



## Poverty, Food Security and Globalization: Challenges for Regional Development<sup>a</sup>

*Ballayram<sup>b</sup>*

### INTRODUCTION

While some consensus exists in the literature on key conceptual and substantive dimensions of globalization, there are ongoing intense debates and strongly divided views on its benefits and risks. Critics maintain that globalization has exacerbated poverty and inequalities in developing countries. On the other hand, proponents argue that the process has accelerated market reforms and economic liberalization and now brings unprecedented opportunities to billions of people throughout the world. The debate on globalization must be encouraged, because so much is still uncertain about the process, especially its potential impact on different groups in the population.

In the Caribbean, poverty and food security within the context of the globalization process require urgent attention. Poverty levels in the region are still at unacceptably high levels,

and food security is being compromised by individual choices, poverty, income inequality, and the changes that the region are undergoing, including the globalization process. Two articles that appeared in earlier publications of this journal addressed aspects of these issues. Antoine (2000) posed food security within the context of trade liberalization as a legitimate non-trade concern for CARICOM in its negotiations at the international level on regional agriculture and trade, while Ballayram (2002) discussed the conceptual and several other key dimensions of globalization aiming towards an understanding of the process.

This paper contributes to the ongoing dialogue by:

- articulating the links between globalization, poverty and food security;
- discussing the implications of these links within the context of Caribbean reality; and

<sup>b</sup>Dr. Ballayram is Food Economist, CFNI.

- providing a perspective on how to shape and respond to globalization in order to enhance food security and alleviate poverty in the region. Following this introduction, Section 1 briefly discusses some background information on poverty and food security in the region; Section 2 presents a conceptual framework that links globalization, poverty and food security; Section 3 discusses the poverty, food security and globalization nexus and identifies some policy challenges for regional development and finally, Section 4 distills the main issues raised in the paper.

## Poverty and Food Security in the Caribbean

Despite considerable economic progress in post-independence Caribbean, poverty and inequalities in income and access to resources are at unacceptably high levels and continue to be major challenges in this region. Carlson (1999) identifies these twin problems as key factors that have constrained growth and development in the Caribbean. The estimates of poverty reported in Table 1 for several Caribbean countries show that the percentage of persons living under the absolute poverty line\* varies widely among the countries, ranging between

**Table 1: Households' Poverty Indicators for Selected CARICOM Countries**

Country	Year	% Below Absolute Poverty Line	% Below Indigence Poverty Line	Gini Coefficient
Barbados	1997	13.9	na	0.39
Belize	1996	33.0	13.4	0.51
Grenada	1999	32.1	12.9	0.45
Guyana	1999	35.0	19.0	0.38
Jamaica	2001	16.8	na	0.37
Nevis	2000	32.0	17.0	0.40
St. Kitts	2000	30.5	11.0	0.50
St. Lucia	1996	25.1	7.1	0.56 (1995)
St. Vin't/Gren adines	1996	37.5	25.7	0.42 (1995)
Trinidad/Tobago	1992	21.2	11.2	0.37
Turks/Caicos	1999	25.9	3.2	0.38

Source: Thomas and Wint (2002).

\*The indigence poverty line (IPL) is a culturally accepted and nutritionally adequate diet for a family of four, based on the lowest market cost for a 2400 caloric requirement for adults and 720 calories for children under 12. The absolute poverty line (APL) = IPL plus other basic non-food requirements (e.g., education, health, transportation, housing, etc). A household is considered poor if its expenditure is less than the APL.

16-34 percent. These are national averages, with higher rates in rural areas.

Closely related to poverty is the issue of inequality. Recent research shows that reducing inequality can actually reduce the number of households in poverty but that efforts to achieve this goal through growth must be complemented by policies to reduce inequality (Cornea and Court, 2001; Ralph van der Hoeven 2000). A standard measure of inequality is the Gini coefficient, which ranges between 0 (absolute equality) and 1 (one person/household receives all the income). A Gini coefficient above 0.40 is considered to reflect a high level of inequality (Cornea and Court, 2001). The Gini coefficients reported in Table 1 show that five countries have high levels of income inequality, while the other countries follow closely. Thomas and Wint (2002) argue that these levels of inequalities are among the highest in the world.

