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Economic liberalization, globalization and world hunger: new opportunities and challenges

Ultimately, people are hungry because of bad political decisions. When starvation is averted, it is because of wise political decisions. Hunger, then, is a political condition. The Earth has enough knowledge and resources to eradicate hunger. There is already enough food to go around. The key is to change the politics of hunger, particularly to empower hungry and poor people to make them full participants in economic and political life. Politics, and therefore people, are both the cause and the solution to hunger in today's world.

The greatest obstacle to the moral imperative to ending the scourge of hunger is not food shortages or population growth or natural disasters, but political apathy.

We have moved beyond the debate of two and three decades ago between those who stressed increasing the production of food and those who pushed for reducing the population growth rate. The issue is how to get adequate food for those who need it.

How to allocate food resources more fairly is an issue that often gets mired in ideological debate. While there remains serious differences among some policy makers, there has also been a rather remarkable convergence of opinion in recent years. Many analysts have abandoned the rather simplistic notion that economic growth alone will lift the world's hungry out of poverty, recognizing that more equitable development is a key element in ending hunger. Meanwhile, many critics on the left now acknowledge that the market also has an important role to play. Yet even though there is greater understanding of the causes of hunger, there needs to be more decisive action to end hunger.

Hunger is not a new phenomenon; it has plagued humankind periodically for thousands of years. Yet ending hunger is a far greater moral imperative now than it has been in the past – simply because hunger is so preventable. We have the ability to guarantee food for all. It is largely a matter of political will. Inequality is nothing new, either, yet to have so many individuals in rich countries concerned with over-eating while so many others are malnourished is a political and moral outrage. Most hunger in the world today is caused by human choices, not whims of nature. Likewise, humans can choose to end hunger.

The percentage of hungry people in the world has dropped from an estimated 35 percent of the world's population in 1972 to barely 20 percent in 1996. This is a very impressive statistic, particularly in light of dire predictions by some during the 1960s that widespread famine was imminent throughout the Third World. Unfortunately, during that same period, there has been only a slight decrease in the absolute numbers of hungry people, from roughly 900 million to 800 million. There has been impressive progress in combating world hunger in South and Southeast Asia, yet hunger has grown in Africa. What is particularly troubling is the situation in what are collectively known as Low-Income Food Deficit Countries: defined by the United Nations Food and Agriculture Organization (FAO) as nations that have been net importers of food, and whose net income per person is too low to receive soft loans from the World Bank. There, hunger is increasing. Indeed, outside of China, the number of hungry people in the world has actually grown. There are some indications that hunger may be on the rise again overall as a result of financial problems in Asia, as well as recent wars and natural disasters.

The United Nations Development Program reports that over one hundred nations are today experiencing "disastrous failures in growth and deeper and more prolonged cuts in living standards" (1). Greater hunger is the inevitable result.

Ending hunger requires people who need food being able to get it. In part, this can be addressed – particularly in emergency situations – by sending food to the needy, utilizing the agricultural surpluses that exist in most developed nations, as well as utilizing modern means of transportation and distribution. By meeting basic nutritional needs, food aid can free marginalized people from focusing exclusively on their daily survival so that they can thus give more time to sustainable development. Food aid must be part of an overall investment strategy, with the participation and commitment not just of UN agencies and private donors, but of the governments and peoples on the receiving end as well.

Human capital, particularly in poor areas of the world, is critical for real development to take place. By targeting those most needy with food aid, they can be part of this process.

More importantly, however, we must end the lack of economic opportunity, inequality, discrimination and lack of wise public investment which causes hunger. Hunger results from lack of political power, from external and internal conflict and from environmental degradation. The solutions, then, must include sustainable development that can preserve the environment and expand income-producing opportunities for the poor. It must involve democratic participation for the rank and file citizenry in government programs that satisfy basic human needs. It requires demilitarization and policies which promote equality regardless of race, religion, ethnicity or gender.

It has sometimes been argued that inequality, centralized control and even repression were necessary to forcefully address hunger and its causes, yet democracy and human rights can promote both food security. Democracy and human rights do not just include free and fair elections and recognition of civil liberties, but also land reform, health care, reproductive choice and access to a good education.

It is important that those of us in the industrialized world not fall into a kind of paternalism regarding hunger in the developing world. Indeed, many of the problems related to food security have their roots in European colonialism, which destroyed cultural patterns of production and exchange which, while often exploitative, did usually meet at least the subsistence needs of the people. As with feudal Europe, where serfs were guaranteed certain rights in return for their subservient status, the wealthy landowner in Africa and Asia did tend to provide enough food for people to limit hunger. The poor of India certainly had little in the way of surplus in pre-colonial times, and there were periodic famines, but the utter deprivation and misery one sees in today's Calcutta came only following the arrival of the British. Under colonialism, agriculture was no longer seen as a

sustainable source of food and livelihood for the population, but merely a means to extract wealth for the colonial power, not unlike a mine. Diversified agriculture was replaced by monoculture as single cash crops replaced diverse foods for domestic consumption. African countries that used to grow plenty of rice, yams and other staples had their best farmland converted to grow cocoa, palm oil, cotton, and other cash crops for Europeans. Colonizers and, in more recent years, even some international development agencies, often discredited the indigenous understanding of ecologically-sustainable agricultural methods. Some Third World governments, wishing to emulate "modern" methods of the industrialized world have pushed expensive mechanization projects inappropriate to their soil, climate or culture. Research, credit and other public resources have tended to go primarily to cash crops for export, not the peasant-produced food crops that the poor consume. This is beginning to change, but not nearly fast enough.

