

## THE SPECTRE OF HUNGER

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Voices of the South on Globalization is a monthly newsletter intended to inspire a meaningful North-South Dialogue by raising awareness for global interdependences and by offering a forum for voices from the South in the globalization debate. Each edition will present short analyses or commentaries from a Southern perspective on one particular issue of the globalization process.

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### NO 'BOLT FROM THE BLUE'

Not long ago the public focus was on the impending disastrous consequences of climate change. Now it is on the spectre of hunger in the low-income countries around the world.

The difference, though, is that scientific studies have sensitized the public over the past several years to the devastation that climate change might cause. However, hunger 'revolts' have surprised many. Yet, they are not like a bolt from the blue. They are man made, a consequence, among others, of the neglect and underinvestment that the agricultural and rural sectors have suffered over the past 20 years.

Having ignored these crucial sectors all these years, the World Bank titled its 2008 World Development Report (WDR) 'Agriculture for Development'. Published last October, it calls for greater investment in agriculture in developing countries and says that agriculture must be placed at the centre of the development agenda if the goals of halving extreme poverty and hunger by 2015 are to be realised.

Advocating a new 'agriculture for development' agenda, the WDR points out that for the poorest people, GDP growth originating in agriculture is about four times more effective in reducing poverty than GDP growth originating outside the sector.

The rationale behind investing in agriculture is obvious: While 75 percent of the world's poor live in rural areas, a mere 4 percent of official development assistance goes to agriculture in developing countries. In Sub-Saharan Africa, a region heavily reliant on agriculture for overall growth, public spending for farming is also only 4 percent of total government spending and the sector is still taxed at relatively high levels.

Also the United Nations would appear to have taken note of the impending crisis when it literally ambushed the globe. On April 22, a UN spokesperson referred to a "silent tsunami" that threatens to plunge more than 100 million people on every continent into hunger. Josette Sheeran, executive director of the UN World Food Programme (WFP), noted: "This is the new face of hunger - the millions of people who were not in the urgent hunger category six months ago but now are."

This situation has arisen not because there is not enough food but because the prices have skyrocketed and the poor cannot afford to buy even the minimum amount they need.

World prices for basic commodities such as cereals, cooking oil and milk have risen steadily since 2000, but have escalated dramatically since the developing financial crisis in the U.S. began to bite in 2006. Since the start of 2006, the average world price for rice has risen by 217 percent, wheat by 136 percent, corn by 125 percent and soybeans by 107 percent.

Much of the international speculation in food commodities takes place on the Chicago Stock Exchange (CHX), where a number of hedge funds, investment banks and pension funds have substantially increased their activities in the past two years. Since January of this year alone, investment activity in the agricultural sector has risen by a quarter at the CHX, and, according to the Chicago firm Cole Partners, involvement by hedge funds in the raw material sector has trebled in the past two years to reach a total of 55 billion dollars.

- Ramesh Jaura

## 'BETWEEN IMPLEMENTATION AND PLANNING, THERE IS A DISCONNECT'

## Interview with IAASTD Contributor Washington Ochola

Accounting for about a third of the gross domestic product in sub-Saharan Africa, agriculture clearly plays a significant role on the continent. But, figures only tell part of the story. A review of Africa produced under the International Assessment of Agricultural Science and Technology for Development (IAASTD) notes that agriculture is also "woven into the fabric of most societies and cultures in the region."

In addition, the sector requires urgent attention if it is to help Africa move beyond the malnutrition and poverty that define existence for many of its inhabitants.

The IAASTD throws light on ways in which this might be done. During the three-year undertaking, agricultural knowledge across the board was evaluated to help determine how the sector can be managed more effectively.

Five regional reports, including the survey for sub-Saharan Africa, and a synthesis document were produced by the hundreds of contributors to the assessment, which sought the views of governments, civil society, the private sector and academia. The findings of the IAASTD were formally presented early April.