The concept of food security, discussed in-depth elsewhere (UN ACC/SCN, 1991; Antoine 2000), is posed as an integral part of a process of nutrition and health development that embodies several major components – food availability, household access, nutritional adequacy, sustainability and vulnerability. For purposes of this discussion, two issues bear relevance to regional food security. First, the region is under threat of

losing one of its principal sources of food security, viz., preferential markets for its traditional agricultural commodities. Moreover, the position currently taken by the developed countries for unilateral tariff reduction in developing countries, while refusing to compromise on subsidies and other forms of protection accorded to their own agricultural sectors, will also have negative repercussions for regional agriculture and development. In particular, domestic support, market protection and export subsidies for agriculture in the developed industrialized countries are displacing agricultural production in developing countries. In the Caribbean region this is an important issue that has to be addressed. For some of these countries, the rural economy is the main source of livelihood for more than 30 percent of the population and contributes in excess of 20 percent to national income and foreign exchange earnings (FAO, 2002).

Secondly, while food balance sheets indicate that, generally, energy supplies from staples are above recommended population goals, the region is over-consuming fats, oils and sugars, and not consuming enough fruits and vegetables (FAOSTAT, 2003). This has bearing on the epidemiological transition, that Caribbean countries are undergoing. In this regard, nutrition-related chronic diseases such as obesity, diabetes, high blood-pressure, stroke, heart diseases

and cancer have replaced malnutrition and infectious diseases as the major public health problems. These chronic diseases already account for two-thirds of the mortality in the Caribbean; about 50 percent of these deaths are premature in persons less than 65 years of age. These observations point to a major element of food insecurity in the region, namely the failure of the food system to meet nutritional and health requirements of the population, and underscore the need to go beyond the supply side of the food security equation and address demand side issues.

The observations raised in this section suggest therefore that the main problems of food security in the region border on lack of access due to high levels of poverty and inequality in income and wealth, prevalence of nutrition related chronic diseases, and within these contexts, on individual choices. The extent to which globalization exacerbates these problems will be addressed in the following sections of this paper.