It is noteworthy that, except for feudalistic Ethiopia, mass starvation in Africa was extremely rare prior to colonialism, as farmers routinely built up reserves in good years to get through the bad years, a process discouraged by Europeans who simply wanted to maximize what they could in the short term from the countries' arable lands. The Irish – who were among the first victims of colonialism – know this all too well: the potato blight destroyed potatoes all across Europe in the 1840s, but only Ireland – under British rule and forced to export much of its food to Britain – suffered widespread hunger and starvation.

What is becoming increasingly apparent is the importance of bringing poor people into development opportunities. A key to ending hunger is greater political and economic democracy, ranging from national governance to international financial institutions to land tenure to the role of women in society.

The Free Market

While state-controlled economies in poorer parts of the world often did a relatively good job compared to the more capitalistic economies in distributing food resources to the neediest segments of the population, they were generally quite inefficient in food production overall. Like other parts of command economies, there was little incentive to increase production, employ innovations or meet consumer demands. Virtually the entire world now sees the advantages inherent in the free market. Communist countries which struggled for years to feed their people have finally discovered that it was not "bad weather" as much as bad economics which retarded the growth of their agricultural sector. Even some countries where the Communist Party still holds a monopoly on power – China, Vietnam and Cuba – have opened their agricultural sectors to market incentives, with positive results.

Markets work for food, as they do with other consumer items, since they mobilize business to respond to consumer demands. Competition pushes businesses to operate more efficiently and improve productivity. Yet the market must be complemented with governmental and civic action to ensure that basic needs like food are met. For example, government can encourage full employment, access to basic education and health care and provide an adequate social safety net for those who are unable to support themselves. Government policies can also determine whether economic growth can contribute to greater food security, as has been the case in most of East and Southeast Asia, or – as in Brazil – the newfound wealth fails to trickle down to provide even the most basic nutritional needs of millions of poor people. Indeed, even poor areas with slow economic growth, such as Sri Lanka or the Indian state of Kerala, hunger has been substantially reduced due to government policies which have ensured that basic human needs are met. Hungry people are not generally well-served by, nor can they contribute to or compete in, even a well-functioning market. Food aid and other basic services can be a natural partner of the market and should not be seen as an unfairly competitive or disruptive force. Development must be broad-based if it is to successfully feed the population. People are hungry because they are poor, thus an adequate income is necessary. Unfortunately, the free market alone cannot guarantee a livable wage for everyone; indeed, there are certain structural incentives to maintaining an economic underclass. That is why government must play an active role.

It is noteworthy that, as inefficient and irrational as the old Soviet system was in agricultural production, the old Communist regimes did a better job at meeting the basic food needs of their populations than these countries are now in the unbridled "cowboy capitalism" which most of the successor governments have adopted. Indeed, Armenia, Azerbaijan, Georgia and particularly Tajikistan have had to receive emergency food aid to fend off starvation. Clearly a more balanced – and, more critically, a democratic and accountable – system needs to be developed to support these countries in their difficult transitions, allowing a market system with sufficient government intervention to ensure its benefits can be felt by all. At minimum, to avoid widespread hunger, there needs to be better safety nets for countries undergoing major economic reforms.

The free market, if unchecked, tends to concentrate wealth and purchasing power.

Among the key functions of government is to make the market work in such a way to protect the basic economic rights of ordinary citizens, including prevention of the over-concentration of economic power in the hands of a few. Government must also look out for the longer preservation and sustainability of the agricultural sector. The market alone does not account for externalities such as eroded topsoil, energy consumption, pesticide residue, runoff, depletion of groundwater and other issues with long-term implications for food security.

Governments are responsible for establishing the framework within which their own nations' economies operate, providing political stability, a legal system and stable monetary policy. Through regulations, taxes and subsidies they can affect private sector development and provide the physical infrastructure necessary for sustainable development. The globalized economy has forced governments to reduce inflation, balance their budgets, allow their currencies to fluctuate and keep their interest rates competitive. While