Washington Ochola is one of the authors of the sub-Saharan review, and also a senior lecturer in sustainable agriculture and rural development at Egerton University, east of Nairobi. IPS East Africa correspondent Kwamboka Oyaro talked to him.

IPS: What were the main challenges faced in compiling the assessment for sub-Saharan Africa?

Washington Ochola (WO): There were challenges in sustaining both individual and institutional commitment to the process. People got committed substantially because of their interest in sustainable agriculture for development. While governments (in developed nations) supported our colleagues from the West, we got our financial support from donors and this affected full participation of experts, particularly from Africa: they had other commitments.

We also had a conflict of professional ideas because we come from different professional backgrounds -- social economists, soil scientists, extension of technology transfer experts etc; we perceive various aspects of agricultural science differently. We also define terminologies differently. But we worked together and came up with a common glossary.

Science's own dynamism was a big challenge. New research findings keep coming up. The process took three years and we kept monitoring new ideas and harmonising. Ours was not the only assessment taking place at the time and we kept tabs on what was happening to avoid duplication.

Accessing contentious and inconclusive scientific aspects such as the use of bio-fuel was intricate; there is a conflict between agricultural crop production for food or for bio-fuel. This is still unresolved in regard to which direction technology will drive production.

IPS: The assessment notes that there have been successes concerning agricultural knowledge, science and technology. Which of these are most significant?

WO: Egypt is a good example of where local level knowledge has been used for intensive agricultural production. Despite its harsh climatic conditions, the country has been able to harness and successfully use the Nile basin for agriculture.

In Botswana, communities along a river delta have come up with local management strategies which encourage intensive production and at the same time protect the environment.

There are other success stories in Congo and Uganda where agricultural knowledge and technology are helping farmers to beat the effects of desertification, crop failure and HIV/AIDS.

IPS: The assessment indicates that the traditional method of implementing findings has been effective for large cash crop operations, but less so for smaller, diversified farms. Why is this?

WO: This is because the small-scale farmers have unique circumstances: many of them lack resources and deal with a number of enterprises within their small farms. The traditional approach to extension work is better suited for single commodity or cash crops.

The cash crop farmer benefits through economies of scale while the small-scale farmer will need several experts to deal with the various crops and animals, which is more expensive.

For example, a farmer with a lot of diversified, intensive farming on a small scale will have to get in touch with extension workers for each of his or her independent enterprises such as cows, chicken, beans, cassava, maize or any other, while the large-scale farmer will deal with only one expert with information on commodity research, development, production increase and marketing. Technologies are also...disseminated to designated large scale farmers. They are able to purchase the technology.

IPS: How, then, should the traditional methods of putting research findings into operation be changed?

WO: We need diversification, integration and a multi-sectoral approach to extension work. This will enable small-scale farmers to access new developments immediately instead of waiting for the expert in that area to explain in the future. ☑

## IF THERE'S NO RICE, LET THEM EAT POTATOES

By Thalif Deen

When a gaggle of unruly and starving peasants complained about a shortage of bread in 17th century France, the queen consort Marie Antoinette is said to have infamously remarked: "Let them eat cake." Historians have since disputed the apparently callous comment, arguing that she was either misquoted or mistranslated.

However, there was no ambiguity about a statement attributed to the Bangladeshi army chief, General Moeen U. Ahmed, who told his compatriots last month that if they don't have rice, they should eat potatoes.

As the current food crisis continues to spread across developing nations, the staple food of over 150 million Bangladeshis has been hit by spiralling prices -- an increase of over 87 percent in March alone, according to the World Food Programme (WFP).

Bangladesh, which is expected to produce about 8 million tonnes of potatoes this year compared with 5 million tonnes in 2007, has been more pragmatic in switching from one staple to another.

In the country's armed services, "The daily food menu now includes 125 grammes of potatoes for each soldier, irrespective of ranks," Gen. Ahmed, who is also head of the army-backed interim government, was quoted as saying at a recent luncheon for newspaper editors in the Bangladeshi capital.

