The Economics and Politics of Food Policies

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Food policies are more than a statement of national objectives and goals for meeting the food needs of the population. They have the capacity to orientate the flow of resources, both public and private, in the many economic and social sectors that influence food consumption. In the final analysis, it is this flow of resources that determines the outcomes, and not the statements *per se*. The often perceived gap between public statements, such as those for eliminating hunger, and observed outcomes is not necessarily only the result of political convenience but also of an incomplete knowledge and analysis of the links between various policy measures and their disaggregated food consumption outcomes, making for an *ad hoc* approach to decisions on specific policy measures for implementation. Food policy research and analysis, therefore, fulfills a vital need—that of making policy statements more accountable.

In order to be comprehensive, food policies have to be more than a statement of desirable outcomes. They have to include the various economic and other policy measures or instruments that will be implemented. While the policy statement itself is the result of political decisions, the latter should be the result of detailed and comprehensive food policy analysis. Thus, in order for food policies effectively to meet the food needs of all segments of the population, it is necessary to achieve the political representation/advocacy necessary for taking the appropriate policy stands, and this should be the result of sound food policy analysis.

This chapter examines the role of food policies in low-income countries, where the challenge of eliminating undernutrition should remain the primary goal for nutritional and social scientists in the next century.

**CAN FOOD POLICIES ELIMINATE MALNUTRITION?**

It is becoming increasingly evident that problems of malnutrition cannot be alleviated without addressing the issue of meeting food needs in a sustainable way. Increases in food production, especially those based on smallholder production, have a marked effect on reduction in child malnutrition (1).

The development and adoption of new agricultural seeds and inputs are continuing
to shift production capacity rapidly in low-income countries, beyond previous expectations. India, the basket case of the 1960s, began accumulating massive grain stockpiles in the 1980s and weathered the worst drought of the century in the mid-1980s, without a reduction in levels of energy intake of the poor consumers either in urban or rural areas. Bangladesh is poised on the verge of a similar development in the early 1990s. How much further can this trend continue? Even while research on developing new higher-producing varieties continues, many of the earlier high growth areas are reaching plateaus in crop yields. Does this mean that the "green revolution" is running out of steam? Our current research indicates that the answer is "No." So far, just the mere availability of the technologies themselves has produced spectacular results, with relatively little reliance on careful management of soil nutrients and fertilizer application. Strengthening institutions for extension to provide farmer education in maintaining soil fertility and improving management of other inputs, such as water, are major needs in areas such as the Punjab in India, where aggregate crop yields seem to have plateaued recently.

However, food production growth alone is not sufficient and other factors, including the nature of the growth process as well as supplementary measures required, need to be carefully assessed.

In countries such as Botswana, where the majority of agriculture is in the small-holder sector, drought years of 1983–84 led to an increase in child malnutrition despite the fact that food imports increased sufficiently to meet the drop in production (2). An analysis of child malnutrition in 11 countries from sub-Saharan Africa showed that, while increasing per capita food could bring about a reduction in child malnutrition, a much more direct association was found between the proportion of population with severely deficient diets and child malnutrition (3). Increases in aggregate food availability, if they are not accompanied by rising purchasing power of the poorest group, may lead to an accumulation of exportable surpluses without eliminating hunger and malnutrition. Meeting food needs of all segments of the population still remains at the core of the effort to eliminate child malnutrition, but would need to be supplemented by other efforts in the area of health, micronutrient deficiencies, nutrition education, and nutrition surveillance. Experts working in these fields acknowledge that without an improvement in the economic means of the poorest households, not only are they unable to acquire an adequate diet, but programs such as nutrition and health education, improvement in water and sanitation, etc., would have a limited effect on improving the nutrition situation.

Those who argue that the ability to afford an adequate diet is not a sufficient or even a necessary condition point to those higher income households who have malnourished children, and who have an uneven distribution of food within the household such that, even though the household may appear to have adequate food, some members do not get enough. What is omitted in these assertions is that these situations represent not the norm but the exceptions, and that an improvement in household dietary adequacy makes a major dent in both incidence of malnutrition and maldistribution of food within the household. Furthermore, it is also useful to
recognize that all income is not treated alike when it comes to its allocation to diet and child nutrition. Characteristics of women’s economic role influences the investment in human capital within the household. Improvement in women’s economic contribution, or perception thereof, increases their empowerment and decision-making capacity and resource allocation toward better diet and nutrition of children.

