

Testimony before the House Financial Services Committee,  
Wednesday 14 May 2008

Raj Patel,  
Fellow, Institute for Food and Development Policy

### Introduction

1. We live amidst a profound and worsening contradiction. While we produce more food than ever before, hunger is rampant. In 2006, 854 million people were food insecure.<sup>1</sup> This figure is certain to increase in 2007 and 2008, with the recent global rise of food prices.
2. The World Bank reports that global food prices rose 83% over the last three years and the FAO cites a 45% increase in their world food price index during just the past nine months.<sup>2</sup> *The Economist's* comparable index stands at its highest point since it was originally formulated in 1845. As of March 2008, wheat prices were 130% above their level a year earlier, rice prices were 66% higher, and maize prices were 38% higher.<sup>3</sup> Yet incomes for the poorest have stagnated and, in some cases, fallen.<sup>4</sup> The consequence of soaring prices and creeping income growth has been catastrophe, particularly for those who spend more than half of their daily income on food.
3. Food riots have been reported in Indonesia, Mexico, Haiti, the Philippines, Egypt, Somalia, Burkina Faso, Yemen, Cameroon, Mauritania, Senegal and Morocco. In all of these countries, as throughout history,<sup>5</sup> these protests are both demands for food, but also demands for democracy. The citizens on the streets are all too aware that the current crisis is both a failure of entitlement, and a failure of government accountability. The origins of both can be traced to a similar cause.
4. The food riots have both short- and long-term reasons. The recent short-term increase in the price of food has been the result of a confluence of factors, a 'perfect storm.' These short term price increases have created an entitlement gap in developing countries, where the ability to pay for food falls very far short of daily calorie needs.
5. Atop these increases, the longer term capacity of governments to weather and adapt to the price shocks has been compromised. The manner of this compromise has a great deal to do with the architecture of international development

---

<sup>1</sup> Food and Agricultural Organization of the United Nations FAO, [The State of Food Insecurity in the World 2006](#) (Rome: Food and Agricultural Organization of the United Nations, 2006).

<sup>2</sup> World Bank, [Rising Food Prices: Policy Options and World Bank Response](#) (Washington DC: World Bank, 2008).

<sup>3</sup> FAO, FAOSTAT database, retrieved April 2008.

<sup>4</sup> Department of Economic and Social Affairs United Nations, [The Inequality Predicament: Report on the World Social Situation 2005 \[a/60/117/Rev.1 St/Es/299\]](#) (New York: United Nations, 2005).

<sup>5</sup> E. P. Thompson, "The Moral Economy of the English Crowd in the Eighteenth Century," [Past and Present](#) 50 (1971), Anthony James Coles, "The Moral Economy of the Crowd: Some Twentieth-Century Food Riots," [The Journal of British Studies](#) 18.1 (1978), Louise A. Tilly, "Food Entitlement, Famine, and Conflict," [Journal of Interdisciplinary History](#) 14.2 (1983), Dana Frank, "Housewives, Socialists, and the Politics of Food: The 1917 New York Cost-of-Living Protests," [Feminist Studies](#) 11.2 (1985).

assistance. The United Nations Special Rapporteur on the Right to Food, Olivier De Schutter, has recently said that despite the fact that the price rises are recent, “we are paying for 20 years of mistakes.” Dr De Schutter’s assessment is correct and, further, he is correct in his identification of the agents of those errors in naming the World Bank and International Monetary Fund as particularly culpable.<sup>6</sup>

6. The solutions to the current crisis require a structural transformation in the Bank’s approach to development policy, in both substance and in procedure. Unfortunately, the Bank itself insists on policies that have been proven failures over the past three decades, and which are likely to stymie rather than enable a change for the better in securing food supplies in a way that promotes democracy, accountability and sustainability in a growing world.