According to the Dhaka-based Daily Star, the luncheon menu included potato soup, french fries, potato corn curry, potato kopta curry, potato roller gravy, potato with spinach, potato malai curry, potato navaratna, potato pudina, and potato pulse.

One journalist was quoted as saying that the army cooks, at the end of an exhausting day in the kitchen, had run out of recipes.

Coincidentally, the boost for the tuber comes at a time when the United Nations is commemorating 2008 as the 'International Year of the Potato' in an attempt "to increase awareness of the importance of the potato as a food in developing nations."

Bangladesh, categorised by the UN as one of the world's 50 least developed countries (LDCs), suffered two severe floods and a cyclone which destroyed about 3 million tonnes of food grains over the last year.

The Bangladesh government is trying to stall a hunger crisis, which Secretary-General Ban Ki-moon says will affect some 100 million people worldwide, driving some of them to near-starvation. "The steeply rising price of food has developed into a real global crisis," he said.

WFP's Executive Director Josette Sheeran says that people in industrialised countries spend only about 15 to 18 percent of their household income on food, making them better equipped to cope with disasters and price hikes than households in developing countries which, on average, spend 70 percent of their incomes on food.

She said high food prices are "creating the biggest challenge that WFP has faced in its 45-year history, a silent tsunami threatening to plunge more than 100 million people on every continent into hunger."

An agency that provides direct food aid, WFP has a core budget of about 3.1 to 4.3 billion dollars annually. But so far, it has raised only 1 billion dollars.

"And of course, this 4.3-billion-dollar sum does not take into account the new face of hunger," says WFP spokeswoman Bettina Luescher.

"So we will also need an as yet-to-be-determined amount that will allow WFP to begin addressing the needs of the new face of hunger -- those people who could make it when bread was 30 cents per loaf, but cannot make it when bread is 60 cents per loaf," she noted.

The secretary-general says the United Nations is very much concerned, as are all other members of the international community. "We must take immediate action in a concerted way," Ban said.

The Economic and Social Council (ECOSOC), the primary U.N. body dealing with economic and social issues, is scheduled to hold a meeting on food security in mid-May, to be followed by a summit meeting of world leaders, sponsored by the Food and Agriculture Organisation (FAO), in Rome June 3-5.

The food crisis will also be on the agenda of the Group of Eight summit meeting of industrialised nations in Japan in July.

Asked how the world body should deal with the food crisis, the secretary-general told reporters last week: "In the short term, we must address all humanitarian crises, which have been impacting the poorest of the poor people in the world because 100 million people have been driven into this additional hunger crisis."

Ban said that last month, he convened the MDG [Millennium Development Goals] Africa Steering Group. At that meeting, he said, "We adopted several important recommendations, which approved as one of the initiatives to try to launch the African green revolution."

He said he was going to discuss this matter in depth with all the agencies, heads of agencies, funds and programmes of the United Nations, as well as the World Bank and the International Monetary Fund.

"Then, we will try to see what kind of immediate action and immediate long-term actions we can take as a part of a United Nations-led initiative," he added. ☑

## 'NEGLECT OF FARMING LED TO RICE CRISIS'

By Marwaan Macan-Markar

The headlines screaming about a global food shortage have not aroused surprise in a leading non-governmental organisation (NGO) working with farming communities across Asia. To its members, warnings of hunger on a biblical scale are hardly news.

After all, the Asia-Pacific arm of the Pesticide Action Network (PAN), a global environmental lobby, has been raising the alarm about an impending rice shortage for years. Among its more recent campaigns was one launched to coincide with International Year of Rice, which was marked globally in 2004.

But the alarm bells rung by PAN were ignored by governments in the region, home to nine of the world's top 10 producers of the grain. They are China, India, Indonesia, Bangladesh, Vietnam, Thailand, Burma, the Philippines and Japan. The only non-Asian in this rice league is Brazil.