ich practices are not unsound economically, recent years have demonstrated a de-
nphasis in economic growth and employment due to a need to keep interest rates up
id other factors necessary to compete globally, even if such a policy is not necessarily
the best interest of their own development needs. The world's governments must col-
ctively put greater emphasis on growth and employment.
nder a totally unregulated market, the tastes of the privileged few can often be more
:isive than the needs of the many. In the case of agriculture, the luxury crops for the
inority are given preference over the basic food needs of the majority. The market is
ioral; it simply reflects the gross inequalities of wealth in society. It is up to policy
akers to decide if there are other factors to be taken into account in developing eco-
)mic policy.
overnments can mandate genuine land reform, including provisions which ensure the
nd will not be reconcentrated. Governments must be willing to provide tax and credit
)licies which support poor farmers. Public policies involving credit, extensions, wel-
re, land and labor must be geared to disperse purchasing power to make sure that the
iormous potential benefits of the market can actually benefit the largest number of peo-
e. Only if governments are willing to disperse purchasing power can the market fully
spond to human needs and preferences.
iere are a number of ways governments can do this to protect family farms and poor
)nsumers. In Sweden, for example, only working farmers can own farmland. County
)ards make sure that prices are not so high to eliminate family farmers from purchasing
nd. Representatives of farmers, government agribusiness and consumer groups negoti-
wholesale food prices. In the Indian state of Kerala, the state government opens fair
ice shops to keep food prices from getting too high. While they allow for wealthy
ndowners, they also make sure that small farmers can afford adequate land. Govern-
ents need to focus less on supporting corporate agriculture and more on providing ade-
iate credit and appropriate technological support
ven the World Bank has recognized that some market intervention is required to enable
e hungry to acquire food; economic growth alone, they acknowledge, is not enough (2).
ie key to making the market work to end hunger is in dispersing purchasing power
ore widely. That way, the market will respond to actual human needs. Governments
ist stop simply promoting the market and start promoting consumers. The more widely
stributed purchasing power becomes, the better the market can be at meeting such
sic needs as food for the majority. The market can work for everyone if labor rights,
lucation, health care, and a healthy environment is also assured.
elatively small number of corporations accountable only to their stockholders dominate
ricultural trade which can make all the difference in whether a family farm, or a family
elf, survives. This asymmetry in power makes it very difficult for Third World govern-
ents, much less family farmers, to bargain for higher commodity prices (3).
is rush for "efficiency" has increased hunger even in wealth countries like the United
ites. Supermarket chains have closed hundreds of their less-profitable stores in inner

city neighborhoods, a pattern accelerated by large-scale mergers within the industry. Without easy access to fresh produce, meat or other food items, local residents – many of whom lack cars or reliable public transportation – are made dependent on convenience stores which offer expensive canned and dry goods, which are both less healthy and cost half again as much as was what was once found in the supermarkets. Meanwhile, in better off neighborhoods, we see gourmet shops displaying specialty foods while the homeless scrounge for food in dumpsters.

The inordinate concentration of wealth which tends to occur in an under-regulated market can be seen in the American food industry. Over two-thirds of vegetable, sweet corn and melons are produced by only 4% of the largest farms (4). Cargill and four other companies now control a full 95 percent of the exports of wheat and corn, as well as a large share of the grain traded by Argentina and by European countries (5). The beef industry is dominated by only three companies and 80% of the country's beef is slaughtered by just four beef-packing companies. The poultry and pork industry show similar patterns (6).

Family farmers in most countries are caught in squeeze between low crop prices and high costs of chemicals and other farm inputs. In rich and poor countries alike, recent years have seen the reduction or elimination or credit, extensions, subsidies and technical education.

One serious consequence of the reduction of government-backed farm supports has been the reduction in government-held grain stocks. This lack of surplus has increased price fluctuations and made it difficult to provide reduced-cost and free donations to poor countries, even during food emergencies. It has also greatly exacerbated the crisis of the family farmer, both here at home and abroad, unable to face the challenges of the global economy alone. This has increased the role of the corporate farmer or plantation owner, whose size enables them to better weather the uncertainties which come from the vagaries of increased international trade.

There are indications that cutbacks in farm subsidies in some poor countries has led to an increasing number of peasants becoming involved in the production of marijuana, coca and opium. It is perhaps noteworthy that while expensive and sometimes violent U.S.-led drug eradication programs have had only limited results, the most successful campaign to end illicit drug cultivation took place in Thailand, where the government invested in seeds, fertilizers, schools, roads, market access and other infrastructure that has made the production of fruit more profitable for the former opium farmers (7).

There must be a challenge to the economic dogma that the right of unlimited accumulation of productive property takes precedence over the right of the family farmer to maintain his livelihood and the right of the hungry to eat. This is as true here in the United States and Europe as it is in the poorest countries of Africa. Some degree of inequality may be inevitable, but hunger and gross poverty is not. We must ask some fundamental questions to deal with this most fundamental of resources: Should farmland be bought and sold like any other commodity, or should there be protection of the family farmer

from agribusiness? Should the main producers of food – those who actually work the land – continue to lack effective bargaining power relative to corporate suppliers of farm inputs and the corporate marketers of the food?

Free Trade

The liberalization of international trade brings both great promise and great dangers for food security. The continued liberalization of trade is inevitable; few would suggest going back to the bad old days of high tariffs and other restrictions which isolated national economies from each other. At the same time, to allow a totally unregulated global market to run amok would result in hundreds of millions of people falling through the cracks. The liberalized global economy has created great wealth for a few and has provided new benefits and reduced hunger for many, but it has also increased hunger, insecurity and misery for many others.