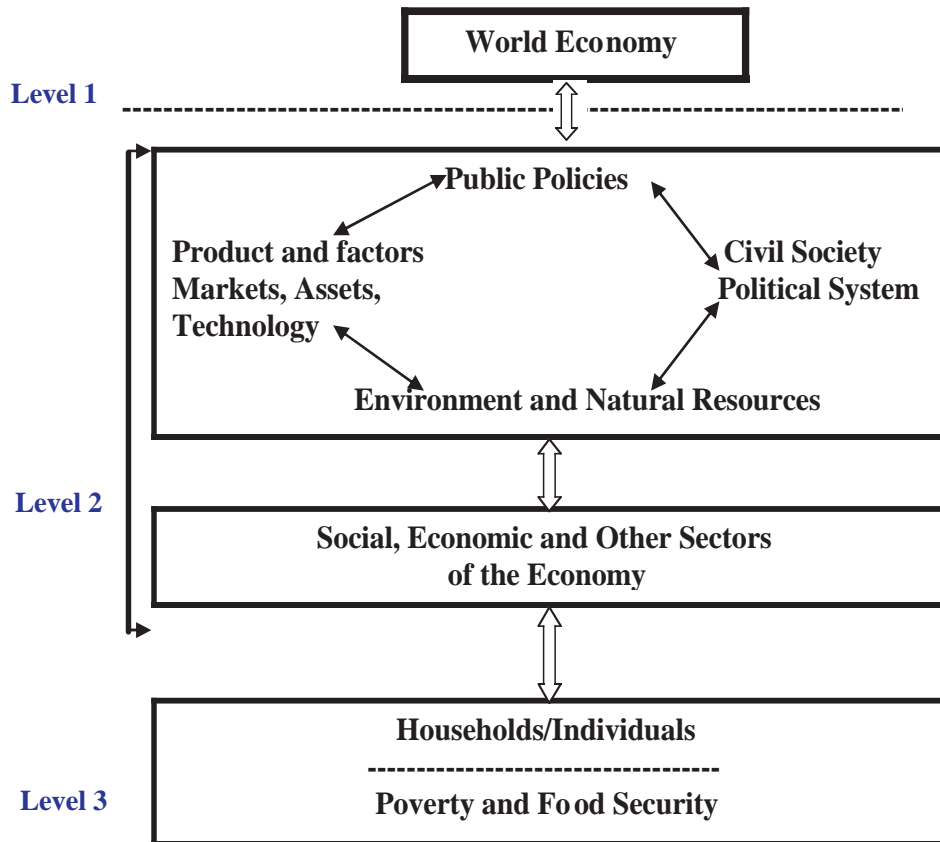
### **Conceptual Framework**

Trade expansion, fueled by liberalization and other economic reforms, is sometimes taken to be the central component of globalization. However, the literature on globalization cogently demonstrates that the process is much wider than this. In

particular, globalization has intensified multiple forms of social, economic, political and cultural linkages among peoples, institutions, organizations and nations, regardless of the part of the world they exist, and at an unprecedented speed and intensity. This more encompassing view of globalization is conceptualized in Figure 1, which presents a framework that links the globalization process to poverty and food security (see Diaz-Bonilla, E. and S. Robinson, 2001, for a more elaborate treatment of these links).

In this framework, poverty and food security form a subset of a wider context in which global changes act out on national, household and individual settings. At the first level, the different dimensions of globalization are captured in the world economy. These include, inter alia, foreign capital, investment and technological flows, trade in goods and services and legal, institutional and regulatory rules and obligations on trade, environmental, health and other matters of international importance. These combine to exert significant influence at the second level comprising governments, the political and judicial systems, civil society, and national factor, financial and product markets. At this level the influences are mostly channeled through line ministries. Finally, the filtered effects of the different dimensions of

Figure 1: Globalization, Poverty and Food Security Linkages



Adapted from Diaz-Bonilla and Robinson, 2001.

globalization affect poverty and food security by impacting upon household and individual livelihood assets, redistribution policies and the institutional environment.

This framework highlights the importance of global factors on the final outcome of the nexus of interrelationships between poverty, food security and globalization. Indeed, globalization, the development litera-

ture recognized that the overall functioning of the world economy exercised a major influence on growth and general living standards in developing countries. For example, in the 1960s and 1970s, the primary commodity price booms, high growth and negative real interest rates in industrialized developed countries, contributed immensely to growth in Latin America, the Caribbean and Africa. However, in the 1980s, the

collapse of prices for primary products, quadrupling of oil prices, and recessions in the industrialized economies, were major factors leading to slow and/or negative growth in developing countries, deterioration of living standards and consequently to the need for financial and structural adjustments.

### **Poverty, Food Security and Globalization**

There is a growing body of literature that maintains that, given the inter-relatedness of the elements that link poverty, food security and globalization, future gains arising from this nexus will depend on how effectively developing countries can shape the globalization process as well as design effective policies to address their development needs (*Dias-Bonilla et al, 2000; Khol and O'Rourke, 2000*). One main area of controversy in the debate on globalization is whether export expansion through trade liberalization – one empirical expression of globalization – will impact negatively on poverty and food security in the region. The argument is that scarce resources among small farmers will constrain their effective participation in the new expanding markets, with adverse consequences on incomes and rural livelihoods. In particular, the anxiety is that if relative prices shift against the poor (i.e., if the price index of agricultural output is

significantly lower than the price index of non-agricultural products), or if the already established status quo (i.e., large land owners, national and multinational agricultural enterprises) is reinforced and is able to benefit more from the trade expansion, then this will allow them to extract income from the poor and adversely compromise their livelihoods. Part of this argument also is that if export production displaces traditional staple crops, this too will negatively impact on food security.