"Governments refused to listen to our concerns. In the last five years we have been saying that we are in rice crisis, that food security and food sovereignty were being undermined," Clare Westwood, campaign coordinator for PAN's 'Save Our Rice Campaign, said during a telephone interview from Malaysia. "It was only a matter of time before the warnings became real."

PAN's primary concern was the push towards rice cultivation on an industrial scale that promoted monoculture, where a few high-yield rice varieties that needed large doses of chemicals were held up as the answer to growing demand. Marginalised, consequently, were the small farmers, who came from rural communities that had used local knowledge over centuries to generate new varieties of paddy seeds that blended with the local environment.

"The high-yielding seeds prompted in the monoculture style of farming are not as hardy as local varieties produced through the ecological style of farming," adds Westwood. "This hybrid rice can only perform well under certain circumstances and they need a lot of fertiliser and pesticides and they are water intensive. These are their inherent weaknesses."

A recent report by a regional UN body lends weight to PAN's view about the high cost Asian governments are currently paying for neglecting the agricultural sector, where a bulk of the poor in Asia and the Pacific -- some 641 million people -- live. "The rural poor account for 70 percent of the poor in the Asia-Pacific region, and agriculture is their main livelihood," states a survey published by the Bangkok-based Economic and Social Commission for Asia and the Pacific (ESCAP).

"The agriculture sector has been neglected for a long time, nearly four decades, and the Asia-Pacific regions would have run into a food shortage problem and rising food prices sooner or later," says Shamika Sirimanne, chief of the socioeconomic section in the poverty and development division of ESCAP.

"Governments used to provide much more public services to the agriculture sector earlier." Assistance had ranged from public funds to help farmers improve their yields, assistance with research and development and with marketing the grain. State funds had also been invested to improve roads and other infrastructure projects to improve the quality of life in rural areas.

"This shift has become marked since the 1980s," Sirimanne explained in an interview. "Everybody began to think of economic growth in that decade and what could be achieved through manufacturing, industry and services. The idea of growth through agriculture was sidelined."

World Bank figures help to explain why these new avenues for growth in the region were attractive. In China, the emerging Asian economic powerhouse, the gross domestic production (GDP) from agriculture during the 1981-1985 period was 28.7 percent, while industry accounted for 26 percent. But during the 2001-2006 period, agriculture's contribution to China's GDP had dropped to 8.7 percent, while industry rose to 49.1 percent.

In India, during the same period, agriculture went down from 18.4 percent of GDP to 6.2 percent, making way for industry and services. And in Indonesia, agriculture dropped from 18.4 percent of GDP to 11.8 percent, also making way for industry and services.

But what did not follow as a result of this shift away from agriculture was a drop in the number of poor in rural areas. "Even today, 60 percent of the region's labour force is in the agriculture sector, where a large number live in poverty," says Sirimanne. The Asian agriculture sector is dominated by very poor people and it is the duty of governments to start re-investing in them to improve productivity.

And now, even the authors of a major international study on the future of global agriculture have made a strong case to resurrect the role of the small, neglected rural farming communities to improve cereal production, including rice. The final report of the U.N-backed International Assessment of Agricultural Science and Technology for Development (IAASTD), which was authored by 400 experts from across the world, was approved in mid-April at a meeting of governments and scientists in Johannesburg.

"The report called for greater participation of small-scale farming and for governments to rethink their prevailing agriculture structures," Lim Li Ching, the lead author for the Asia report to IAASTD, told IPS. "This is because the traditional farming methods in this region were environmentally sustainable." ☑

## CAN RISING FOOD PRICES HELP SMALL FAMILY FARMS?

By Daniela Estrada

Rising global food prices could represent an opportunity for the development of small-scale family farming if national governments provide effective support as part of long-term policies, say experts from various agencies.

Prices for agricultural products have been rising since 2002, for a number of reasons. The initial increase was the result of growing demand from countries with large numbers of poor people who were beginning to eat better, such as China and India, coupled with revised projections of corn consumption for the production of ethanol in the United States.