Food security has tended to increase in countries which open their economies to trade and international finance and has tended to decline in countries which have not. Economic growth rates have tended to rise as countries have taken steps to be more competitive, and, though the benefits have not generally been evenly shared within these countries, hunger has tended to decrease as a result. There are many exceptions, however. It could be said that economic growth is necessary but not sufficient to end hunger. A key variable is how evenly it is distributed. Until there are means of insuring a more equitable distribution, there cannot be a consistent reduction of poverty and hunger.

Foreign direct investment has been very uneven: Two-thirds of such investment in the developing world went to just eight countries, while more than half of all Third World countries, including virtually all of sub-Saharan Africa, received very little or none (8). Trade as a percentage of gross domestic product has declined in nearly half of all the Third World countries (9). Indeed, East and Southeast Asiaís export-oriented growth can be given a large degree of credit for the dramatic reduction in chronic hunger in that part of the world while the increase in hunger in Africa is related, in part, to the lack of such growth. Since China liberalized its economic trade policy in the late 1970s, poverty rates have plummeted by 60 percent and malnutrition has declined from 45 percent to 16 percent. Part of the credit can also be attributed to the move from large state-run farms to family farming, but there have been similar declines elsewhere as well. It is important to note, however, that such economic benefits have been uneven and large numbers remain chronically undernourished, 189 million in China alone (10). More crucially, over the past twenty years, more than one hundred countries, with a population of more than one and a half billion people, experienced a zero or negative per capita growth rate (11).

The benefits of free trade can vary, depending on the structure of a given country's domestic economy. There are a number of countries where exports have boomed while hunger has continued or even worsened. The problem is that the profits from the exports tend to remain with large landowners, processors, exporters, shippers and others, while

the poor remain hungry, even those who grow the food or manufacture the products which are exported. Brazil, Bolivia, Thailand and Chile – all of which greatly expanded their agricultural exports over the past several decades – have failed to meet the food needs of their population which, in some cases, has actually worsened (12). This is not surprising. Those who control the food production processes will naturally want to sell to those who can afford to buy at the best prices. Given that those in the industrialized nations can afford to buy and their poor compatriots can not, the market dictates that they should focus on exports. For example, despite Peru's large numbers of people suffering from protein deficiencies, much of the fish caught in its rich Pacific waters goes to North America for pet food.

Again, the issue of land tenure becomes critical. Both the Central American nation of Costa Rica and the African nation of Kenya place a lot of emphasis on export crops. The average Costa Rican, however, has benefitted far more than the average Kenyan because most of Kenya's exports are grown on plantations while in Costa Rica, many small farmers grow that country's export crops. Other factors include Costa Rica's stronger tradition of democracy, good government and demilitarization as well as greater support for education, health care, land reform and social insurance. As long as governments fail to address such issues as inequality and corruption, no trade policy can meet the food needs of their population.

If such export earnings were shared throughout a country's population, it would enhance food security for everyone. However, often a poor country's foreign exchange earnings are used to import luxury items for the wealthy instead of food for the hungry.

One important advantage of freer trade is that certain foodstuffs, produced cheaper due to mechanization in industrialized countries, can more easily be imported to and sold in Third World countries. This makes some additional foodstuffs more available to the poor, which is certainly a positive development. The FAO has noted how liberalization of grain imports has improved food access for most people (13).

Even this can be a double-edged sword however, since this cheaper food can undercut and destroy local agriculture, leading to greater hunger in the long term. This has been the fate of thousands of wheat and corn farmers and their communities in Mexico since the enactment of North American Free Trade Agreement (NAFTA) (14). In addition, by making large populations increasingly dependent on outside sources of basic foodstuffs, they then become vulnerable to sudden swings in international commodity markets.

Free trade does not necessarily lead to an increase of exports over domestic production. In some cases, protectionist policies so distort internal markets that domestic food prices are kept so low there is a greater incentive to produce cash crops for exports because of greater returns; trade liberalization can sometimes raise domestic farm prices and stimulate the production of food crops. More often, however, freer trade has encouraged the move away from the production of food for domestic consumption towards exports, often raising a given country's balance of trade, but actually worsening hunger.

Who wins and who loses under liberalization can be complex. The reduction of U.S.

sugar quotas has helped some Third World producers but hurt U.S. sugar producers and corn producers (who provided corn-based sweeteners.) With governments no longer setting prices, some food products become cheaper but others – including certain basic foodstuffs once subsidized for the poor – become more expensive. Speculators in international financial centers, not governments, set many prices now, leading to wide fluctuations, making long term financial planning difficult and bringing farmers from riches to ruin by arbitrary outside forces. NAFTA has provided new markets for some U.S. agricultural exporters, but has caused hardships for others. For example, tomato farmers in Florida have been run out of business by increased Mexican imports, not because the climate south of the border is necessarily better, but because it is more profitable. In anticipation of NAFTA's ratification, Green Giant closed its large Watsonville, California plant and moved to Mexico to take advantage of cheaper labor. Comparative advantage seems less of a matter of climate or other geographical endowments but an opportunity for transnational corporations to keep wages low and get subsidies from governments. When field workers in Hawaii organized in the pineapple plantations to achieve livable wages in the 1970s, Dole and Del Monte simply moved their operations to the Philippines when – under president Ferdinand Marcos' martial law regime – labor unions were essentially banned and land could easily be expropriated from poor farmers.