### Situation Analysis

7. The current price spike is the combination of five distinct factors.
  - a. **The price of oil.** The high price of oil, at the time of writing higher than \$120/barrel, has direct and indirect implications for food security. The net energy costs of food production under modern industrial agriculture require more than a calorie of fossil fuel to produce every calorie consumed. This energy is required not only to transport food considerable distances, but also in the manufacture of inorganic fertilizers and pesticides. The USDA’s index for nitrogen fertilizers was 118 in 2000 but reached 204 by 2006.<sup>7</sup> The Department projects that over the next decade, cereals will cost 15% more per ton to produce.<sup>8</sup>
  - b. **Agrofuels.** The use of arable land to grow crops for transformation into agrofuels (also known as biofuels) is increasingly recognised as a net negative in terms of climate change, water and energy use.<sup>9</sup> The European Union is in the process of retreating from its agrofuels policy. The World Bank has deemed the shift towards agrofuel crop production to be a significant contributor to the price rises.<sup>10</sup> Agrofuels policy has also been criticised for its discriminatory effects against women, who disproportionately shoulder the consequences of the current food crisis.<sup>11</sup>

---

<sup>6</sup> Olivier De Schutter, Background Note: Analysis of the World Food Crisis by the U.N. Special Rapporteur on the Right to Food, New York and Geneva, May 2, 2008  
2008, Available: <http://www2.ohchr.org/english/issues/food/docs/SRRTFnotefoodcrisis.pdf>, May 2, 2008  
2008.

<sup>7</sup> Steve Wiggins and Stephanie Levy, Rising Food Prices: A Global Crisis (London: Overseas Development Institute, 2008).

<sup>8</sup> United States Department of Agriculture USDA, Usda Agricultural Projections to 2017 (Washington DC: Office of the Chief Economist, World Agricultural Outlook Board, United States Department of Agriculture, 2008).

<sup>9</sup> Joseph Fargione, Jason Hill, David Tilman, Stephen Polasky and Peter Hawthorne, "Land Clearing and the Biofuel Carbon Debt," Science (2008).

<sup>10</sup> World Bank, Rising Food Prices: Policy Options and World Bank Response.

<sup>11</sup> Andrea Rossi and Yianna Lambrou, Gender and Equity Issues in Liquid Biofuels Production: Minimizing the Risks to Maximize the Opportunities (Rome: Food and Agricultural Organization of the United Nations, 2008), Karen Hansen-Kuhn, Women and Food Crises: How Us Food Aid Policies Can Better Support Their Struggles - a Discussion Paper (Washington D.C.: ActionAid USA, 2007).

- c. **Unsustainable consumption.** Increasing incomes have led to some demand for meat and dairy products in some developing countries. The ‘nutrition transition’ has meant that increasing numbers of people in developing countries aspire to the unsustainable diets found in the United States and Western Europe.<sup>12</sup> These diets have bid up the price of grains for feed, rather than for direct human consumption, and have been both cause and consequence of further distributional inequalities.<sup>13</sup>
  - d. **Unfavorable climate.** Poor harvests have been caused by unexpected climatic events, most recently the tragedy in Burma. Unusual events have been reported elsewhere, however, and have been responsible for poor harvests, in particular in South East Asia and in Australia.
  - e. **Speculation.** Financial speculation is a legitimate and serious concern, and is rightly the subject of review in the House Committee on Agriculture on May 15<sup>th</sup>, 2008. Financial speculation has been an important contributing factor in almost every major famine since WWII. As the senior development economist Amartya Sen observed in his seminal study of famine in Bengal in 1943, there was enough food to feed the hungry. The reason that millions starved was because of hoarding and subsequent speculation on the future price of rice.<sup>14</sup>
  - f. In the Philippines today, the government is currently instructing its law and order officials to raid rice warehouses. The effect of a bubble in food prices will be familiar to this committee – it has its analogue in the housing bubble, which swelled for no other reason than a widespread belief that there was profit to be made in buying real estate in a market of high expectations.
  - g. On top of these factors are legitimate concerns about the existence of price collusion among producers. In the United Kingdom, Spain and South Africa, competition regulation authorities are investigating the price of eggs, milk, bread and chicken. It would not be unreasonable to expect more investigations of this nature to be opened in other countries. Indeed, the European Commission has recently found that the price of certain food commodities in the EU has increased three times more than might be explained by the changes in agricultural markets.<sup>15</sup> With incomes stagnating or increasing only slightly, and the price of food undergoing such dramatic rises, hunger is the tragic consequence.
8. The current context of high prices is, however, only part of the reason why protests around food are so prevalent. The longer-term factor is the absence of

---

<sup>12</sup> Majid Ezzati, Ari B. Friedman, Sandeep C. Kulkarni and Christopher J. L. Murray, "The Reversal of Fortunes: Trends in County Mortality and Cross-County Mortality Disparities in the United States," PLoS Medicine 5.4 (2008).

