challenge facing the policymaker in the developing world today.

Correcting the Unfavorable Global Environment

It is a great irony of history that in tackling the second most important unfinished task of the 20th century, namely eradicating poverty (the first being establishing durable peace), the developing countries face a very unfavorable global environment. This should be clear from the following distortions and inequities:

- ! The global trading and financial system is working against the longer-term interest of low-income countries and poor people and does not provide a level playing field or a truly competitive environment. The WTO's policy of liberalizing trade concentrates on high tech products largely of interest to developed countries and a few middle-income developing countries and the multinational companies. Simple manufactures like textiles and leather goods which are of greater interest to low-income developing countries, are still subject to quotas and protectionist policies. Movement of labor, which is an important factor in the production cycle, is also seriously restricted.
- ! The developed countries are providing subsidies totaling \$350 billion a year to their agriculture sector which is almost six times the total ODA provided to developing countries. The developing countries and particularly the 48 least-developed countries, which primarily depend on agricultural exports, cannot compete in the international market with these subsidized agricultural exports from the developed countries. This has not only reduced the share of developing countries in global agricultural trade but has also weakened their incentive system for increasing domestic production.
- ! The world monetary system creates excess liquidity every year by transferring purchasing power to the richest country in the world. All attempts to create a global system of liquidity creation by the IMF, for example, which could distribute the resultant purchasing power more equitably, have been turned down. Now belatedly, Europe is trying to secure a share in this liquidity through the use of Euro as a reserve currency but is facing serious difficulties.
- ! The flow of official development assistance (ODA) which was partly a compensation for the inequities of the global system, instead of moving towards the internationally accepted target of 0.7 percent of GDP of donor countries has been declining even in absolute terms to less than 0.2 of GDP. Total ODA has declined from \$87 billion to \$61 billion in the past 10 years. Sadly the ODA flowing to 48 LDCs has also declined from \$18 to \$14 billion during this period. If by some miracle, the entire amount of \$61 billion could directly reach the 1.2 billion very poor people, it will mean an addition of only \$50 per year to their incomes or the paltry sum of \$4 per month. In practice of course, less than 10 percent of ODA actually reaches the poor, with very limited impact on their lives.

While world leaders are slowly beginning to realize the full implications of these inequities in the global system and also grapple with the political dimensions of globalizations, the civil society in Europe and America has been shocked into action. The past two years have witnessed an unprecedented public uproar about the impact of globalization on the poor. Ever since that fateful meeting of WTO in Seattle in November 1999, the size and intensity of public protests has been growing at each international meeting, in Washington, Bangkok, Prague, Davos, Quebec City, and more recently in Genoa. The media shows thousands of young people, mostly from western countries, protesting at each of these meetings. But after these meetings, there is very little in-depth discussion of the real issues that these protestors have been raising or to fully grasp the grave realities in the developing world.

The basic message that the protestors at all these international meetings have been trying to convey in the past two years is very simple: the global development crisis that the poor of this world face today, cannot be solved in purely market terms. The poor do not have much income, so they cannot enter the market in the first place. Secondly, if the goods are scarce, the prices will rise, the rich or middlemen

will buy and the poor will starve. Thirdly, if there is glut, the prices will drop and the small farmer will be ruined, because he or she cannot hold on to his or her produce for very long. Fourthly, prices and access to markets are always manipulated by the powerful companies or countries, to the disadvantage of poor people and poor countries.

The inherent inadequacies of an unregulated market system are fully understood in the more advanced societies. That is why they have created laws and institutions against monopolies to protect the consumer and the small businesses; they have developed an elaborate system of taxation and social security to protect the weak and assist the poor. But at the global level, they refuse to recognize the impact of unjust or inappropriate globalization policies on the poor and evolve similar taxation or social security policies.

Towards Sustainable Food Security

The objective of ensuring food security to every man, woman, and child has been accepted and endorsed at several international conferences — from the 1974 World Food Conference to the 1990 Summit on Children, the 1995 Copenhagen Summit on Social Development, and more recently the 1995 World Food Summit in Rome. The Rome Declaration of the 1996 World Food Summit presented a comprehensive Plan of Action covering all the important dimensions and principles of food security such as conservation of ecological foundations; largest investment in agriculture; importance of technologies; political and economic pre-conditions for eradicating poverty and inequality; and creating a fair and market-oriented world trading system. But hardly any of these commitments has been implemented in the past five years.

Instead of adopting another declaration with high-sounding aspirations and pious hopes on food security, this conference, I hope, can lay the foundation of a broad coalition of policymakers, the academic community, and the civil society with the aim of launching a global effort to evolve an alternate but sustainable development strategy and at the same time proposing an agenda for the reform of the global monetary, financial, and trading systems to create a more favorable international environment for sustainable development.

The European Community has taken a leading role in saving the Kyoto protocol on global warming in this very city recently. Can we expect similar bold leadership from Europe in another area that will affect the future well-being of half of mankind, by evolving the concept of sustainable development that is more meaningful for the largest majority of people in developing countries, and by supporting global policies and programs that will not, as a minimum, discriminate against developing countries. Some of the inequities of the present system can be rectified by imposing, for example, a carbon tax on petroleum consumption or a Tobin Tax on currency movements to generate a regular and autonomous flow of funds for poverty reduction and food security. If full agreement on such proposals is not possible among all the donor countries, some of countries or groups of countries can implement them to supplement their budgetary allocations for official development assistance.

As late Barbara Ward said so prophetically 25 years ago: "Unless drastic changes are made in our global system, we are to move into an epoch in which world markets will, even more decisively than in the colonial period, impoverish the already poor and even transfer income from the poor to the rich." Let us all work together to ensure that this does not happen.

Note: The views expressed in this summary note are those of the author and are not necessarily endorsed by or representative of IFPRI or of the cosponsoring or supporting organizations.