AFRICA'S FOOD SECURITY UNDER GLOBALIZATION

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ABSTRACT

Advocates of globalization favor market liberalization and export-oriented agriculture. They favor large-scale operations with high levels of mechanization. For the advocates of globalization, the basis of food security is wealth, and the possibility of obtaining food from diverse sources through the open market. The critics see the intensive penetration of goods and capital from outside into poor countries as another phase of neo-imperialism, a thinly disguised instrument for the exploitation of the weaker peoples of the world. Many critics of globalization want to limit both export and import of foods. They favor small-scale enterprises and local production for local consumption. They advocate diets that are simple and natural, and depend to a large degree on home production rather than on the marketplace. For the critics of globalization, the basis for food security is self-sufficiency. We can understand the division between globalization's advocates and its critics in terms of two connected points: markets do not benefit everyone equally, but are beneficial mainly to the rich and powerful, and strategies of self-sufficiency do not benefit everyone equally, but are beneficial mainly to the poor and weak. This explains why the strongest advocates of free markets are the rich, and the strongest advocates of self-sufficiency are the poor and their friends. Strategies of self-sufficiency protect the weak from potentially exploitative relationships with those who are stronger. Poor countries must build self-sufficiency in order to be able to engage in the global market place from a position of strength. They can begin by assuring their food sovereignty, and thus reduce their vulnerability. African and other poor countries must build up their capacity to say *no* to the forces of globalization, because only then will it be safe for them to say *yes*.

Key words: *globalization, trade, markets, exports, self-sufficiency*

INTRODUCTION

Food supplies in many countries of Africa are inadequate in quantity and quality, contributing to the widespread malnutrition on the continent. There is a deep division in views on the effects of globalization on Africa's food situation. There are those who think that the increasing integration of the world's economies into a single global system is hurting Africa. On the other side there are those who feel that Africa needs to become even more tightly linked into that system. This paper explores the meaning of this division.

Globalization is important on many different dimensions. However, the focus here in this paper is on the economic aspects of globalization, and particularly the role of international trade and its influence on food security. As seen here, the globalization debate is about the merits of the market system, now raised to a global scale.

THE GLOBALIZATION DEBATE

Many have argued that increased economic connectedness over the surface of the globe benefits all of humankind. In Perpetual Peace, Immanuel Kant [1] argued that trade creates mutual interests in avoiding warfare. Trade advocates have pressed the point that the

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division of labor based on comparative advantage, coupled with free trade, makes all materially better off than they would be if individuals or communities tried to provide everything for themselves.

With regard to issues of food and nutrition, the advocates of globalization favor market liberalization and export-oriented agriculture. They believe local markets should be strengthened through improvements in physical infrastructure and credit facilities. They favor large-scale operations with high levels of mechanization. They also favor the trend towards increasingly modern food marketing operations, including the use of packaged foods. For the advocates of globalization, the basis of food security is wealth, and the possibility of obtaining food from diverse sources through the open market.

The critics see the intensive penetration of goods and capital from outside into poor countries as another phase of neo-imperialism, a thinly disguised instrument for the exploitation of the weaker peoples of the world. Ghana's historical dependence on cocoa exports illustrates the risks of overreliance on global markets. At one time Ghana had committed its agricultural resources almost totally to the export of cocoa, but when world cocoa prices weakened its economy virtually collapsed.

The critics point out that on world markets, poor countries are price takers, not price makers, so they are vulnerable to manipulations by those who control the economic system to serve their own interests. In trade, this is demonstrated by the fact that producers in poor countries regularly get paid less than producers in rich countries for the same products. In the world of finance, it is demonstrated by the fact that poor countries always tend to suffer much higher rates of inflation than rich countries [2]. Poor countries have very little control over the circumstances they face beyond their borders.

The critics acknowledge that there are advantages to trade and investment from outside, but these are seen as merely the devil's enticements: candy that is proffered to open the door. The classic case of enticement was the opium trade with China. After the revolution, China wisely slammed its door shut so that it could strengthen itself. It is cautiously reopening its door as it becomes stronger and thus less vulnerable to outside predators.

