

Farmers, poverty and globalisation of the economy: we need farmer-centered policies

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In a context of globalisation, farmers are facing a number of challenges. They have to deal with deregulation, with privatisation and with the opening of markets to external competition. A growing number of farmers is indeed exposed to global market forces. At the same time, food **in**security and poverty remain the reality for more than 800 million people, a majority of which is living in rural areas. Changing consumption patterns, related to urbanisation and (even modest) income growth, are putting real pressure on rural societies, and on the sustainable development of agricultural production systems. In this context, our main concern is to mobilize support for the **coping as well as the adaptive strategies²** of farmers, and especially for the emerging organisations of agricultural producers from developing countries.

Farmers, all over the world, need markets that function properly and adequately. Farmers concerned are so-called subsistence farmers, but also part-time farming households, as well as emerging commercial farmers. Their markets are local, national and international. They are increasingly engaged with global commodity chains, in markets that ~~do not~~ **function efficiently nor neither function efficiently, or** competitively³.

Economists hold very different views as to the link between liberalization of markets and poverty. We are convinced that market liberalisation, and economic growth in general, will not be sufficient to reduce poverty significantly and in due time. Mechanisms of growth and re-distribution are too slow, as IFAD and FAO are stressing: *“Recent projections of economic growth illustrate that most developing countries will not grow fast enough to cut poverty in half by 2015. In some very poor countries, too many people are too deeply poor. In some middle-income countries, initial inequality is too great. In such cases, the poor must acquire higher shares, access and control of appropriate assets, institutions, technologies and markets in order to promote economic growth with equity”*⁴.

Not only the timing is wrong. Recent evidence indicates that, in term in terms of poverty alleviation, we have to look beyond country averages. We need to focus on the specific interests of vulnerable groups within countries or within groups of countries. Indeed, trade liberalisation might create both risks and opportunities, for the poor as well as for the non-poor, but, within countries, its impact varies according to the segments of the population concerned⁵.

And the segment of low-income, resource poor farmers is a very important one, for its numbers as well as for its vulnerability. 75% of the world's poor actually live in rural areas, **most of them being farmers**. This figure will only drop to 60% in 2020. Poverty will remain largely rural, despite the impact of urbanisation. The rural poor live in areas with low physical and socio-economic potential. *“The worst poverty is often located in arid or semi-arid zones or in steep hill-slope areas that are ecologically vulnerable. There the poor are isolated in every sense. They have meagre holdings or access to land, little or no capital and few opportunities for off-farm employment. Labour demand is often seasonal and insecure. Extension services are few and far between, and research aimed specifically at their needs is sparse”*⁶. Such lack of productive assets, of social and human capital results in a high livelihood insecurity, and poverty.

Comment [KB1]: De vraag is natuurlijk of er naast coping and adaptive, eigenlijk geen radicalere veranderingsstrategieën nodig zijn. (Milieudruk = μ {(B)evolking * (W)elvaart per hoofd}) μ drukt hier dus het beslag op het milieu per eenheid welvaart uit. Als we nu willen dat de milieudruk halveert, terwijl de bevolking in de komende 40 jaar verdrievoudigt en de stijging van de welvaart per hoofd gemiddeld zo'n 8 keer het huidige niveau zal moeten worden in 40 jaar, dan moet het milieubeslag met en factor 48 afnemen. Voor duurzame landbouw zijn dan radicale veranderingen in productietechnologie nodig.

Comment [KB2]: Ik vraag me af of de verschillen van mening tussen economen niet veel kleiner zijn dan die van het algemene publiek

Comment [KB3]: Dit is een hele gewaagde. Het is waarschijnlijk niet zo dat farmers tot de allerarmste behoren. Landloze landarbeiders, mensen die afhankelijk zijn van seizoenarbeid zijn waarschijnlijk de allerarmste, vooral in tijden van crisis van de crops waar zij hun arbeid verrichten.