The export boom in American agriculture in the 1970s brought enormous profits to American agriculture, but it was distributed very unevenly. Indeed, by the early 1980s, 60 percent of net farm income was controlled by a mere one percent of farm operators.

Over-valued currencies often kept farm prices artificially low, which gave little incentive to increase production. Now that countries are required to set more realistic rates, this problem has been relieved somewhat. Unfortunately, it has also increased dependency and hurt some local job-creating industries.

As the Third World becomes increasingly dependent on imports, purchased with their limited foreign exchange, to maintain their agricultural production, the rural poor become increasingly susceptible to fluctuations in exchange rates, inflation, dollar reserves and other factors beyond their control. Impulsive actions of speculators in foreign financial markets could mean the difference between relative prosperity and starvation for millions of rural peasants.

In an increasingly interdependent world, domestic economic decisions can also have an impact well beyond national borders. For example, the U.S. government recently ended the Farmer Owned Reserve out of concern that large stocks moved into the reserve in one year and carried forward tended to depress prices and production in future years. At the same time, the reserve helped stabilize domestic grain prices and the supply to the world market. Its elimination has greatly exacerbated the volatility of global food prices, with a serious negative impact to both family farmers here and hungry people abroad.

A higher volume of agricultural exports made possible by liberalization of trade does not necessarily mean that the average farmer benefits. Only a tiny percentage of the more than $60 billion in food imported yearly from the Third World to the industrialized world

ever gets into the hands of producers; it is almost exclusively in the hands of traders, processors and marketers. For example, for every dollar spent by an American consumer for a cantaloupe grown in El Salvador, the farmer gets less than a penny. In more prosperous Costa Rica, only 14 percent of what Americans pay for bananas grown there goes to that country's people and government; the rest ends up in the hands of the corporations (15).

In some cases, importing food which costs less to produce can be extremely profitable for agribusiness, but not necessarily a boon to consumers, when transportation and large profit margins are calculated.

Another problem is that the overall terms of trade in recent decades has been unfavorable to the poorer countries. Adjusted for inflation, export earnings for such raw materials as food crops, minerals, petroleum, coffee, tea, cocoa and oilseeds have declined while prices for finished products, such as high-tech products and services, machinery, transportation equipment, farm equipment, have become more expensive. In other words, it now takes a lot more bags of coffee to buy a tractor.

At the 1996 World Food Summit, the United States successfully pushed for the final documents to portray the liberalization of international trade, free markets and private investment as key elements to creating food security. While calling for agricultural development in poor countries, the summit's documents failed to analyze the trade-offs between liberalization and the strengthening of local agriculture. By contrast, the parallel NGO forum did recognize the vital importance of small farmers for providing food security and stressed more democratic and sustainable development practices. Some NGOs challenged the emphasis on international trade and stressed greater self-sufficiency. Via Campensina, a movement of peasants and small to medium-sized farmers and other agricultural workers, including indigenous groups, emphasized the need for the right for "each nation to maintain and develop its own capacity to produce its basic foods respecting cultural and productive diversity" (16). Advocates of self-sufficiency often fail to recognize the benefits from international trade, but the recent emphasis of producing largely for export indeed has serious risks.

Export-oriented development strategies fail to create the ancillary industries which create a broad economic growth, such as food processing, transportation and retail. If the market is largely external, there is no motivation to help create a consumer class. This strategy can create a situation where food production rises, the economy grows on paper, and some local elites get wealthy, but people are still hungry. Average income (the gross national product divided by the number of people) can grow higher and higher while the more significant median income (where half the people are above a certain income and half are below), which is far more significant in eliminating hunger, can remain low.

While a strong export economy certainly benefits processors and shippers, increased exports do not necessarily result in increased dollars to producers. Even in the United States, the dramatic increase in farm exports in recent years has paralleled a dramatic decline in the family farm. Indeed, during the export boom of 1994-97, more than 42,000