In 2005 and 2006, droughts, flooding and unseasonal frosts impacted prices, while today, "we are dealing with speculative movements triggered by the fall of the dollar, and it is difficult to predict when it will end," José Graziano da Silva, regional director of the United Nations Food and Agriculture Organisation (FAO), told IPS.

Martine Dirven, head of the Agricultural Development Unit of the Economic Commission for Latin America and the Caribbean (ECLAC), said that relatively high prices are expected for the next 15 to 20 years.

Although there is no single definition of campesino (peasant) family farming, Dirven explained to IPS, it is associated with three characteristics: family labour, the lack of permanent employees, and the passing down of the farm from one generation of the family to the next. The term "campesino" in Latin America refers to "a way of life, which includes special values with respect to the land," she added.

ECLAC estimates that family farms account for 80 percent of all farming operations in the region.

While rural poverty and extreme poverty rates have shrunk since 1990, the majority of self-employed farmers have suffered a decline in their incomes, which has been drastic in some countries, with the exception of farmers in Chile, Paraguay and Colombia, Dirven stated in a 2007 report.

Can the current rise in food prices be turned into an opportunity for campesino family farming in the region? Dirven and da Silva believe that one of the main obstacles is the fact that profits are not shared equitably among the different components of the chain of production.

"It is the non-agricultural intermediary sector that has benefited the most, especially the wholesalers," stressed da Silva. In those cases where there actually has been a positive impact on the income of small farmers, noted Dirven, "there has also been an impact on expenditures, which means that their situation has not improved overall." One of the trends that has had negative consequences for small-scale agriculture is the "ever greater concentration of agents in the processing and marketing of farm products (particularly agribusiness and super-

markets)," Dirven noted in her study. Within this scenario, corporate producers have reaped the greatest benefits. Da Silva said that in order to take advantage of the current situation, countries should implement "policies to stimulate food production, especially among the smallest producers."

He believes there are three key tools needed for this purpose: soft credits; government purchases of foodstuffs to guarantee a market for producers and generate "minimum stocks"; and the direct purchase of agricultural products from family farms to be distributed to the poorest sectors of the population.

Dirven also proposed the possibility of subsidies for agribusiness in return for purchasing the output of family farms. In Brazil there is a Food Acquisition Programme through which the government purchases food produced by family farms. The programme ensures food supplies for poor families, school meals and public hospitals, while creating a solid market for the small farming sector. This has had an especially significant impact in northeastern Brazil, the country's poorest region.

According to the most recent agricultural census, carried out in 1995-1996, there were 4.2 million family farming units in Brazil, with two million families living in poverty. "The rise in prices benefits family agriculture without a significant inflationary effect in Brazil, because the supply is solid," said João Luiz Guadagnin, director of Financing and Protection of Rural Production at the Ministry of Agricultural Development. Small dairy farmers have particularly benefited, he said.

The Brazilian government's policies to support the sector include the National Programme to Strengthen Family Agriculture (PRONAF), which granted 1.9 million soft loans worth a total of five billion dollars in 2007. Other incentives include insurance against climate-related damages and a Price Guarantee Programme for Family Agriculture, which compensates farmers when prices fall below the cost of production.

In Chile there are roughly 300,000 small farms, which represent over 80 percent of the country's agricultural operations and supply 45 percent of the vegetables consumed domestically, 43 percent of the corn, wheat and rice, and 40 percent of the beef and dairy products, according to the Ministry of Agriculture. "It would be irresponsible to say that progress hasn't been made, but it hasn't lived up to expectations," said Rigoberto Turra, president of the United Peasant and Ethnic People's Movement of Chile (MUCECH), which brings together some 180,000 self-employed and salaried farmworkers. There are too many problems facing farmers, compared to the support that's being provided. ☑

## FARMERS, CONSUMERS SQUEEZED BY MIDDLEMEN

By Matt Homer

With global grain stocks at record lows and soaring prices for agricultural products, new attention is being paid to which farming methods are best poised to meet global food needs.