These arguments are similar to those directed at the Green Revolution and the commercialization of agriculture. However, analyses have shown that while the benefits of the Green Revolution have not been uniform, and that indeed some small farm producers were negatively affected, that complementary policies are needed to offset or prevent these outcomes by creating an enabling environment conducive to continued economic activities beneficial to the poor and marginalized groups. With respect to globalization, several studies have found that domestic policies explain a larger proportion of the variation in income inequality in developing countries than economic openness (*Khol and O'Rourke, 2000*). Additional empirical evidence has found that the interventions allowed without restrictions under the World

Trade Organization's Agreement on Agriculture (AOA) e.g., research, extension, infrastructure, irrigation, marketing – are the real foundations for increases in production, productivity and competitiveness (Dias-Bonilla, et al, 2000).

These observations point to several major policy challenges for the region. In particular, policies have to be designed and implemented to:

- increase the physical and human capital owned by the poor and women;
- maintain existing and build new infrastructures to ensure that markets operate competitively; and
- eliminate institutional, political, and social biases, including the traditional policy bias against agriculture, that discriminate against the poor. Indeed, the importance of these complementary policies have been recognized as early as the Moyne Commission (1945) and later by many researchers on Caribbean development as one of the main sets of constraints to regional development in general and agricultural development in particular.

The points raised in the last paragraph should not be construed to mean an uncritical acceptance of globalization or a denial of the negative effects attributed to it. Most of the concerns of those who oppose globalization are legitimate and greater efforts have to be expended by governments and international institutions to assist those who lose out from the process. However, all indications are that this current wave of global changes will continue into the future.\* Several reasons can be advanced for this (Deardoff and Stern, 2000):

- Research has not yet shown that the costs of globalization outweigh its benefits.
- Most informed judgments would not have a return to the protectionist eras.
- So far the costs of globalization are mostly adjustment costs and a reversal will entail analogous costs.
- Finally, it is conceivable that since the world has come so far forward in attaining global and efficient markets, a continuation along the same path might well be less painful than what has been experienced so far.

\* *It is conceivable that despite the current momentum of globalization, it can be stopped as it did during the two world wars and the great depression, or suffer reversals through intense oppositions, as the setbacks to the WTO (the most visible protégé of globalization) in Seattle in 1999, and in Cancun in 2003 clearly demonstrate.*

To the extent that globalization will continue into the foreseeable future, then policy-makers must find ways of optimizing on the opportunities and minimizing on the risks, that are attributable to it. In this regard, and in the context of the concerns raised in this paper, one of the most urgent tasks of developing countries is the need to address the continued agricultural support in, and subsidized agricultural exports from, developed countries. Some indications of the impact of this agricultural support regime on Caribbean economic reality can be gleaned from available evidence. Since the 1970s several studies have consistently reported that agricultural surpluses generated under protective and subsidized regimes in the United States, the European Union and other OECD countries and dumped onto world markets have proved detrimental to developing countries. It has been estimated that these policies have displaced about US\$40 billion in net agricultural exports per annum from developing countries and reduced incomes in these countries by about US\$30 billion per year (Watkins and Braun, 2003). This is particularly instructive for Caribbean countries where the majority of the poor live in the rural areas and survive as small farmers, artisans, and unskilled labourers. Hence, any displacement of agriculture in the region constrains the sector's role as a powerful catalyst for

enhancing food security and reducing poverty and income inequality.

## Conclusion

Three important conclusions emerge from the above discussion. In the first place, as globalization continues to gather momentum Caribbean policy-makers face a major challenge to recognize and comprehend this historical conjuncture as a major imperative to any decisive advance to addressing the region's pressing problems with poverty and food security. If these changes are not fully understood and incorporated into policy formulation, then the opportunities for meeting regional food security and reducing poverty will be not be optimized. It is therefore necessary for policy-makers to engage in the debate and dialogue regarding the impacts of globalization.

