Governance, Institutions, and Globalization Policies

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Governance

- Behavior of Governing Body, OR
- Institutions and Policies that Define the Sociopolitical Environment
- Different From:
  - Goals (political will)
  - Processes (politics)
  - Actions (policies)

Institutions

- Formal and Informal Organizations, Relationships and Rules
Globalization

- Trade Liberalization
- Technology Flow
- Information and Communication
- Capital Flow
- Labor Migration
- Disease-Causing Agents
- Cultural Exchange

Impact Will Depend on:

- Relative Price Changes
- Degree of Price Transmission
- Condition of Infrastructure
- Domestic and Int. Institutions
- Domestic Market Structure & Conduct
- Employment Opportunities
- Human Resource Conditions

Eight Links to Food Security and Nutrition
1. Incomes and Employment
2. Relative Prices and Access to Food
3. Advertisement and Dietary Preferences
4. Primary Health Care
5. Time Allocation and Child Care
6. Women’s Status
7. Lifestyle and Energy Expenditures
8. Safety Nets
Globalization

Elite

Vulnerable groups

International Policy Interventions

- Institutional Innovation
- Competition
- International Externalities
- Accountability
- Intellectual Property Rights
- Agreements to Eliminate Trade-Distorting Agricultural Policies

Share of Farmers’ Income from Subsidies 2004-06 (%)

- Norway: 66
- Switzerland: 66
- Korea: 63
- EU: 34
- OECD: 29
- US: 14
- New Zealand: 1
### Average Tariff Rate for Bulk Agricultural Commodities

<table>
<thead>
<tr>
<th>Region</th>
<th>Tariff Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU</td>
<td>23%</td>
</tr>
<tr>
<td>Japan</td>
<td>50%</td>
</tr>
<tr>
<td>EFTA</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Diao et al. (2002)

### Tariff Escalation

<table>
<thead>
<tr>
<th>Region</th>
<th>Escalation</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>1.25</td>
</tr>
<tr>
<td>European Union</td>
<td>2.75</td>
</tr>
<tr>
<td>Japan</td>
<td>3.75</td>
</tr>
<tr>
<td>Canada</td>
<td>3.00</td>
</tr>
</tbody>
</table>

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

Source: Oxfam International 2002

### Examples of Tariff Escalation

- **North America:**
  - Fresh vegetables: 11%
  - Vegetable juice: 25%
- **EU:**
  - Fresh fruit: 21%
  - Fruit juice: 37%
Non-Tariff Import Barriers

- Food Safety
- Other Characteristics
- Government vs. Private Importers

How OECD Agricultural and Trade Policies Affect Food Security

- Keeps Poor Farmers’ Products Out of OECD Markets
- Places Downward Pressures on International Prices of What Poor Farmers Can Produce
- Undercuts Poor Farmers in their Own Domestic Markets

How OECD Agricultural and Trade Policies Affect Food Security (Con’t)

- Makes Investments in Agriculture and Rural Areas of Developing Countries Uneconomic
- Contributes to Stagnating Agricultural and General Economic Growth and Increasing Rural and Urban Poverty
Preferential Treatment

- EBA and Similar Arrangements
- Quotas
- Impact of Trade Liberalization

Globalization

National policies and institutions

What Developing Countries Could Do

- Investment in Public Goods and Institutions
  - Rural Infrastructure
  - Markets, Institutions
  - Research & Technology
  - Education & Health
  - Coping Strategy & Risk Management
The Association Between War and Poverty

Selected Socioeconomic Indicators for Countries in Conflict (non-conflict countries ~ 100)
**Illustration of the Conflict-Poverty Trap**

- International Terrorism
- Armed conflict
- Failed states
- Ethnic or regional inequities

**Reduced ag output**

- Loss of labor income
- Poverty
  - Hunger

- Weak or failed states
- Grievances
- Other perceived unfairness
- Human suffering
  - Lack of social justice

**Current Food Insecurity Ethically Unacceptable**

**Globalization Offers Powerful Engine for Good or Evil.**

**Overriding Unresolved Issue:**

- Distribution of Gains and Losses.

**International Stability**

**Mutually Beneficial Trade**