<sup>13</sup> On the severity of distributional inequality, see United Nations, The Inequality Predicament: Report on the World Social Situation 2005 [a/60/117/Rev.1 St/Es/299].

<sup>14</sup> Amartya Kumar Sen, Poverty and Famines : An Essay on Entitlement and Deprivation (New York: Oxford University Press, 1981).

<sup>15</sup> Mariann Fischer Boel, Member of the European Commission Responsible for Agriculture and Rural Development, Annual Policy Strategy for Agriculture Speech to the Agriculture Committee of the European Parliament (Brussels: European Union, 2008).

mechanisms to protect populations from these high international food prices, and the lack of domestic food-production capacity. Over the past thirty years, large numbers of developing countries have been subject to ‘structural adjustment policies’ and their subsequent variants, as demanded by international financial institutions, the World Bank group foremost among them. It is these policies which bare a considerable share of the responsibility both for developing countries’ inability to meet the challenges of the current crisis, and for the promotion of unaccountable governance within these countries.

## History

9. The World Bank’s initial forays into agriculture in the 1950s were largely diplomatic. Indeed, as a new global financial institution the Bank faced structural disincentives to invest in agriculture. It needed to prove its creditworthiness to a sceptical bond market, and did so by investing in projects with guaranteed high rates of return. As a result, it heavily favoured industrial projects over agricultural ones.<sup>16</sup> In 1961 there were only 12 staff charged with agricultural programming at the Bank. Funding for agriculture received a boost under Bank President Robert McNamara, who pledged himself to support agriculture, ‘which for so long has been the stepchild of development’.<sup>17</sup> Under his tenure, the Bank invested in and supported the creation of grain marketing boards, agricultural extension services and food storage and distribution services, particularly in Africa. These policies ran alongside the goals and aspirations of developing countries, and supported endogenously-formed and democratically-demanded socio-economic policies.
10. The debt crisis in the early 1980s was accompanied by a political transformation in the economic policy of the World Bank. The state, previously seen as the *sine qua non* of development was considered secondary to ‘getting prices right’. This doctrine, influenced by a particular style of economics, demanded a reversal of policy. Instead of support for domestic industry under import substitution economic policy, developing countries were to be exposed to free markets. It was an approach that ignored the development trajectory of the First World, which developed its agriculture and industry behind very high tariff barriers. Yet this approach denied developing countries the same opportunity.<sup>18</sup> Instead, developing countries were to be plunged straight into the cauldron of international competition.
11. This approach had some very specific consequences for agriculture. The then-US US Secretary for Agriculture, John Block, said in 1986 at the beginning of the Uruguay Round of Negotiations of the General Agreement on Tariffs and Trade that: “[the] idea that developing countries should feed themselves is an anachronism from a bygone era. They could better ensure their food security by relying on US agricultural products, which are available, in most cases, at much

---

<sup>16</sup> Devesh Kapur, John Prior Lewis and Richard Charles Webb, The World Bank : Its First Half Century (Washington, D.C.: Brookings Institution, 1997) 379.

<sup>17</sup> Kapur, Lewis and Webb, The World Bank : Its First Half Century 380.

<sup>18</sup> Ha-Joon Chang, Bad Samaritans: Rich Nations, Poor Policies and the Threat to the Developing World (London: Random House Business Books, 2007).

