

Agricultural Trade Liberalization Undermined Food Security¹

By Jomo Kwame Sundaram² and Anis Chowdhury³

Agriculture is critical for achieving the [Sustainable Development Goals](#) (SDGs). As the [Food and Agriculture Organization](#) (FAO) notes, “*From ending poverty and hunger to responding to climate change and sustaining our natural resources, food and agriculture lies at the heart of the 2030 Agenda.*”

For many, the answer to poverty and hunger is to accelerate economic growth, presuming that a rising tide will lift all boats, no matter how fragile or leaky. Most believe that market liberalization, property rights, and perhaps some minimal government infrastructure provision is all that is needed.



The government's role should be restricted to strengthening the rule of law and ensuring open trade and investment policies. In such a business-friendly environment, the private sector will thrive. Accordingly, pro-active government interventions or agricultural

¹ First published on Interpress Service, on 21 May 2018 <http://www.ipsnews.net/2018/05/agricultural-trade-liberalization-undermined-food-security/>

² Jomo Kwame Sundaram, a former economics professor, was United Nations Assistant Secretary-General for [Economic Development](#), Assistant Director-General of the [UN Food and Agriculture Organization](#) (FAO) and received the [Wassily Leontief Prize for Advancing the Frontiers of Economic Thought](#) in 2007.

³ Anis Chowdhury, a former professor of economics at the [University of Western Sydney](#), held senior United Nations positions during 2008–2015 in New York and Bangkok.

development policy would be a mistake, preventing markets from functioning properly, it is claimed.

The possibility of market failure is denied by this view. Social disruption, due to the dispossession of smallholders, or livelihoods being undermined in other ways, simply cannot happen.

Flawed recipes

This approach was imposed on Africa and Latin America in the 1980s and 1990s through structural adjustment programmes of the [Bretton Woods institutions](#) (BWIs), contributing to their 'lost decades'. In Africa, the [World Bank's](#) influential [Berg Report](#) claimed that Africa's supposed comparative advantage lay in agriculture, and its potential would be best realized by leaving things to the market.

If only the state would stop 'squeezing' agriculture through marketing boards and other price distortions, agricultural producers would achieve export-led growth spontaneously. Almost four decades later, Africa has been transformed from a net food exporter into a net food importer, while realizing only a small fraction of its vast agricultural potential.

Examining the causes of this dismal outcome, a [FAO report](#) concluded that "*arguments in support of further liberalization have tended to be based on analytical studies which either fail to recognize, or are unable to incorporate insights from the agricultural development literature*".

In fact, agricultural producers in many developing countries face widespread market failures, reducing their surpluses needed to invest in higher value activities. The FAO report also noted that "*diversification into higher value added activities in cases of successful agriculture-led growth...require significant government intervention at early stages of development to alleviate the pervasive nature of market failures*".

Avoidable Haitian tragedy

In the wake of Haiti's devastating earthquake in 2010, former US President Bill Clinton apologized for destroying its rice production by forcing the island republic to import subsidized American rice, exacerbating greater poverty and food insecurity in Haiti.

For nearly two centuries after independence in 1804, Haiti was self-sufficient in rice until the early 1980s. When President Jean-Claude Duvalier turned to the BWIs in the 1970s, US companies quickly pushed for agricultural trade liberalization, upending earlier food security concerns.

US companies' influence increased after the 1986 coup d'état brought General Henri Namphy to power. When the elected 'populist' Aristide Government met with farmers' associations and unions to find ways to save Haitian rice production, the International Monetary Fund opposed such policy interventions.

Thus, by the 1990s, the tariff on imported rice was cut by half. Food aid from the late 1980s to the early 1990s further drove food prices down, wreaking havoc on Haitian rice production, as more costly, unsubsidized domestic rice could not compete against cheaper US rice imports.

From being self-sufficient in rice, sugar, poultry and pork, impoverished Haiti became the world's fourth-largest importer of US rice and the largest Caribbean importer of US produced food. Thus, by 2010, it was importing 80% of rice consumed in Haiti, and 51% of its total food needs, compared to 19% in the 1970s.

Agricultural subsidies

While developing countries have been urged to dismantle food security and agricultural support policies, the developed world increased subsidies for its own agriculture, including food production. For example, the European Union's [Common Agricultural Policy](#) (CAP) supported its own farmers and food production for over half a century.

This has been crucial for ensuring food security and safety in Europe after the Second World War. For Phil Hogan, the EU's Agriculture & Rural Development Commissioner, *"The CAP is at the root of a vibrant agri-food sector, which provides for 44 million jobs in the EU. We should use this potential more"*.

Despite less support in some OECD countries, farmers still receive prices about 10% above international market levels on average. An [OECD policy brief](#) observed, *"the benefits from agriculture for developing countries could be increased substantially if many OECD member countries reformed their agricultural policies. Currently, agriculture is the area on which OECD countries are creating most trade distortions, by subsidising production and exports and by imposing tariffs and nontariff barriers on trade"*.

Double standards

If rich countries can have agricultural policies, developing countries should also be allowed to adopt appropriate policies to support agriculture, to address not only hunger and malnutrition, but also other challenges including poverty, water and energy use, climate change, as well as unsustainable production and consumption.

After all, tackling hunger is not only about boosting food production, but also about enhancing capabilities (including real incomes) so that people can always access sufficient food.

As most developing countries have modest budgetary resources, they usually cannot afford the massive agricultural subsidies common to OECD economies. Not surprisingly then, many developing countries 'protect' their own agricultural development and food security.

Hence, a 'one size fits all' approach to agricultural development, requiring the same rules to apply to all, with no regard for different circumstances, would be grossly unfair. Worse, it would also worsen the food insecurity, poverty and underdevelopment experienced by most African and other developing countries.

To know more:

- Berg, E., [Accelerated Development in Sub-Saharan Africa - An Agenda for Action](#), World Bank, 1981.

- FAO, [Considerations in the reform of agricultural trade policy in low income developing countries](#), FAO Trade Policy Briefs on issues related to the WTO negotiations on agriculture No. 14, undated.
- OECD, [Agriculture, Key Issues for Policy Coherence for Development](#), OECD, undated.

Earlier articles on hungerexplained.org related to the topic:

- Opinions: Sundaram, J. K. and A. Chowdhury, [Growing Inequality under Global Capitalism](#), 2017
- Opinions: Hickel, J., [How to stop the global inequality machine](#), 2017
- [International trade in agricultural commodities](#), 2014
- [Food security: definition and drivers](#), 2013
- [Imposing the liberal economic model](#), 2013