Advocates of globalization speak of the need to integrate Africa into the world economy, but the critics think their reading of history is distorted. In the critics view, the effort has been underway for a very long time. Colonialism had a very negative effect on nutritional status:

The transition of the independent black population of South Africa from a condition, if not of plenty, then at least self-sufficiency, to one of underdevelopment, poverty, overcrowded reserves and townships has been long and painful, brought about by a multitude of interlocking causes. Initially, the most important was colonialism . . . . Thus, in South Africa's rural areas, there was a change from self-sufficiency in local foods to the commercialization of production, notably in the production of wool, to the direct detriment of the mass of the population [3].

More recently . . .

Sub-Saharan Africa was integrated with the world economic system in the 1970s and 1980s, at a time of historically unprecedented volatility in world food, energy, and capital prices. As a result of these burdens, smallholder farmers in Sub-Saharan Africa are very poor and are getting poorer [4].

The negative effects of globalization on Africa's food security in the 1970s and 1980s have been well documented [5,6]. The pattern remains the same today. Pricing patterns consistently favor the rich. Poor countries tied into a volatile global economy are forced to bear a disproportionate share of its risks. The strong protect themselves by pushing off disadvantages such as high inflation and market uncertainties onto the poor, using them as a kind of buffer to protect themselves. Thus the gaps between rich and poor ratchet wider and wider.

The critics see the remedies offered by the advocates of globalization as self-serving. For example the Sub-Saharan Africa Trade Bill in the U.S. was viewed as an attempt to extend the flawed NAFTA (North American Free Trade Association) model to sub-Saharan Africa. Some even described it as "The Africa Re-Colonization Act".

The critics are concerned not only with the specific negative effects of trade and investment but also the general loss of state power [7]. Globalization is taking place under the guidance of transnational corporations and their agents in major intergovernmental organizations such as the World Trade Organization (WTO) and the International Monetary Fund (IMF). The critics fear that their steadily increasing control means the erosion of the power of states as represented by their national governments. These agencies may provide some benefits, but these benefits are delivered on their terms, and primarily to strengthen the global system from which they benefit so handsomely. The poor countries are given no choice but to submit.

With regard to issues of food and nutrition, many critics of globalization want to limit both export and import of foods. They favor small-scale enterprises and local production for local consumption. They advocate diets that are simple and natural, and depend to a large degree on home production rather than on the marketplace. For the critics of globalization, the basis for food security is self-sufficiency.

UNDERSTANDING THE DIVISION

The global economic system benefits a lot of people. Many people benefit from the international division of labor that calls for certain kinds of products and services to be produced in some places while others are produced in other places. Many people benefit from international trade. International lending programs, both official and private, have helped many industries and programs, and thus have benefited many people. Hopefully, finance and guidance from outside agencies will help to assist people to eradicate abject poverty.

However, while the global economic system benefits some, at the same time it may disadvantage others. Current patterns and policies that advantage the strong and disadvantage the weak operate in a system that is already highly skewed. Between 1960 and 1989, economic growth in the richest countries was 2.7 times as fast as in the poorest countries. In 1989 the countries with the richest 20% of the world's population received about 82.7% of total global income, while the countries with the poorest 20% of the population received only 1.4%, a ratio of 59 to 1. The World Bank acknowledges, "In 1960, per capita GDP in the richest 20 countries was 18 times that of the poorest 20 countries. By 1995, this gap had widened to 37 times. The already wide gap between the rich and the poor is widening even further" [8]. There is a clear global division of labor, with poor countries, and the poor in rich countries carrying out mundane, repetitive, physical tasks in fields and factories, or remaining unemployed, and the rich specializing in high technology, high capital, high knowledge industries, and doing practically no physical labor at all.

Plantations and factories move to poor countries precisely because their comparative advantage is their disadvantage, that is, their inability to demand high wages. The poor get paid less for the same labor and also for the same products. For example, farmers of poor countries receive much less in real terms for a bushel of grain than farmers of rich countries receive for the same product [1,9]. Producers in poor countries regularly get less for their efforts, in wages or in commodity prices, than producers in rich countries.