- lower cost.”<sup>19</sup> That lower cost was due in no small part to the large subsidies given to the industrial production of crops within the US and European Union.
12. For this food regime<sup>20</sup> to work, existing marketing boards and support structures needed to be dismantled. In a range of countries, this meant that the state bodies that had been supported and built by the World Bank were dismantled by World Bank. The rationale behind the dismantling of these institutions was to clear the path for private sector involvement in these sectors, on the understanding that the private sector would be more efficient and less wasteful than the public sector. As one report has observed: “Farmers suffered negative consequences because key products and marketing costs rose rapidly, fertilizer prices and transport costs soared and labor costs declined. [For example p]roducer prices showed greater volatility in Cameroon, Cote d’Ivoire and Nigeria – countries that dismantled their marketing boards than in Ghana (which keeps its).”<sup>21</sup>
  13. This is an assessment shared by the World Bank’s own Independent Evaluation Group, which noted two key failures in the Bank’s operations in agriculture. First, the Bank has neglected agriculture: “Underperformance of agriculture has been a major limitation of Africa’s development. For most of the past two decades, both governments and donors, including the World Bank, have neglected the sector. The Bank’s limited - and, until recently, declining- support to agriculture has not been strategically used to meet the diverse needs of a sector that requires coordinated interventions across a range of activities.”<sup>22</sup> Second, the dismantling of agriculture was intended to create opportunities for the private sector but invariably, the invisible hand was nowhere to be seen. The Blair Commission for Africa concurs with the Bank’s evaluation. In its report, the Commission states, “Domestic stabilization schemes and associated institutions have been dismantled under the banner of market efficiency, and this has created an institutional void with adverse consequences for the livelihood of millions of African farmers.”<sup>23</sup>
  14. This combination of neglect and active dismantling of support has combined with further pushes to liberalize economies. This liberalization has been a prerequisite for loans from the Bank. In accepting the conditions, however, countries were effectively forced into culling domestic policies and institutions that might have been bargaining tools in multilateral trade negotiations. The World Bank group, for example, required that the Nicaraguan legislature approve the controversial Central American Free Trade Agreement as part of its Poverty Reduction Support Credit.<sup>24</sup> Broadly, the adoption of these structural adjustment policies put

---

<sup>19</sup> Walden Bello, "WTO: Serving the Wealthy, Not the Poor," The Ecologist, Sept. (2000).

<sup>20</sup> Philip McMichael, "Global Development and the Corporate Food Regime," Symposium on New Directions in the Sociology of Global Development, XI World Congress of Rural Sociology. (Trondheim. : 2004).

<sup>21</sup> Nancy Alexander, The Value of Aid: A Critical Analysis of the UN Millennium Project's Approach to the MDGs (New Delhi: ActionAid Asia, 2005).

<sup>22</sup> World Bank, World Bank Assistance to Agriculture in Sub Saharan Africa: An Independent Evaluation Group Review (Washington DC: World Bank, 2007).

<sup>23</sup> Cited in Alexander, The Value of Aid: A Critical Analysis of the UN Millennium Project's Approach to the MDGs.

<sup>24</sup> International Development Association, International Development Association Program Document for a Proposed Credit In the Amount of SDR 16.83 Million (US\$25 Million Equivalent) to the Republic of Nicaragua for a Second Poverty Reduction Support Credit (2006)..

- developing countries in yet a weaker structural position for negotiating outcomes favourable to agriculture and, in particular, the rural poor.<sup>25</sup>
15. The result of these interventions and conditions was to accelerate the decline of developing country agriculture. One of the most striking consequences of liberalization has been the phenomenon of ‘import surges’.<sup>26</sup> These happen when tariffs on cheaper, and often subsidized, agricultural products are lowered, and a host country is then flooded with those goods. There is often a corresponding decline in domestic production. In Senegal, for example, tariff reduction led to an import surge in tomato paste, with a fifteen-fold increase in imports, and a halving of domestic production. Similar stories might be told of Chile, which saw a three-fold surge in imports of vegetable oil, and a halving of domestic production. In Ghana in 1998, local rice production accounted for over 80% of domestic consumption. By 2003, that figure was less than 20%.<sup>27</sup>
  16. Nor is this the only commodity in which Ghana has suffered an erosion in domestic production. As one report notes: “Until the early 1990s, local industry supplied all the chicken and eggs consumed in Ghana, and in 1992, 95 percent of the domestic poultry requirement was met through local production ... this trend did not continue through the 1990s, as imports of poultry products such as legs, wings and thighs from Europe attracted consumers. The consumption pattern of Ghanaians gradually changed from whole chicken to chicken parts, particularly the thighs. Thus, from 2000 onwards the share of local poultry had dropped to 11 percent.”<sup>28</sup>
  17. This is an outcome predicted in advance by Ghanaian civil society and members of the Ghanaian Department of Agriculture, but it was taken to be an acceptable consequence of liberalization policies that farmers in tomatoes, rice and poultry should compete unprotected against billions of dollars of annual subsidy in the European Union and North America. The consequence is the public monopolies have been transformed into private ones, without any of the benefits of competition and, now, without even the benefit of recourse to elected officials. The deepest irony is that such changes are summoned under the language of the ‘level playing field’.
  18. This points to a further problem. The Bank itself is unaccountable for its policy decisions. By insisting that governments implement conditionality as part of its lending regime, it is able to exercise a great deal of control over the direction and substance of policy in developing countries. That list of conditions has included

---

<sup>25</sup> Armin Paasch, Frank Garbers and Thomas Hirsch, Trade Policies and Hunger. The Impact of Trade Liberalisation on the Right to Food of Rice Farming Communities in Ghana, Honduras and Indonesia (Geneva: Ecumenical Advocacy Alliance (EAA) and FoodFirst Information and Action Network (FIAN), 2007).