American family farms disappeared.
There are certainly a variety of reasons for the decline of the family farm and an export market can certainly be very useful for American farmers in keeping prices and production higher than they would be for domestic programs alone. However, it is equally clear that expanding exports are no panacea.
The 1996 Omnibus Farm bill eliminated most price supports for American farmers that had existed since the Great Depression in the belief that liberalization of trade would create an increase in exports which would keep prices up. Not only was that not necessarily the case for many farmers, those that did initially reap such benefits found the upswing to be short-lived, due to the whims of international finance: many farmers became dependent on exports to Asia, which dropped dramatically with that region's economic collapse in the fall of 1997. In response, government payments to producers in recent years has rebounded, but it has been insufficient to deal with one of the most serious crises in the history of American agriculture.
Clearly, there needs to be a balance between export crops and crops for domestic consumption. This way, people in poor countries will not be solely at the whim of fluctuating markets they cannot control and be able to meet at least the minimal food needs of their population domestically, yet still have enough cash reserves to modernize their economies and import foods if their own crops fail. India has actually become a net exporter of rice during good years during the past two decades, a dramatic change from its previous desperate need for imports. Irrigated areas of other grains have increased dramatically as well. Unfortunately, the country's dryland farming – which is the basis of livelihood for most of the country's poor – has been largely neglected by the government and malnourishment continues to be widespread.
In 1994, the Uruguay Round of multilateral trade negotiations agreed to a new General Agreement of Tariffs and Trade (GATT), superceded in the formation of the World Trade Organization (WTO) in January 1995. The Agreement on Agriculture made some headway regarding access to markets and domestic support and export subsidies, all of which have increased the efficiency of agricultural trade. However, food security does not depend just on efficiency but on equity as well. GATT and the WTO have no mandate to address such issues as land ownership, agricultural wages, the fate of the family farm, and meeting food security needs of the population. Indeed, much of what was contained in the Agricultural Agreement actually make things worse with these unresolved issues.
To respond to the negative impact of higher food prices and market instability from the GATT Agreement on Agriculture, member states agreed to provide something of a safety net, known as the Marrakesh Decision, which would compensate the most impoverished states. While this decision showed a lot of promise, in practice, the multiplicity of causes for food insecurity has made it unclear where GATT is to blame and how much worse the situation must become before compensation is provided. For example, the FAO has argued forcefully that GATT is hurting the poorest food importing countries, but the powerful International Monetary Fund says it is not. This is problematic, since the Marrakesh Decision leaves it to the IMF to offer loans to countries suffering from a b of payments problems due to higher food import costs and the receiving country agree on the sometimes rather draconian conditions for such loans. Another fo assistance envisioned in the Marrakesh decision is increased financial aid to in agricultural productivity in these countries, yet such foreign aid programs fro industrialized world are actually decreasing. Direct food aid is another mechanis that too becomes difficult as food stocks decrease as a direct result of the end of supports.
The World Bank has also recognized the need for safety nets to partially counter th ative side of freer trade, which is a hopeful sign. Unfortunately, these have also inadequate to meet the growing inequality – both within countries and between th and the slow growth in the global economy.
While the WTO has not provided for any regulations for the protection of small fa or of the hungry, it has established an array of regulations for the protection of agr ness firms and businesses who hold patents. Protection of such "intellectual pr rights" can have some real advantages in providing incentive for innovation in ag ture. By having monopoly rights for a period of time on a more productive or di resistant variety of plant, it will more likely be produced and exported, thereby cr more food security for more people. Unfortunately, many of these patented seed va result in higher risks for poor farmers; they are often expensive and require a vari new knowledge, management and other adjustments. They often require more fer and pesticides and sometimes require the farmer to purchase them as a package fro company, which adds still more costs. Most poor farmers, particularly women, h hard time getting the credit necessary for such purchases. The wealthiest farmer corporate landowners are once again given the advantage. What makes this situati the more painful for many in the Third World is the awareness that they also have of knowledge and potential for innovation, but do not have the resources and know to obtain and enforce a patent, so they are forced to become all the more depende foreign agribusiness. Indeed, some Western-based multinational agribusiness comp are alleged to have patented varieties that had been developed and grown for gener by poor Third World farmers. Creating such dependence is not by chance: For exa Monsanto has patented seeds for a new strain of rice for Bangladesh which has pro increased yields, yet has designed them so they cannot reproduce, thereby forcing farmers to buy new seeds every year. In some cases, it is even illegal to save see planting the next season.
Another problem is these new productive and profitable varieties are taking the pla traditional varieties, which have evolved for centuries through observation and sele by farmers as pest resistant and sustainable crops, and which have provided the plasm for future varieties. The international community needs to support and ex seed and germ plasm banks to make sure they are not lost forever, such as the c project through the FAO and the United Nations or the Consultative Group on Int

tional Agricultural Research. Unfortunately, industrialized countries are reducing their funding for the CGIAR just when it is needed to complement the new protectionist measures by agribusiness.

For liberalized international trade to work in ending hunger, the enthusiasm for the WTO by the industrialized nations must be matched by a commitment to live up to the promises made in the Marrakesh Decision and by restoring funding for international agricultural research so as not to leave innovations solely in the hands of private transnational corporations.

Transnational corporations have proven to be adept at matching supply and demand as well as moving goods and services over long distances in a short time period. They have been able to transfer capital, technology and knowledge and have made numerous breakthroughs in research and development. Problems have developed when they have used their enormous economic power to their political advantage, which often leads to the establishment of international rules which are more geared to maximize profits than support sustainable economic development, including food security. Some corporate leaders have supported increased funding for nutrition programs, aid to agricultural initiatives and rural development and increased education, either out of their own individual humanitarian convictions, public relations purposes, or their self-interest in having healthy consumers and skilled workers available. However, in general, the unregulated market and free trade alone simply does not provide incentives for supporting the family farmer, encouraging sustainable development and providing food for those who most need it.