Secondly, rural development and agriculture in the region must be given priority. This derives not only from the significant contribution these sectors make to national income, employment and foreign exchange earnings, but more importantly, because for most countries in the region about a third of the population lives in rural areas and depends directly or indirectly on agriculture.

Thirdly, food security is compromised by poverty and inequality. Policies are therefore needed not only

to increase production and productivity, but must ultimately aim to increase incomes, reduce poverty and inequality and enhance health in the rural economy and wherever poor and marginalized groups live.

Finally, in the context of globalization and new rules on agricultural trade, regional governments must find ways to reduce the costs to those who are harmed by globalization. Additionally, they must be proactive in seeking special dispensations – in addition to those allowable under current WTO Rules – in international negotiations as their economies become more integrated into the globalization process. These are legitimate demands in light of (i) the nature and historically conditioned structure and functions of these economies; and (ii) the continuing support and protection by industrialized developed countries for their agriculture.

## REFERENCES

1. Antoine, P. (2000). "Trade Liberalization and its Impact on Food and Nutrition Security in the Caribbean". *Cajanus*. Vol. 33, No. 4. pp 196-214.
2. Ballayram (2002). "Globalization – Today's Buzz Word". *Cajanus*. Vol. 35, No. 2. pp. 102-105.
3. Carlson, B. ed. (1999). *Social Dimensions of Economic Development and Productivity: Inequality and Social Performance*. United Nations Publication. Geneva.
4. Cornea, G. and J. Court (2001). "Inequality, Growth and Poverty in the Era of Liberalization and Globalization". Policy Brief No. 4. The United Nations University/World Institute for Development Economics Research (UNU/WIDER). Finland.
5. Deardoff, A. and Stern, R. (2000). *What the Public should know about Globalization and the World Trade Organization*. (Mimeo). The University of Michigan.
6. Diaz-Bonilla, E. and S. Robinson. Eds. (2001). *Shaping Globalization for Poverty Alleviation and Food Security*. 2020 Vision Focus 8. International Food Policy Research Institute. Washington. D.C. USA.
7. —, M. Thomas, S. Robinson and A. Cattaneo (2000). *Food Security and Trade Negotiations in the World Trade Organization: A Cluster Analysis of Country Groups*. Discussion Paper No. 59. International Food Policy Research Institute. Washington. D.C. USA.
8. —, S. Robinson, M. Thomas and Y. Yanoma (2002). *WTO, Agriculture, and Developing Countries: A Survey of Issues*. Discussion Paper No. 81. International Food Policy Research Institute. Washington. D.C. USA.
9. Food and Agriculture Organization (FAO). (2002). *Dependence on Single Agricultural Commodity Exports in Developing Countries: Magnitudes and Trends, 1997-99*. FAO. Geneva.
10. —, FAOSTAT. [Http://www.fao.org](http://www.fao.org). December, 2003.
11. Khol, R., and K. O'Rourke (2000). "What's new about Globalization:

- Implications for Income Inequality in Developing Countries”. Paper presented at Organization for Economic Cooperation and Development Conference on “Poverty and Income Inequality in Developing Countries”. Paris.
12. Moyne Commission (1945). West Indian Royal Commission Report. Her Majesty Statistical Office (HMSO), CMD, 6607. London.
  13. Thomas, M., and E. Wint (2002). “Inequality and Poverty in the Eastern Caribbean”. Paper for Eastern Caribbean Central Bank Seventh Annual Development Conference. November. St. Kitts.
  14. UN ACC/SCN (United Nations Administrative Committee on Coordination-Subcommittee on Nutrition). Brief Policies to Alleviate Underconsumption and Malnutrition in Deprived Areas. Geneva. 1991.
  15. Watkins, K and Joachim von Braun (2003). “Time to Stop Dumping on the World's Poor”. Trade Policies and Food Security. Annual Report 2002-2003. International Food Policy Research Institute. Washington. D.C. USA.



*A farmer cultivating cabbage.*