<sup>26</sup> Food and Agricultural Organization of the United Nations FAO, Some Trade Policy Issues Relating to Trends in Agricultural Imports in the Context of Food Security. (Rome: Committee on Commodity Problems, FAO, , 2003).

<sup>27</sup> ActionAid International Ghana, Agro-Import Surge Study: The Case of Rice in Ghana (Johannesburg: ActionAid International, 2006).

<sup>28</sup> Sofia Monsalve, Mohammed Issah, Burghard Ilge, Armin Paasch, Kerstin Lanje and Patrick Mulvany, Right to Food of Tomato and Poultry Farmers: Report of an Investigative Mission to Ghana (Heidelberg: Foodfirst Information Action Network FIAN, 2007).

substantive changes in agriculture, and they continue to be enforced. In the recent rounds of the Bank's Poverty Reduction Support Credits (PRSCs), for instance, loans continue to be contingent on specific policy demands. Four crop boards are to be prepared for sale in Tanzania<sup>29</sup>, Benin's cotton sector is to be privatized,<sup>30</sup> all agricultural support programs are to be liberalized in Moldova,<sup>31</sup> and Yemen is to be forced into a land reform policy that has failed everywhere else it has been attempted,<sup>32</sup> to take four agricultural examples among dozens of economic transformations in areas as diverse as water, housing, government procurement and labor law. Again, even by the generous standards within the international development community, these loans have been failing – none receives an A grade in a recent OECD assessment and the majority receive C or D grades.<sup>33</sup>

19. The effects of these policies on women deserves special mention. As ActionAid International notes, "Women suffer disproportionately from food crises. Some 70 percent of the hungry are women and girls. But women also contribute more than their share to the potential solutions. Numerous studies cite the importance of women's participation in agricultural production. According to the FAO, rural women in developing countries produce between 60 and 80 percent of their countries' food. They are overwhelmingly responsible for the production of vegetables and basic food grains, especially in sub-Saharan Africa. Women contribute their labor, their knowledge about traditional seed varieties and cultivation practices, and their determination to feed their families, especially their children, over most other considerations. Studies have also documented that increases in women's incomes are more strongly associated with improvements in their families' wellbeing, especially their children's nutritional status, than similar increases in men's incomes."<sup>34</sup> The current food crisis has had a particularly devastating effect on women, yet the Bank insists on policies that have been responsible for exacerbating the current crisis.

---

<sup>29</sup> International Development Association, Program Document for a Proposed Credit in the Amount of Sdr 127.6 Million (Us\$190 Million Equivalent) to United Republic of Tanzania for a Fifth Poverty Reduction Support Credit (PRSC-5) (Washington DC: World Bank Group, 2007).

<sup>30</sup> International Development Association, Program Document Regarding a Proposed Fourth Poverty Reduction Support Credit (PRSC-4) to the Republic of Benin (Ida/R2007-0138) (Washington DC: World Bank Group, 2007).

<sup>31</sup> International Development Association, Program Document for Proposed Poverty Reduction Support Credit in the Amount of SDR 6.8 Million (US\$10 Million Equivalent) to the Republic of Moldova (Washington DC: World Bank Group, 2006).

<sup>32</sup> See, Bank Information Center, World Bank Pressed to Disclose Documents on Controversial Yemen Reform Program (Washington DC: Bank Information Center, 2008). On the failure of Bank land reform policy in South Africa see E. Lahiff, "Willing Buyer, Willing Seller: South Africa's Failed Experiment in Market Led Agrarian Reform," Third World Quarterly 28.8 (2007), and Saturnino M. Jr. Borras, "The Underlying Assumptions, Theory, and Practice of Neoliberal Land Policies," Promised Land: Competing Visions of Agrarian Reform, eds. Peter Rosset, Raj Patel and Michael Courville (Oakland, CA: Food First Books, 2007) more generally.

<sup>33</sup> Organisation for Economic Co-operation and Development OECD, Aid Effectiveness: 2006 Survey on Monitoring the Paris Declaration: Overview of the Results (Paris: OECD, 2007).