In not receiving a fuller share of the benefits produced by their labor, workers producing food and other commodities for export in effect subsidize the rich. Exporting under-priced goods is a means for transferring value from poor to rich.

Historically, the economies of many developing countries were distorted by "urban bias"[10]. Food prices were kept low, to the disadvantage of food producers, in order to feed the cities and thus promote industrialization. We are now seeing a kind of urban bias on a global scale, with the countries of the north benefiting from under-priced agricultural products from the south.

Many agencies, such as the World Bank, suggest that poor countries can be helped by expanding their access to markets in rich countries, and thus increasing their involvement in international trade. However, it must be understood that trade in itself is not valuable. What is needed is trade at good prices. But poor countries are always squeezed with regard to prices:

Since the early 1970s the least developed countries have suffered a cumulative decline of 50% in their terms of trade. For developing countries as a group the cumulative terms-of-trade losses amounted to US$290 billion between 1980 and 1991. Much of this catastrophic fall was due to the decline in real commodity prices—in 1990 they were 45% lower than in 1980 and 10% lower than the lowest prices during the Great Depression in 1932 [11].

Poor terms of trade should not be regarded as something outside anyone's control. It serves as a cybernetic corrective, maintaining the long-term equilibrium in which the poor stay poor. Unfavorable terms of finance for poor countries serve much the same function.

What will be the pattern over time? Advocates of globalization suggest the possibility of wealth for all, and the convergence of all participants to a common, comfortable quality of life. However, it is clear that the global environment cannot sustain a high level of living for all. Moreover, rather than seeing any sort of convergence to a common, shared quality of life, we instead see increasing divergence, with steadily widening gaps between rich and poor, both within and among countries.

Just as unskilled people frequently become unemployed, poor countries are learning that their services are no longer required in the post-industrial, service-oriented global economy. Industrialized countries . . .

. . . find that they can now meet an increasing share of consumer demand with skill-intensive production within their own countries and that they need to import less from the developing world. The developing countries' share of world trade fell from 24.8% in 1980 to 19.3% in 1989 [9].

This could be viewed as a blessing in that it reduces poor countries' exposure to possibly unfair trade relationships and increases their incentives for pursuing strategies of self-reliance. In many cases, however, they are firmly structured as export-oriented economies. The international agencies continue to promote that orientation by insisting on export orientation even as the markets for their products decline.

There is an increasingly clear pattern of "jobless growth" through which most of the gains from economic growth go to capital rather than labor. There is increasing dis-employment, not only of individuals, but even of countries, as the share held by poor countries in world trade continues to decline. While there is cause to worry about the penetration of Africa by predatory capitalists, there is perhaps even more concern with the fact that so few capitalists show any interest at all in Africa. On July 3, 2001, the *New York Times* reported that less than five percent of all investment in the developing world goes to Africa.

FOOD TRADE

What then is a poor country to do in relation to the global economy? The dilemmas are raised in relief when we examine the patterns in world food trade. Most international food trade takes place among the richer countries of the world. Only a small share of world food trade is among poorer countries. There is, however, a substantial amount of trade between poor countries and rich countries.

In this trade between rich and poor, there is a net flow of food from poorer countries to richer countries. In 1986, for example, developed countries received over 75% by value and over 62% by weight of all food imports, while developing countries took no more than 25% and 38% respectively [12]. The developed countries import more than they export, while the developing countries export more than they import. The poor feed the rich [13,14].

Whether this should be viewed as problematic remains a matter for debate. As advocates of the free market would point out, the poor countries are paid for this food, and they would not engage in this production and export of food unless they saw it as advantageous. Moreover . . .

- A large share of the international trade in food products is comprised of high value products that are of little interest to consumers in the poorer countries.
- Most food trade is among developed countries. The net flow of food from developing to developed countries is relatively small.
- Foreign exchange earnings from the export of high value food products can be used to import much larger volumes of low cost foods, with a large net nutritional gain.
- There is no systematic evidence that export-oriented countries suffer from higher levels of malnutrition.
- Food exports yield substantial foreign exchange earnings for the exporting countries.

