

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**



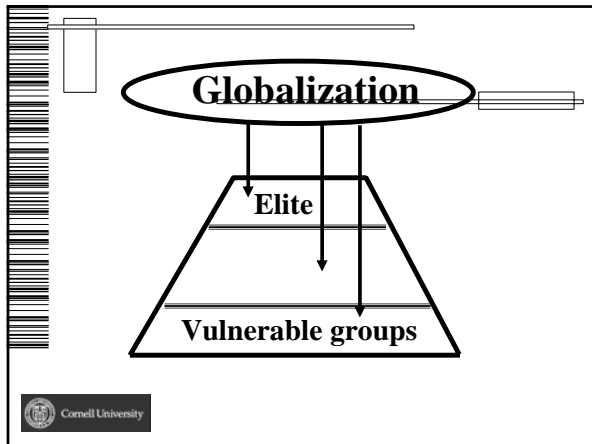
Impact Will Depend on:

- **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**



- ### *International Policy Interventions*
- Institutional innovation
 - Competition
 - International externalities
 - Accountability
 - Intellectual property rights
 - Agreements to eliminate trade-distorting agricultural policies
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Share of farmers' income from subsidies 2004-06 (%)

▪ Norway	66
▪ Switzerland	66
▪ Korea	63
▪ EU	34
▪ OECD	29
▪ US	14
▪ New Zealand	1

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Average Tariff Rate for Bulk Agricultural Commodities

EU	23%
Japan	50%
EFTA	100%

Cornell University Source: Diao et al. (2002)

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.

Cornell University Source: Oxfam International 2002

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

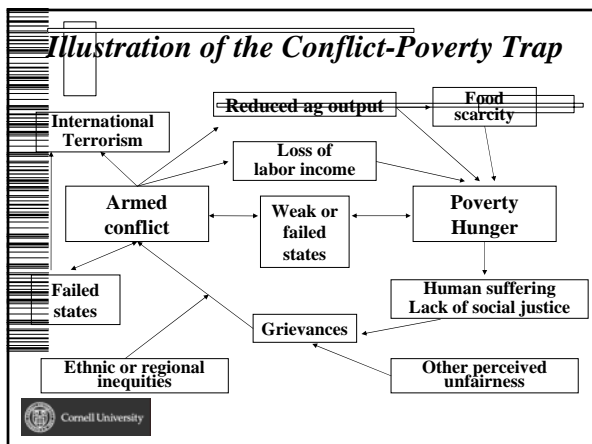
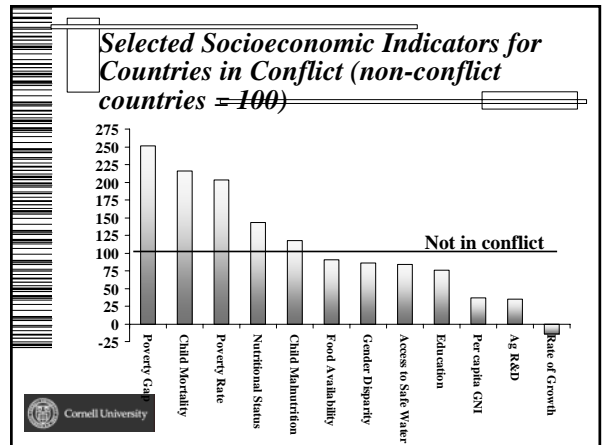
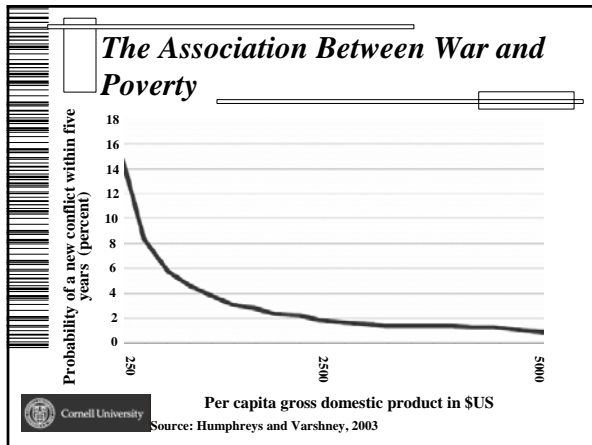
National policies and institutions



What Developing Countries Could Do

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

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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

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