Comment [KB4]: Als lack of productive resources een probleem vormt moet dat in eerste instantie aangepakt worden. Landhervorming blijft daarom een belangrijk onderwerp. Zie ook The Peasants' Charter die de overheden (ook de Belgische) in 1979 ondertekende tijdens de World Conference on Agrarian Refor and Rural Development. Zeer actueel en toen IFAP het onderwerp een paar geleden weer agendeerde hoopte ik dat hun lobby meer impact zou hebben. In het boekje over cooperaties en economische initiatieven haal ik De Janvry aan die drie fundamentele zaken noemt die bereikt moeten worden om plattelandsontwikkeling op gang te brengen: vestiging van democratisch regiem, herverdeling van vermogen (dus landhervorming) en ruiervoerbetering (zie pag. 19)

Farming is a risky and uncertain activity, farmers are vulnerable. Trade and agricultural policies should focus on their situation, and they should have an impact within a reasonable time-frame. Their activities are crucial for food security, for a sound and sustainable management of natural resources, and for maintaining the economic and social vitality of rural communities.

Globalisation means that large food processing and distribution groups increasingly have access to consumers anywhere in the world. It means that traders can buy agricultural products in any country in the world, and they increasingly do so. It also means that globalised consumption patterns (urban culture), for non-food as well as for food, have a strong impact on rural and urban lifestyle. Material needs (goods and services) from “western” culture prevail. Wheat and bread are replacing local cereals. Coke replaces traditional drinks at family gatherings. Local production for local consumption is not evident. And the more affluent (or the less poor...) people get, the more food of animal origin they tend to eat. People do not reject meat if they have the buying power to get it. Such changes in food habits are particularly important in developing South and East Asian nations (China, India, Malaysia, Vietnam, Indonesia, Philippines...) and will have severe repercussions on the demand for cereals.

The opening of less favoured regions to national and international trade means competition from cheap imports and lower world prices. IFPRI projections are that world prices of grains will continue to fall. Low food prices on world markets are good for poor consumers, but less good for poor farmers seeking to earn income from sales of food surpluses, and may reinforce a tendency to supply major cities in developing countries from the world market rather than from their rural hinterlands⁷.

The future of vulnerable rural economies, in a context of globalisation, also depends on the rural non-farm economy (RNFE). RNFE is mainly agriculturally-driven, and can develop in relatively isolated rural areas, because of the imperfections of markets between urban and rural areas, together with the relative inability of poor people to afford urban imports. The irony of RNFE is that the same infrastructure that will open up rural areas and speed their development, and that are so badly needed by farmers to market their produce, will also allow urban goods to compete away the RNFE. So the agriculturally linked RNFE may well be a temporary phenomenon of rural areas in transition, and a new RNFE might be based upon flexible specialisation, urban subcontracting and clustering of economic activities.

National policy making is a key issue here: either urban centres will proliferate as the main engines of investment and growth, or governments intervene. To intervene is an expensive option, based upon decentralised development and more spatially equitable outcomes, but the future of rural societies and the nature of rural livelihoods is at stake⁸.

Farmers and their organisations can obviously contribute to the formulation and implementation of adequate national and decentralised policies⁹. They are major stakeholders in this processes. However, such considerations (focus on agricultural development, role of farmers’ organisations) are not reflected in developing co-operation practice. According to IFAD¹⁰, the real value of net aid disbursed to agriculture in the late 1990s was only 35% of its level in the late 1980s. A recent evaluation of Dutch NGO-work in Western Africa, stressed the lack of focus on farmers’ organisations. Agriterra¹¹ calculated that less than 2% of official OECD countries’ development assistance goes to membership based farmers’ organisations.

Comment [KB5]: Uit het verhaal van Maurice Schiff, jullie landgenoot bij de wereldbank, blijkt dat juist overheidsinterventie op dit terrein (het bevoeden van industriële ontwikkeling en wel van het urbane soort) heeft geleid tot de plundering van agriculture. Dus het is niet either or, maar overheden moeten ander investment, en handelsbeleid voeren. Zie ook lezing van doornbos op PrepcomII in New York (ref. via E-conference on Johannesburg zie PeasantsWorldwide)

Globalisation requires stronger nation-states¹². But, in many parts of the world, the nation-state is under severe threat from diverse pressures. Developing country governments deserve support for the formulation and implementation of policies that take advantage of international trade (or that protect themselves from it), and for the management of the internal economy. Urban growth implies a growth in demand for livestock-based products. Under current patterns of infrastructure, taxation and other policies, it will not be farmers that will supply, but the (already better-off) peri-urban investors, whose comparative advantage is biased.