<sup>34</sup> Hansen-Kuhn, Women and Food Crises: How Us Food Aid Policies Can Better Support Their Struggles - a Discussion Paper.

## Solutions

20. The situation facing the world is grave, but there is a range of short and long term solutions. In the short term, there is a role for food aid purchased regionally – the recognized best-practice option and one consonant with policy recommendations from the World Bank and other institutions. There are well-defined policies that should guide the disbursement of the emergency aid that is required, and these are policies contravened by existing PL-480 title II provisions.
21. Further, as the Bank has noted, the push to agrofuels policies led by this government are exacerbating the international food price squeeze. It was for this reason that both the previous UN Special Rapporteur on the Right to Food, Jean Ziegler and the current Special Rapporteur have called for a moratorium on the production of agrofuels, or at a minimum for a freeze of any further investment in this industry.
22. Sustained income transfers from rich to poor, and particularly to women, also have a role to play in ensuring that governments meet their obligations to ensure the right to food, both in the short and medium term, with the price of food likely to remain high for the foreseeable future.<sup>35</sup> Indeed, while governments may not shoulder the blame for poor harvests, they will certainly be in dereliction of their duties of care if they allow widespread hunger to continue.
23. Governments should be free to develop and maintain domestic grain stores to insure against the kinds of fluctuations that we have seen to date. Strategic grain reserves, and the means to accumulate and distribute them through government intervention in the market, are reasonable short and long term solutions to the current impasse. Because they are under the democratic control of governments such stores are the antithesis of private speculation in grain markets – public stores exist not to maximize profit, but to minimize hunger.
24. This policy flexibility should include the right and obligation to support the domestic agricultural investment that has for so long been neglected by the World Bank. Particularly since US levels of agricultural subsidy are, with the 2008 Farm Bill about to be signed into law, likely to remain high in the foreseeable future, developing countries need the policy flexibility to protect domestic agricultural production in ways consonant with their own democracies. Without this option, the playing field will continue to be tilted against developing country agriculture. As the World Bank itself has noted, this harms none more than the world's poorest people, who are sustained by agriculture.<sup>36</sup> Yet it is under the Bank's own policies that agricultural spending and protection for agriculture has been eroded.<sup>37</sup>

---

<sup>35</sup> De Schutter, Background Note: Analysis of the World Food Crisis by the U.N. Special Rapporteur on the Right to Food.

<sup>36</sup> World Bank, World Development Report 2008: Agriculture for Development (Oxford: Oxford University Press for The World Bank, 2007).

<sup>37</sup> Raj Patel, The World Bank and Agriculture: A Critical Review of the World Bank's World Development Report 2008 (Johannesburg: ActionAid International, 2007).

25. A country that has followed an independent path is Malawi. Harmed by the IMF's pressure to force them to sell off their grain reserves in 2002,<sup>38</sup> the Malawian government decided to act in defiance of IMF and World Bank advice and support the acquisition of fertilizer for farmers. This policy has resulted in increased domestic food security in Malawi, increased output, and better development outcomes. The Malawian government is to be applauded for its rejection of Bank interference in its domestic agricultural policy, and for its determination to press ahead with a policy that was demanded by its people. This is a reasonable policy response to the failure of private enterprise to invest in agriculture.
26. Unfortunately, the price of inorganic fertilizer is high and rising, raising questions about the replicability of this experiment.<sup>39</sup> There is widespread agreement that an increase in soil fertility is required around the world. While industrial agriculture may have increased output in the short term, it has reduced soil fertility through the application of petrochemical-based inputs, it has tied the price of agricultural inputs to the price of oil, and has in many countries already reached the point of diminishing marginal returns. While the private sector has been keen to offer genetically modified technology as a potential solution, a World Bank-sponsored project, the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD), has recently concluded its review of ways in which the world might be fed. Its conclusions run counter to those of the private sector, but offer an important and vital series of recommendations to mitigate the current food crisis.
27. The IAASTD involved not only the World Bank, but the United Nations, the Global Environmental Fund, the World Health Organization and many other international stakeholders together with a wide range of governments, civil society and the private sector. Comprised of over 400 scientists, the panel evaluated the potential scenarios for feeding a world with a projected population of over 9 billion people. More than 50 governments approved its conclusions in April 2008, including, with certain reservations, that of the United States.
28. The report repeatedly suggests measures to reduce vulnerability in the food system through locally based knowledge, innovations, policies and investments. Instead of a one-technology-fits-all solution, the IAASTD report focuses on a matrix of locally appropriate solutions based on local knowledge and control of productive resources. The report also identifies research and policy priorities, such as reducing the dependency of agriculture on fossil fuels, which seem especially wise in light of the crisis.
29. A key recommendation of the IAASTD is to "preserve national policy flexibility"<sup>40</sup> in order to balance the needs of poor consumers and small scale farmers. The freedom of individual governments to enact regionally appropriate