Another rather remarkable example of how the benefits of world trade are unevenly distributed is the fact that American basketball star Michael Jordan annually makes more money for endorsing Nike shoes than all 22,000 Indonesian women who assemble them. It is not surprising that many of these women are hungry.

What is troubling about growing monopolization and the ease with which companies can seek such competitive advantage is that the savings are not always passed on to the consumer. Not only is the retail cost for athletic shoes not any lower than when it was manufactured by unionized American labor, but, despite record low commodity prices that are driving American farmers out of business, food prices are not getting any lower either. Large agribusiness conglomerates, however, are making record profits. Sometimes, they will even take advantage of the ease of international trade to manipulate prices at farmers' expense. For example, Neil Ritchie of the of Institute for Agriculture and Trade Policy reports how a few years ago Cargill announced it was sending a shipload of soybeans up from Brazil to the United States, which caused the price of domestic American soybeans to drop by fifty cents; Cargill then immediately took advantage of the sudden price drop it had created by buying large quantities of soybeans it later resold at a much higher price. The price the farmers got during this sudden drop was less than the production costs, an increasingly familiar pattern.

In both developing countries and in the industrialized world, small enterprises and the

self-employed tend to generate new employment and generate growth more than large corporations. Unfortunately, regulations, taxes, subsidies and the rules of the game often favor the largest corporations. Much of the new foreign investment tends to be for assembly-line work where the finished products are exported back to industrialized nations, therefore not creating the ancillary industries and the multiplier effect which industrialization brought to Europe, Japan and North America. The success of Taiwan, South Korea and the other Asian "tigers" took place in large part because of simultaneous land reform which supported the small farmer as well as tariffs and subsidies which allowed their infant industries time to develop in order to later compete internationally. Under the rules of the World Trade Organization, such protectionist measures are increasingly problematic and land reform appears to be a low priority in most countries with a small concentration of land ownership. As a result, we cannot assume that the low-income food-deficit countries will be able to replicate the dramatic improvement in living standards and food intake through foreign investment as did the newly-industrialized East and Southeast Asian countries. Indonesia is an example where dramatic but uneven and unsustainable economic growth, which for a time brought millions out of poverty, can quickly reverse and lead those once secure in meeting their food needs to once again suffer from malnutrition.

Unfortunately, the globalization of the economy has made it easier for corporations to move to where there are lower corporate taxes, lower wages and less environmental and worker safety laws. As a result, to retain and attract investments, there is pressure to lower corporate taxes, which puts more tax pressure on the middle class, which becomes so over-burdened it is no longer willing to support programs for the poor. In the United States, for example, the percentage of federal taxes paid by corporations has dropped from one-third from forty-five years ago to only three percent today. Similar, though less dramatic, shifts in the tax burden have taken place elsewhere in the industrialized world. Not only that, governments are forced to underwrite generous subsidies for corporations to attract investment or prevent them from moving elsewhere, which leaves still less money to support family farms or the poor.

In addition, there is incentive to keep wages low to attract investment, which leads to situations like Indonesia, where full time assembly line workers contracted by foreign corporations are often unable to afford basic foodstuffs for their family. In many Third World countries, unions are suppressed, working conditions are terrible, hours are long and wages often are insufficient to buy basic foodstuffs and other necessities. Even in the United States, most poor people are working full time. Meanwhile, unemployment is at record levels in Europe and real wages are declining throughout the industrialized world despite relatively prosperity. The only way out of this "race to the bottom" is to establish global minimal standards for worker safety, environmental standards, collective bargaining rights, child labor and hours of work. This could also include a global minimum wage, based on what is necessary to provide for basic necessities, including food, in a given country. The enforcement mechanisms of the World Trade Organization has

demonstrated how international treaties can impose economic policies on countries which were once the sole province of domestic lawmakers, so enforcing such minimum standards is not as farfetched as it may seem. Much of the United States' prosperity this century can be attributed to the imposition of federal standards at the turn of the century which made uniform the disparate state laws which had previously given little incentives to improve working conditions and promote overall economic development. Establishing global working conditions for a global economy would make major progress in ending world hunger. Since making such international agreements will require challenging powerful economic interests currently taking advantage of the lack of meaningful international labor or environmental legislation, popular transnational grassroots mobilization will be necessary to force such changes.

The classic free trade model assumes a broad-based and well-informed community of buyers and sellers. The reality, of course, is that not all parties are equally well-informed or powerful to influence decisions. Most countries have safeguards for certain goods and services that are deemed too important to be left at the whim of the market. The same must be done on a global level. What is needed is to continually take advantage of the opportunities made possible through freer trade, but to complement this with measures to promote a more broadly based economic growth which can better ensure secure livelihoods for the poor and hungry. Virtually all nations recognize that government-administered economies are unworkable, that a market-based system is the way to go and that their economic well-being is tied to being part of globalized market system. What needs to happen is to ensure that this disciplined, flexible and dynamic system can meet the food security needs for all. This will require establishing some fair rules, since trade and investment policies need to be better regulated to make it possible to support social development and environmental preservation.