Comment [KB6]: vgl. De Janvry over zijn noodzaak tot het vestigen van democratische regimiens. Zie Zimbabwe hoe een ondemocratisch regiem de zaak kan verliezen.

On the international level, every country and region is trying to capture its benefits of globalisation, such as expanded markets for exports. At the same time, they are trying to protect themselves from the worst consequences of strong external competition¹³. At present, farmers in most countries are facing severe difficulties, due to very low agricultural commodity prices in just about all sectors. These difficulties are compounded by global pressure on farmers to reduce costs of production, and become more competitive. This pressure is leading to larger farms, a more industrial type of agriculture, and to fewer people in rural areas.

Farmers are also confronted with a substantial concentration of the industry upstream and downstream of the farming sector. A limited number of large firms now dominate both the processing/distribution side and the input side of the agri-food chain. There is genuine concern in the farming community that world markets are not functioning competitively. From recent evidence on trade liberalisation and food security¹⁴ the question raises on who gets the benefit of economic growth in today's globalised market place, in an international trading system where 70% of world trade is between transnational corporations. In the international agri-food scene, the concentration that spans fertilisers, seeds, cereals, processing, shipping, retailing... is impressive and growing. Only a limited number of vertically integrated conglomerates is involved at the global level, they trade all the major agricultural commodities.

Comment [KB7]: IFAP heeft een leuk document hoierover in voorbereiding

In terms of poverty reduction and small farmers' interests, the arguments against (export) subsidies to farmers in industrialised countries, as well as the arguments in favour of market access for developing countries are not very relevant. The reform of the EU Common Agricultural Policy (CAP) and improved market access will only make a tiny contribution in terms of reducing the number of people who are food insecure and chronically hungry. Recent initiatives, such as "Everything But Arms", do not build the kind of policies that the poor farmers need. On the contrary: the challenges for farmers from industrialised countries and for developing countries are very much the same.

Comment [KB8]: Dat zou ik niet zeggen, maar ik zou het eerder op de tour gooien van (f)links doen over de ruggen van boeren, maar als het op maatregelen aankomt die werkelijk zoden aan de dijk zetten voor ontwikkelingslanden (bijvoorbeeld meer mogelijkheden tot (tijdelijke) arbeidsmigratie, dan heult men liver mee met LePen, Vlaams Blok en Fortuin. Argumenten die je hier kunt gebruiken zijn: verruimde exportmogelijkheden in ACP verband worden maar voor 80% benut en verruiming van de importmogelijkheden van bewerkte landbouwproducten heeft een grotere bijdrage.

Globally, we need more farmer-centered policies, and part of these policies will be rightly protectionist. We have to screen every future development, wherever in the world, against its impact in terms of food security, management of the natural resource base, and vitality of rural communities. Based upon John Madeley (ODI), and his analysis of recent evidence on globalisation, we would suggest the following conclusions (in terms of pro-farmer and pro-food security policies):

- (1) Regulation of transnational companies is badly needed. The early 21st century will be marked by a struggle to curtail excessive corporate power. We must make markets competitive. The mainstream trading system needs corrections. Trade can help the food insecure, but only if producers have stronger bargaining power. As was stated in the 1996 World Food Summit plan of action "we will strive to ensure that trade policies are conducive to fostering food security for all through a fair and market oriented world trade system". A development box rightly completes the set of policy instruments already operational.