---

<sup>38</sup> Kwesi Owusu, Francis Ng'Ambi and Barry Coates, "Who Caused the Malawi Famine?," African Business (2003).

<sup>39</sup> USDA, USDA Agricultural Projections to 2017, Office of the Chief Economist, World Agricultural Outlook Board, United States Department of Agriculture, OCE-2008-1.

<sup>40</sup> Abate et al, Executive Summary of the Synthesis Report of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) (Johannesburg, South Africa: International Assessment of Agricultural Knowledge, Science and Technology for Development, 2008), 19.

- policy is crucial to protecting sustainable farmers, the rural poor, and consumers from price shocks, scarcity, and speculation. The World Bank should enact policies that bolster national institutions that support price stabilization mechanisms, access of small farmers to land and economic resources, and local mechanisms for addressing market failure.
30. Strengthening local markets was also powerfully recommended to address both poverty and food security.<sup>41</sup> In response to the language of ‘market access’ offered by the international financial institutions, farmers groups have responded: “access to markets? Yes! Access to our *own* markets”.<sup>42</sup> Many farmers are unable to have that access because of long term constraints stemming from lack of investment in rural infrastructure, credit, social programs, and an open trade policy that pits them against heavily subsidized countries (or countries with an artificially low exchange rate). Governments need the freedom to strengthen local markets for local agricultural goods. Policies that forcibly open local markets to international competition should be summarily abandoned by international finance institutions, for no other reason than it violates basic principles of economic and political sovereignty.
  31. The IAASTD repeatedly stresses the need for “increasing access by small-scale farmers to land and economic resources...and increasing local value added and value captured by small-scale farmers.”<sup>43</sup> The summary sections on Poverty and Livelihoods, Food Security, and Equity all mention the need to provide better access to land for small farmers. Re-distributive land policies, far from being prohibited by loan conditionalities, should be actively encouraged as a tool for increasing food security and alleviating poverty. Similarly, support is needed for measures that help small farmers capture more of the value of their products by using low-input technologies and local seed systems.
  32. The IAASTD highlights the importance of maintaining “local expertise and germplasm so that the capacity for further research resides within the local community.”<sup>44</sup> Successful projects on Participatory Plant Breeding and Farmer-Researcher groups were highlighted as models for successful technological development.<sup>45</sup> Farmer-managed local seed systems<sup>46</sup> are another recommendation for that could help ease the food crisis, combined with “cultivars adaptable to site-specific conditions”.<sup>47</sup>

---

<sup>41</sup> Abate et al, Executive Summary of the Synthesis Report of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) 7-8.

<sup>42</sup> See Annette-Aurélien Desmarais, "The Via Campesina: Consolidating an International Peasant and Farm Movement," Journal of Peasant Studies 29.2 (2002). for more on the Via Campesina farmers movement.

<sup>43</sup> Abate et al, Executive Summary of the Synthesis Report of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) 7.

<sup>44</sup> Abate et al, Executive Summary of the Synthesis Report of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) 15.

<sup>45</sup> Abate et al, Executive Summary of the Synthesis Report of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) 20.

<sup>46</sup> Abate et al, Executive Summary of the Synthesis Report of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) 7.

<sup>47</sup> Abate et al, Executive Summary of the Synthesis Report of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) 8.