In summary, liberalized trade can increase economic growth through greater efficiency and comparative advantage. It tends to provide more choices and better quality for consumers at lower prices. It creates new jobs in poor countries as they take advantage of their low labor costs. It creates greater interdependence, growing trust, greater cooperation and reduced misunderstandings. It can offer greater food security against localized disasters. It can overcome stagnation by isolated economies. It can provide access for poor countries to markets in rich countries. Unfortunately there is also the downside: greater inequality through the domination by powerful domestic and foreign actors; reduction in job security and quality of work from the higher level of competitiveness including the loss on workers' rights from playing off workers in one country against the other; loss of self-reliance and independence to powerful transnational actors; reduced influence by government and NGOs; commercial domination of cultural values; market volatility for necessities; weakened environmental laws; and, food insecurity from the transition from food for domestic consumption to cash crops for export.

The advantages of free trade are numerous, but it can contribute to ending world hunger only if certain conditions exist. These include the ability of poorer countries to challenge transnational trading companies in their control over markets, allowing agricultural workers to engage in collective bargaining for basic rights, and providing citizens of these countries more equitable claims to their own resources. Liberalized trade alone cannot solve the problem of food security unless there are also sound agricultural policies and social safety nets protecting the poor.

It is clear that freer international trade and investment opportunities can help expand the prospects for greater income for the poor and hungry, but governments and civil society, along with NGOs and multilateral agencies, must develop other strategies as well. It is quite possible to recognize the great advantages of open trade and the market system without falling into a kind of free market fundamentalism which ignores the positive role that governments and international regulations can also play.

There are those within the WTO who see restrictions on the overuse of pesticides, the destruction of rain forests, endangered species protection or exploitation of workers as unfair restraints on trade. Those who seem to benefit the most under these new rules are those who can produce at the lowest cost, regardless of environmental damage or unsustainable agricultural practices. Some national government policies providing subsidies for hungry consumers and family farms can now be effectively overridden by the WTO. It was just such policies which prompted the large demonstrations at the WTO summit in Seattle in December 1999.

Only fifty years ago, Korea, Taiwan and even Japan were suffering from serious shortages of food for large segments of their respective populations. They were able to turn themselves around, providing plenty of food for their own people and becoming net exporters of food by temporarily limiting food imports while embarking on an ambitious program of land redistribution and subsidies for domestic farmers and businesses. The idea was that by increasing the income and purchasing power of broad segments of society, they could develop an adequate consumer market that could support their local economy, at which point they could drop many of their subsidies and tariffs and compete internationally. Indeed, the United States' first Secretary of the Treasury, Alexander Hamilton, set up similar protectionist measures to allow our infant national economy to compete with more powerful European economic powers. Such a strategy which other countries might want to emulate, however, is no longer possible under these new rules.

Such protectionist measures have negative consequences, of course. For example, they keep land prices artificially high and distort domestic real estate markets. They can be a serious drain on national treasuries. More efficient foreign producers are unable to be rewarded for their innovations due to high tariffs. The answer, then, is not protectionism but a continued liberalization of trade which can also take into account food security needs. Freer trade should not be seen as a goal in and of itself, but as a vehicle for human betterment which takes into account both the benefits as well as the costs, and formulates trade policies accordingly.

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(6) Lappe, Collins and Rosset, op. cit., p. 101
(7) Lily Philipose, "When Peasants Grow Narcotics", in Hunger in the Global Economy, Bread for the World Institute, op. cit., pp. 52-53
(8) Cohen, op. cit., p. 7
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A challenge for the year 2000. The new poor?

Introduction

There is a collective group that has not had sufficient research in studies on the subject of poverty. It concerns all people betwe live in homes that cannot be considered as poor, yet if these dependent from their homes there would then be a great po as poor.

is what we have called *virtual poverty.*

objective of the following presentation is to show the first is now being carried out in the Historical Territory of Bizkaia first place we will make a sociological reflection on the phe virtual poverty and in which we have included our collecti go on to explain the process that we have used to locate this results of their working itineraries.

gical reflection on the phenomenon of virtual poverty

XXI century, society should have an answer to the contradic logic of some global markets and their reason for the redistri contradiction is a product of the confrontation between *the s* by the international division of work, the globalisation of th adjustment; and the *span of solidarity* as the origin and functi states.

Espasa states (1) that the first instance, which is governed ence a realm of inequality with no obligatory income transf of the population, with no tax regulations to attend to bulldo to provide for lack of income and with no obligations fo culture, leisure or for infrastructure. In the second instance we for the existence of a social, constitutional state; and the social peace as a factual value and social justice as a positive v effective, true and indubitable value.

then, are our societies confronting in a global economy? other phenomena, they are coming up against not only an a change in its limits. Thus, a society that is already facing st