Critics raise different points:

- Food exports can lead to declining food security in poor exporting countries.
- Export-oriented food production diverts labor and capital away from production for local communities.
- Although earnings from exports conceivably might be used to import cheap food for those in dire need, usually they are not used that way. The poor are not the ones who decide how foreign exchange earnings are spent.
- Central governments promote export orientation in order to increase foreign currency holdings and thus enhance their power.
- The benefits of trade between partners of uneven power are distributed unevenly, with the result that the gap between them widens steadily.
- Excessive production for foreign markets can lead to environmental damage, particularly in monoculture plantation operations.
- Excessive promotion of exports can lead to weakening commodity prices, to the disadvantage of exporting countries.

The volume of exports from developing countries, and even the price, may not be a good indicator of the extent to which the people of those countries draw economic benefit from the trade. Many export-oriented food production operations in developing countries are owned by people from developed countries. For example, under the Lomé Convention the quotas and tariffs faced by others in accessing the market of the European Union are not imposed on certain African, Caribbean, and Pacific countries. This privileged access applies to exports of canned tuna from these countries to Europe. The French own most of the tuna canneries in these countries. Similarly, many plantations and food processing plants in poor countries are owned by corporations based in rich countries. Much of what appears on the books as income to poor countries simply passes through on its way to rich countries.

In some ways, both the advocates and the critics of export-oriented food production are correct. Increasing foreign exchange earnings is of particular interest to governments and to the richer people within poor countries. When a country shifts to increasing export-orientation in its food production operations the benefits are likely to shift from poorer toward richer people within the country. Increasing export orientation can result in a net gain of benefits to the country as a whole, but a net loss to the poor. In principle it is possible to compensate for this negative effect with transfer payments to those who are harmed. The difficulty is that the poor, being politically weak, have limited ability to press for such transfer payments.

Increases in food exports can lead to declines in per capita supply of food in several ways. In some cases, it could be a simple matter of redirecting products that had been consumed locally to buyers abroad who are willing to pay more for the products. Often, however, the linkages between exports and domestic supplies are more complicated than that. The export product may be a product (like, say, shrimp, coffee, or seed cotton) for which there is little demand in the exporting country. But there may be a linkage in that resources that previously had been used as a source of products for local consumption are now dominated by production for export. Or it may be that the government, interested in increasing its foreign exchange, invests far more of its energy and resources into promoting export production than into promoting food production that would supply local consumers. International trade may be a good means for generating wealth, but it is usually not a good means for providing basic foods for the poor. Traded food generally is too expensive.

The effects of food exports on nutrition and food security are sometimes positive and sometimes negative, depending on local circumstances. A large volume of frozen small pelagic fish, canned fish, and other products is imported into West Africa, including Cameroon, Congo, Côte d'Ivoire, Ghana, Nigeria, Togo, and Zaire, some of which comes from other developing countries in Africa. Under some conditions increasing fish trade among developing countries could yield improved supplies for the poor. However, imports into developing countries are more likely to be used to supply people of relatively high income in those countries, including visitors. The nutritional impacts of enhanced trade among developing countries would have to be judged on a case-by-case basis.

GOVERNANCE

What is the government of a poor country to do? The extreme advocates of globalization would have the government throw open its doors to foreign goods and capital, and do what it can to enlarge these flows. The extreme critics would have the government slam the door shut, and move toward the isolation that prevailed before contact with imperialism and neo-imperialism. The cooler heads look for something in-between. The middle ground lacks ideological purity, but its pragmatism makes up for that by delivering tangible material benefits. In this middle ground, government opens the door part way, and tries to exert some control to limit the potential negative impacts of unleashed capitalism.

There are two major difficulties with this. One is that in many poor countries the capacity to control outside forces is limited. The second related factor is that some locals will be tempted to join forces with outsiders and become agents of their exploitation. The foreign devils are difficult enough to identify and evict. But when the devils are homegrown and look the same as you, it is far more difficult to know what to do. When it is one of your own people who tells you that abundance will come from working on an assembly line or on a plantation at meager wages, you face a very deep dilemma.