Comment [KB9]: In plaats van voor protectie te pleiten zou ik eerder pleiten voor vrijhandel, maar dan als de voorwaarden voor eerlijke handel goed zijn (lees daar Adam Smith nog maar eens op na. Dat is inmiddels revolutionaire lectuur in tijden van globalisering). Ik vond het argument van uw voorzitter wel inspirerend die toch min of meer beweerde dat vrije handel niet het einddoel is, maar verhoogde welvaart en dat de discussie dus moet gaan over hoe verhoogde en gespreide welvaart bereikt kan worden, wereldwijd.

- (2) The pace of trade liberalisation should **slow down**, and any further liberalisation should be introduced only very gradually. Farmers need time to adapt. Farmers also need time to get organised.
- (3) The policy emphasis should shift from trade liberalisation to “local” production which can benefit the food insecure and which corresponds to the (quality) needs of society. There is convincing empirical evidence that increased local agricultural production, in poverty-affected zones, has the strongest poverty-alleviating effects. Agriculture itself generates employment, agriculture stimulates the local economy, and it provides the essential basis for local food security. Development efforts that help farmers raise their production will probably have greater impact on reducing poverty than any other alternative¹⁵.

Comment [KB10]: Defensief geformuleerd en bovendien moreel geïnspireerd en wie zou dat moeten doen? Waarschijnlijk zijn overheden in de derde wereld de grootste voorstanders van snelle liberalisatie, want anti-boerenbeleid is al decennia lang de norm in ontwikkelingslanden.

Comment [KB11]: Dit verhaal zou ik eerder in uw stuk ergens opvoeren het is namelijk munitie voor uw conclusie, nu staat het als mosterd na de maaltijd (goede mosterd nog wel)

Leuven, March 02, 2002.

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² The “time-perspective” is important: a distinction is therefore made between farmers’ *coping* strategies (short term responses to calamities and shocks) and their *adaptive* strategies (longer term responses to changes or to adverse processes).

³ Remarks by G. Doornbos, President of the IFAP (International Federation of Agricultural Producers) at the 31st Conference of the FAO, Rome, November 2001.

⁴ IFAD (International Fund for Agricultural Development), “Plan to Cut Global Poverty by 50% is Failing – Needs of Rural Majority Neglected”, <http://www.ifad.org/poverty/pr.htm>, February 2002.

⁵ H.B. Solignac Lecomte, Overseas Development Institute and European Center for Development Policy Management, “Globalisation, Free Trade and Poverty: What do we know?”, waar en wanneer uitgegeven.

⁶ Conway, G. (1997), “The Doubly Green Revolution”, cited by Ashley C. and Maxwell S., “Rethinking Rural Development”, Development Policy Review, 2001, 19 (4).

⁷ Pinstrup-Andersen, International Food Policy Research Institute (IFPRI), “World Food Prospects: Critical Issues for the Early Twenty First Century”, 1999.

⁸ Daniel Start (ODI), “The Rise and Fall of the Rural Non-farm Economy: Poverty Impacts and Policy Options”, Development Policy Review, 2001, 491-505.

⁹ We refer to discussions with farmers’ organisations from developing countries during the 2001 meetings of the Development Cooperation Committee (DCC) of the IFAP.

¹⁰ International Fund for Agricultural Development (IFAD), “Rural Poverty Report 2001: The Challenge of Ending Rural Poverty”, Oxford University Press, wanneer uitgegeven.

¹¹ Agriterra is a Dutch development NGO, linked to the farmers’ organisation, rural people’s organisations and their co-operatives. Agriterra is a member of AgriCord, the international alliance of agri-agencies.

¹² This section is largely based upon discussions with farmers’ organisations from Asia, Africa, Latin America and the Caribbean Region within IFAP, in 2001 (Regional Committee and Development Committee meetings in Cairo, San José and Tokyo).

¹³ The following section follows G. Doornbos, “Agriculture in a Global Perspective”, IFAP, Oxford Farming Conference, 5 January 2000.

¹⁴ John Madeley, Overseas Development Institute, “Trade liberalisation and food security: recent evidence”, ODI speeches, 2001.

¹⁵ Xavier Irz, Lin Lin, Colin Thirtle and Steve Wiggins, “Agricultural Productivity Growth and Poverty Alleviation”, Development Policy Review, 2001, 19 (4): 449-466.