The United States and Europe have long utilised large-scale industrial farming -- which has generated enormous increases in output -- but this method is coming under increasing scrutiny over concerns about monopolistic behaviour and sustainability. In order to increase output in a sustainable way, agricultural experts are increasingly looking to alternative models, or at least significant alterations to the existing industrial one.

A conglomeration of over 110 countries -- including the United States -- and key global institutions recently concluded a three-year study of world agriculture and found that North America is increasingly dominated by a vertical agricultural structure.

According to the report, "The International Assessment of Agricultural Knowledge, Science and Technology for Development" (IAASTD), this has created a situation where "the largest actors...have predominant influence over the production, processing and marketing of food." It further argues that this has disconnected farmers from consumers and ensured that most profits are "captured by industries after the farmgate, not by farmers".

In fact, according to agriculture expert Raj Patel, although the average basket of food has increased by 2.0 percent in real terms over the past 20 years, farmers are receiving 40 percent less. And the National Farmers Union estimates that for every dollar that U.S. consumers spend on food, only 20 cents actually goes to farmers or ranchers. The rest is found in "marketing, processing, wholesaling, distribution and retailing".

This increasing concentration means a fewer number of agribusinesses are exerting a larger amount of influence over the food supply chain, from inputs to sale. Critics of this situation compare it to the shape of an hourglass. A vast amount of producers must funnel their goods through a handful of large corporations before they can make their way to consumers.

Research by Mary Hendrickson, a rural sociologist at the University of Missouri, shows the level of influence by agribusiness in the United States has increased significantly. In soybean crushing, for example, the largest four firms now make up 80 percent of the market, whereas in 1977 they comprised 54 percent. In flour milling, the top four have increased their concentration from 42 percent of the market in 1982 to over 60 percent today.

Farming is also concentrated at the extreme beginning and endpoints of U.S. agriculture. The top two seed providers comprise 58 percent of the marketplace and nearly half of purchased food comes from just five retailers: Wal-Mart, Kroger, Albertson's, Safeway, and Ahold.

Critics point out that this monopolistic influence has a perverse impact on competition, and consequently on prices for consumers. Denis Keeney and Loni Kemp of the Institute for Agriculture and Trade Policy wrote in a review of U.S. agriculture that "any commodity where four or fewer industries exert over 60 percent control has the makings of a price cartel. Farmers have no market price control, and consumers, over time, will pay higher prices."

Small-scale farmers and ranchers have been particularly pinched by the hourglass configuration of U.S. agriculture. Because farmers must rely on just a handful of major buyers, they have little ability to influence the price of their products. They must also depend on seeds and fertiliser from a few large corporations at the beginning of the food chain.

And because of intellectual property right restrictions on seeds, they are often required to purchase new seeds each year instead of saving them from previous ones. In short, although farmers vastly outnumber buyers and input suppliers, they have significantly less leveraging power. And although a significant amount of government subsidies are directed at agriculture, few of them make their way to small-scale farmers or ranchers.

In addition to distorting effects related to monopolistic behavior, large-scale industrial agriculture is also under attack for reasons of sustainability. "We have seen adverse ecological impacts on water and soil quality and biodiversity," Hendrickson told IPS. "The use of synthetic inputs (fertilisers, pesticides, etc) from off the farm enhanced productivity fabulously, but has had some serious impacts."

Keeney and Kemp agree, arguing in their report that "one cannot see how this structure can hold over the next century because it is so heavily dependant on fossil fuels, taxpayer subsidies, and environmental externalities." Already, they point out, this form of agriculture has resulted in "water pollution, groundwater pollution, hypoxia zones, increased flooding, depletion of ground water, air pollution, excessive odors, climate change, loss of wildlife habitat, degradation of natural ecosystems, loss of pollinators, loss of soil quality, and soil erosion."

Proponents of large-scale agriculture argue that despite these considerations, it is still the most efficient way to produce large quantities of food. They say that industrial farming is best suited to bring new areas of land into production, increase productivity and boost output. The reasoning is because of economies of scale. ☑