There are things that can be done to systematically enhance governments' ability to critically assess new proposals for trade or investment. There should be designated agencies within governments to assess a country's trade and investment agreements to assure that they do in fact benefit the country as a whole. National agencies that are given the responsibility to review proposals could learn to critically assess past and proposed trade and investment projects. Representatives of local and international non-governmental organizations could be invited to participate in the exchange of information and ideas. Independent non-governmental organizations could be asked to examine the terms of agreements, and to hold public forums on them. Organizations such as the Kenya Coalition for Action in Nutrition can undertake a "nutrition impact analysis" of proposed projects.

Poor countries should build their capacity to face the forces of globalization not only individually but also jointly. They need a kind of collective security arrangement against the predatory tendencies of the globalists.

They need this particularly to protect themselves from the tactics of the World Trade Organization and the International Monetary Fund. The WTO's position that selectivity or conditionality in trade relations is an unwarranted violation of the principles of free trade is a transparent attempt to minimize the discretionary powers of countries that are "targeted" for investment. Similarly, the IMF's insistence on virtually indiscriminate openness to foreign capital takes discretionary powers away from the receivers of capital and leaves it almost entirely with the investors. The WTO and IMF's approaches enhance the power of the powerful. Poor countries should stand together in refusing to become passive objects of the globalists' decisions. The principles of free trade should not be allowed to negate the principles of state sovereignty. If they are to protect themselves from the negative effects of trade, poor countries must be allowed to choose, and they must build their own capacity to make wise choices.

Thus, poor countries, individually and collectively, need to build up the institutional capacity to discriminate among different proposals for trading goods and investing capital to determine whether particular concrete proposals in fact serve their own interests. This may be difficult to do, but it is the only appropriate path. Problems have arisen partly because poor countries have been passive victims of decisions made by outsiders. They need to take more vigorous roles in shaping their relationships with outsiders. They themselves have to decide when and how linkage with the global economy is advantageous, and when it is dangerous.

Outsiders cannot, and must not, provide the answers. The solution to the vulnerability of poor countries has to be in their strengthening themselves, individually and collectively, so that they can more effectively face up to the exploitative devils, both inside and outside. Democracy—real, not just ceremonial—should continue to be nurtured. Leaders should be fairly elected. Decision-making should be transparent, participatory, and open to critical review. Measures should be taken to eliminate corruption. Human rights must be promoted.

It does little good to preach in favor of globalization or to rail against it. The task is not to make a single overall judgement as to whether trade and investment are good or evil, but to find ways to benefit from the advantages they have to offer, while avoiding their dangers. In the face of the ongoing globalization process, national governments, acting in the interests of their own people, must make fully informed choices and drive hard bargains. Governments should cultivate the skills needed for critically assessing the strategies of foreign traders and investors, and treat them in a discriminating way.

We can understand the division between globalization's advocates and its critics by grasping two connected points:

- markets do not benefit everyone equally, but are beneficial mainly to the rich and powerful, and
- strategies of self-sufficiency do not benefit everyone equally, but are beneficial mainly to the poor and weak.

This explains why the strongest advocates of free markets are the rich, and the strongest advocates of self-sufficiency are the poor and their friends. Strategies of self-sufficiency protect the weak from potentially exploitative relationships with those who are stronger.

To transcend this division, there is one more point that should be recognized. Poor countries must build self-sufficiency in order to be able to engage in the global market place from a position of strength. They can begin by assuring their *food sovereignty*, and thus reduce their vulnerability. The *Final Declaration of the World Forum on Food Sovereignty* held in September 2001 defined food sovereignty as "... the people's right to define their own policies and strategies for the sustainable production, distribution and consumption of food that guarantee the right to food for the entire population . . . "[15].

African and other poor countries must build up their capacity to say *no* to the forces of globalization, because only then will it be safe to say *yes*.

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