Another widely held misconception is that, in order to meet the food needs of the poverty-stricken populations, one would have to divert resources from the economic growth and other objectives, such as that of obtaining agricultural growth. Recently, even the World Bank has acknowledged that the right type of economic growth will, in its course, make the resources available to the poor to enable them to afford an adequate diet (4). Primarily, it is a type of growth that allows a broad participation of the population in the growth process. This translates into a labor-intensive growth strategy. This is a more effective and sustainable approach for poverty reduction that redistributive mechanisms.

### Political Costs

There is also a growing consensus that we have the necessary technology and understanding of these economic processes to eradicate the bulk of food hunger that exists in the world today. This does not involve merely transferring food and resources from the industrial nations to the developing countries but it involves using both foreign aid and national resources to provide the basis for a lasting solution. Within the overall growth strategy described earlier, food policies can influence both the availability of different foods and the ability of poor households to afford those foods required for a balanced diet. There is also evidence that fine tuning of supply and demand policies not only makes them more effective in reaching the most vulnerable groups, but also addresses issues of maldistribution of resources within households.

However, all of this points to such a broad mandate for food policies that their scope and analysis become very complex. Even those policies that indirectly influence the resource allocation in the food sector are candidates for food policy analysis, e.g., an inflated exchange rate can tax the cash/export crop sector, favor resource flows away from agriculture, and encourage out-migration from the impoverished rural areas. Similarly, ignoring women’s roles in agriculture in designing agricultural extension, input, and credit policies leads to lower real income of women and may shift household resource allocation away from food intake and nutrition of women and children. Still another issue is that of targeted food distribution programs, the questions of which programs should receive priority, how should they be targeted, and how should they be administered have all to be addressed. At the core of all of these policy needs is the allocation of resources to areas and for segments of the population that have characteristically had little political clout, i.e., these policies may have a large political cost.
WHAT DRIVES FOOD POLICIES—ECONOMICS OR POLITICS?

The approach of most food policy analysts is one of advocacy via research. While acknowledging that there are political forces shaping food policy decisions constantly, these are outside the purview of most of the analysis, and are taken as given, or something to be counteracted with appropriate concessions at the cost of long-term objectives. This is undoubtedly a valid approach, inasmuch as most political decisions regarding food policy are likely to be motivated by short-term economic objectives at best, and solely by considerations of political patronage and survival in the typical situation. Under such circumstances, research results can provide a powerful lobby for allocating resources toward sustainable and long-term objectives. Researchers may not necessarily have to convince policymakers directly, but they should create a climate of popular opinion among a range of policy advisers that influences national policies—including technicians from powerful multilateral agencies. However, without favorable conditions of broad participation in the political process, results that support a broad-based development strategy are not likely to receive serious attention. Thus the successful utilization of research results is also conditioned by the political processes.

In the final analysis, food policy decisions are driven more by politics than by long-term economic rationale. Timmer suggests that because economic models cannot model the economics of political rationale, they may inadvertently discount issues such as economic and political stability (5).

Protection for producers of agricultural commodities facing declining competitiveness because of rapidly growing industrial sectors is pervasive, despite the hostility of economists to the severe distortions created. Basic political forces, quite possibly with an underlying economic logic that is too subtle for economists to model or measure, must explain such powerful pressures on policymakers in democratic and authoritarian governments alike. Similarly, industrial protection as a stimulus to import substitution discriminates against agriculture in every economy . . . and ultimately on the overall process of economic growth (Timmer 1990, p. 4).

Despite this, some form of industrial protection exists in most low-income countries that also need growth in agriculture for overall development. This may be the reason why many economists still prefer markets for making resource allocation decisions rather than the political machinery. Unfortunately, however, there is ample evidence that markets do not function perfectly and neither can they incorporate the long-term view. They, too, respond to short-term gains better than to benefits that accrue over the long term. Hence, the need for far-sighted policy directions and support.

There are many interesting examples where, even though food policies were clearly responding to political pressures, if one examines the origin of those policies, there was a clear economic rationale. It was only over time, when economic realities that necessitated the policy had long changed, that the political constituency that had been generated as a result was the only force keeping them in place. This argument applies not only to the types of policies referred to above in the developed and developing countries, but also in many other situations. One interesting example is
that of food subsidies in Zambia (9). These consumer subsidies for the staple food item—maize—were instituted in the 1930s during the development of copper mines in the country (then Northern Rhodesia). At that time, there was a need to encourage workers to leave the rural areas to come and work in the mines. The subsidy had the desired effect (supplemented by other policies aimed at providing little encouragement for the development of small-sector agriculture). Over time, the importance of copper in the economy of Zambia declined, and the stimulation of agriculture became a much greater need. However, that did not occur until the mid-1970s, nearly 40 years after the food subsidies were instituted. By then, it was politically impossible for the government to dismantle the costly subsidies for the burgeoning urban population. The need for structural adjustment in the 1980s brought an end to the food subsidies, but only under pressure from IMF and the World Bank. Within the country, the cutbacks in food subsidies were widely portrayed as "the outsiders'" initiative—in a bid to neutralize the powerful labor unions' opposition to the cuts.