33. The IAASTD reports that investors should “focus investment on local priorities identified through participatory and transparent processes, and favor multifunctional solutions to local problems.”<sup>48</sup> Following this advice, the World Bank should cease investment in projects that focus on the adoption of patented seed. The report states that “the use of patents for transgenes introduces additional issues. In developing countries especially, instruments such as patents may drive up costs, restrict experimentation by the individual farmer or public researcher while also potentially undermining local practices that enhance food security and economic sustainability.”<sup>49</sup> Projects like the Gates and Rockefeller foundations Alliance for a New Green Revolution in Africa, while perhaps well intentioned, are models of unaccountable and unsustainable technological investment. The AGRA program focuses heavily on distribution of chemical fertilizer and eventually, of patented genetic material. Instead, international finance institutions should invest in programs that further the adoption and research into locally appropriate and democratically controlled agro-ecological methods. The IAASTD identified several areas ripe for investment and public research, among them, low-input and organic systems, biological substitutes for agrochemicals, site specific easily adaptable cultivars, local seed systems, and reducing the dependency of agriculture on fossil fuels. These suggestions evolve from an already existing body of recognized best practice, most recently codified by the Food and Agricultural Organization.<sup>50</sup>
34. These policies are part of a comprehensive agrarian reform strategy necessary to support smallholder farmers.<sup>51</sup> It involves not a turning back of the clock to some bulgocic past, but serious investment, serious science, and the spread of democracy and liberty in rural economies. In particular, it involves agrarian reform to combat poverty and hunger, a comprehensive commitment to women’s rights - not simply the right to property, but the rights to education, healthcare and equality- and substantial investment in sustainable and ecologically sound locally-owned science.
35. The Bank has a role to play in the current crisis, and in building a better future for food security, and for agriculture. It must both cease its current harmful practices, and contribute to a policy environment in which domestic agricultural investment is stimulated, sustainable, and democratically accountable. For the past three decades, agricultural policy in developing countries has been none of these.
36. One way to increase accountability is to drop loan conditionalities, except for those around transparency and democratic decision-making. A further policy, proposed by former Bank insiders, is to reduce the size of Bank loans: if loans are smaller, it makes more credible the threat to withhold them if transparency and

---

<sup>48</sup> Abate et al, Executive Summary of the Synthesis Report of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) 15.

<sup>49</sup> Abate et al, Executive Summary of the Synthesis Report of the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) 14.

<sup>50</sup> Food and Agricultural Organization of the United Nations FAO, Voluntary Guidelines to Support the Progressive Realization of the Right to Adequate Food in the Context of National Food Security Adopted by the 127th Session of the Fao Council, November 2004 (Rome: FAO, 2005).

<sup>51</sup> Michael Courville, Raj Patel and Peter Rosset, Promised Land: Competing Visions of Agrarian Reform (Oakland, Ca: Food First Books, 2006).

democracy conditions are violated. At the moment, the Bank, like all International Financial Institutions has an institutional bias to lend large tranches of money rather than withhold those sums on grounds of condition violation.<sup>52</sup> The consequence is that conditions are scrappily observed. Smaller loans with conditions restricted only to transparency and democracy, would put the Bank back on a course of supporting and nurturing developing country agriculture and democracy, rather than to trample on both. To this end, debt forgiveness is a necessary policy tool, and the House has seen fit to pass legislation supporting precisely this policy in HR 2634. Such legislation is part of broader changes required to support sustainable agricultural development in the twenty first century.

### **Conclusion**

37. Josette Sheeran, executive director of the World Food Program has called the current crisis a 'silent tsunami'. Yet the protests around the world are far from silent. For decades, people in developing countries have struggled to make their voices heard around issues of hunger, agriculture and democracy.<sup>53</sup> Their efforts have been hampered by the structure and substance of international lending from organizations such as the World Bank. The Bank's fingerprints are to be found on the protests for food and democracy around the world.
38. But with smaller loans and a reduced set of conditions, the Bank would find itself in a position similar to the one it was in the 1970s. Just as the Bank is responsible for the destruction of grain marketing boards and domestic agricultural supports that have, in consequence, laid so much of the world vulnerable to the international commodity price rises, it was in the 1970s responsible for building these buffers, assisting developing country governments rather than dictating to them. Its own reports have argued comprehensively and cogently for a return to more policy autonomy for developing country governments. It is a direction in which the Bank can and should head once more. So while the World Bank's recent past is ignominious and callous, the Bank can call still on distant glories to light a path for its future.

---

<sup>52</sup> Ravi Kanbur, "Aid, Conditionality and Debt in Africa," Foreign Aid and Development: Lessons Learnt and Directions for the Future ed. Finn Tarp (London: Routledge, 2000).

<sup>53</sup> John Walton and David Seddon, Free Markets & Food Riots : The Politics of Global Adjustment, Studies in Urban and Social Change (Oxford: Blackwell, 1994).