Governance, Institutions and Globalization Policies

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Governance
- Behavior of governing body, OR
- Institutions and policies that define the sociopolitical environment
- Different from:
  - Goals (political will)
  - Processes (politics)
  - Actions (policies)

Institutions
- Formal and informal organizations, relationships and rules

Globalization
- Trade liberalization
- Technology flow
- Information and communication
- Capital flow
- Labor migration
- Disease-causing agents
- Cultural exchange

Impact Will Depend on:
- Relative price changes
- Degree of price transmission
- Condition of infrastructure
- Domestic and int. institutions
- Domestic market structure & conduct
- Employment opportunities
- Human resource conditions

Eight Links to Food Security and Nutrition
1. Incomes and employment
2. Relative prices and access to food
3. Advertisement and dietary preferences
4. Primary health care
5. Time allocation and child care
6. Women’s status
7. Lifestyle and energy expenditures
8. Safety nets
**Globalization**
- Elite
- Vulnerable groups

**International Policy Interventions**
- Institutional innovation
- Competition
- International externalities
- Accountability
- Intellectual property rights
- Agreements to eliminate trade-distorting agricultural policies

**Share of farmers’ income from subsidies 2004-06 (%)**
- Norway 66
- Switzerland 66
- Korea 63
- EU 34
- OECD 29
- US 14
- New Zealand 1

**Average Tariff Rate for Bulk Agricultural Commodities**
- EU 23%
- Japan 50%
- EFTA 100%

**Tariff Escalation¹**
- United States 1.25
- European Union 2.75
- Japan 3.75
- Canada 3.00

¹Average tariff on processed products as a multiple of average tariff on unprocessed products.

**Examples of tariff escalation**
- North America:
  - Fresh vegetables 11%
  - Vegetable juice 25%
- EU:
  - Fresh fruit 21%
  - Fruit juice 37%

Source: Diao et al. (2002)
Source: Oxfam International 2002
Non-tariff import barriers
- Food Safety
- Other characteristics
- Government vs. private importers

How OECD Agricultural and Trade Policies Affect Food Security
- Keeps poor farmers’ products out of OECD markets
- Places downward pressures on international prices of what poor farmers can produce
- Undercuts poor farmers in their own domestic markets

How OECD Agricultural and Trade Policies Affect Food Security (Con’t)
- Makes investments in agriculture and rural areas of developing countries uneconomic
- Contributes to stagnating agricultural and general economic growth and increasing rural and urban poverty

What OECD Countries Could Do
- Eliminate production-enhancing subsidies
- Eliminate export subsidies & similar measures
- Reduce tariffs
- Eliminate tariff escalation measures
- Reduce non-tariff barriers
- Expand and improve focus of aid
- Share agricultural technology appropriate for poverty eradication

Preferential treatment
- EBA and similar arrangements
- Quotas
- Impact of trade liberalization

Globalization
- National policies and institutions
**What Developing Countries Could Do**

- Investment in public goods and institutions
  - Rural infrastructure
  - Markets, institutions
  - Research & technology
  - Education & health
  - Coping strategy & risk management

**The Association Between War and Poverty**

![Graph showing the association between war and poverty](image)

**Selected Socioeconomic Indicators for Countries in Conflict (non-conflict countries = 100)**

- [Per capita gross domestic product in $US](image)

**Illustration of the Conflict-Poverty Trap**

- International Terrorism
- Armed conflict
- Failed states
- Ethnic or regional inequities
- Reduced ag output
- Loss of labor income
- Weak or failed states
- Poverty
- Hunger
- Human suffering
- Lack of social justice
- Grievances
- Other perceived unfairness

**Why We Should Care**

- Current food insecurity ethically unacceptable
- Globalization offers powerful engine for good or evil. Overriding unresolved issue: distribution of gains and losses.
- International stability
- Mutually beneficial trade