There are many lessons from these experiences. They underline the importance of economic analysis but also that political forces are the final determining factor in whether or not the policy will get implemented. Therefore, the processes that make economic analysis of food policies not only possible but also visible and well articulated, are critical in influencing the policy decisions that are constantly being made in developing and developed countries.

WHICH FOOD POLICIES HAVE WORKED IN ALLEVIATING HUNGER AND MALNUTRITION?

Poverty Alleviation with Growth

Accumulating evidence points to a declining proportion of the population in poverty during periods of rapid economic growth, especially with a broad-based agriculture-led growth. Effective demand for food or "food entitlements," as coined by A. K. Sen, can be increased either by increasing income or by reducing the prices of food. Labor-intensive growth can increase incomes of the poor rapidly and thereby raise both their own and the overall demand for food. Without rapid food production growth or importation of food, this can lead to inflation and wipe out any consumption gains for the poor. Technological change in agriculture, with the support of adequate rural institutions and infrastructure, has been shown to provide both an opportunity for increasing incomes of the poor and a stable food price environment.

1 These remain the principal general mechanisms, the effectiveness of which can be improved by supporting measures such as increasing income opportunities, education, and wage rates of women; increasing the effectiveness with which increases in income are allocated to food via nutrition education; promoting an adequate mix of foods in the production and consumption basket; improving opportunities for investing in improved water and sanitation; and by improved access to health services.
The link of rising food prices and reduction in dietary intake and health status for the poorest segments of the population has frequently been documented. Periods of rising food prices in India are found to be closely associated with levels of food-entitlement-based poverty indicators, such as the period between 1961 and 1968, during which both increased by about 50% (6). Similar associations have been found between food prices and levels of child mortality in detailed longitudinal studies in Bangladesh (reports from the work of the International Centre for Diarrheal Disease Research, Bangladesh, in Matlab Thana). Similar findings appear for countries in Africa as well.

Research in several countries has shown that periods of high seasonal food prices often coincide with periods of low employment. Typically this is the preharvest period, and the combination of low purchasing power and high prices is especially hard on small deficit producers and agricultural laborers. Levels of child malnutrition also peak during this time of the year.

Growth in agriculture, particularly led by improvements in agricultural technology such that land and labor productivity improve rapidly, can provide the basis for both increased agricultural incomes for the majority of the rural population and a favorable price environment. Because this growth provides the basic food commodities that the populations consume as they improve their income levels, it thereby avoids the inflationary effect that income growth by itself would create. These favorable effects have been achieved in nations that have adopted a labor-intensive pattern of agricultural growth as a central element of national development strategy. This view has been developed extensively by Mellor (7,8).

Investing in Rural Areas—Role of Public and Private Investment

Rural Infrastructure

Access to physical infrastructure such as roads and markets has been found to have a major impact on rural growth linkages generated from agricultural growth. They improve rural-to-urban terms of trade, promote investment of private resources in rural areas, and generate secondary employment opportunities. Thus they not only help to make agriculture more productive, but the overall rural economy more buoyant. Where these linkages are allowed to operate, the alleviation of poverty is very marked; this is particularly reflected in dietary improvements for the poorest households. In Bangladesh, the poorest one-third of households improved energy intakes and adequacy most rapidly in areas with good physical infrastructure.

Rural Institutions—Credit, Inputs, Marketing

While the investment in physical infrastructure such as roads, electricity, etc., is mostly a public expenditure item, provision of other services has been shown to be best provided by a combination of public and private sources. The often conflicting
role of the public sector in providing essential services yet fostering private enterprise in those areas is a matter of continuing debate and discussion.

**Social Services—Education and Health**

Access and use of these services has also been shown to increase with improvement of physical infrastructure and household incomes. In addition, allocation of income to improvements in water supply and sanitation facilities at the household and community levels also improves. When a majority of households in a community have improved water and sanitation facilities, this has a favorable effect on the health of all members of the community. When these changes are occurring, responsiveness to health and nutrition education is also expected to be higher.

**Targeted Supplementary Programs**

While there is always a need for supplementary targeted programs, they are often seen as palliatives that are costly to administer. The approach here has, therefore, been toward finding low-cost efforts and those that provide the means to the recipient to become self-sufficient and not perpetually dependent on the programs. Several innovative approaches have been implemented that involve supporting destitute and low-income women so that they become economically secure. However, overall, there is little systematic discussion and analysis of these programs, including those that promote access to health and education services by the poorest households.

**WHY IS THERE NOT MORE SUPPORT FOR THESE POLICIES?**

**The Desire to Work within Politically Feasible/Acceptable Solutions**

As mentioned earlier, most of the policy measures being discussed here involve allocating development resources to politically disadvantaged individuals and groups. This is often difficult to do. Even though the vast majority of development resources end up benefiting the better-off segments of the population, when resources earmarked for the underprivileged shown even some evidence of leakage to those who should not have benefited, the whole program tends to be called into question. Similarly, this happens with the issue of diversion of funds or administrative corruption. While such diversions occur in all known programs, and little effort is generally directed toward their elimination, such diversions of programs meant for the poor are often sufficient justification for proposing that they be stopped. While a high standard of administrative efficiency and ethical conduct is understandable in programs for the severely underprivileged segments of the population, the rush to condemn and eliminate entire programs can often be traced to highly vocal and politically more influential groups. Such pressures often lead to survival of programs
for which a high degree of political support exists. The traditional nutrition education programs are an example of that, where, in lieu of transferring any resources to the poor, an attempt is made to make them improve their habits. This may even be seen as a case of blaming the victim.

Search for the Magic Bullet

None of the policy measures discussed above will be effective in eliminating malnutrition if any one of them is implemented on its own. It requires an entire complex of measures to be in place. It is essential to examine these linkages between the various efforts; it is not sufficient to analyze a single policy measure or subset of measures, for the inevitable conclusion would be that it does not solve the problem.

This may unfortunately be the language fostered by aid donors, who are seeking to convince an increasingly reluctant domestic constituency of the value of foreign humanitarian aid. Here there is a need to document the impact of programs within a short time frame for obtaining continuing support. Even the full effects of any single project will seldom be apparent immediately on completion, e.g., of a road. In this context, it would be useful to address how aid can be most effectively utilized within the context of the broader development and food policy needs.

Nowhere is this more apparent than in the field of nutrition, with its origins so strongly embedded in the medical sciences. Diagnostic and treatment approaches are inherent in the way nutritional problems have been identified—protein-energy malnutrition, goiter, iron-deficiency anemia, vitamin A deficiency. The statement of the problem in itself leads toward the solutions likely to be proposed. True, fortification of foods with micronutrients, high potency vitamin A capsules, and distribution of iron tablets are options that are of relatively low cost. But do they reach the really poor households? Are they more effective in reaching the poor households in areas where the growth processes have already started, or should they be focused more in the backward areas? Should there be some consideration of letting the private sector handle some of the programs in the better infrastructurally endowed areas, at the same time including an element of subsidy for the poorest households there? In that way, the public sector may expend its efforts toward the more difficult-to-reach groups. Would such an approach be politically feasible? Fortunately for us, some development organizations have been experimenting with innovative ways of designing and implementing these programs. However, these efforts are seldom publicized or analyzed systematically. A more detailed examination of what works, why, and under what circumstances would be very useful, especially if it is in the context of developmental changes taking place.

CONCLUSION

While there is clearly need for more work to be done for a better identification of ways in which hunger and malnutrition problems can be solved, there is a central
role for advocacy and improved representation of the malnourished poor in the political processes of developed and developing countries alike. Research results that are described in this chapter point to ways in which the problems of poverty and malnutrition can be addressed within a developmental framework, rather than in opposition to it—as is often assumed. Such an approach, it is argued here, strengthens the advocacy role of nutrition research in the policy arena.

REFERENCES


DISCUSSION

Dr. James: One of the most disturbing facts to emerge from a current FAO study on the pattern of chronic energy deficiency is the amazingly high proportion of the adult population of the Indian subcontinent with low weight for height, which is known from other studies to be a handicap to productivity. Yet India is now a net exporter of food. It seems to me that equity of distribution has not really been tackled adequately.

Dr. Kumar: Inequitable distribution of income and hence of food is at the heart of the problem of malnutrition. Surpluses can accumulate even while the population is undernourished and cannot afford to buy this food that is available. To remedy this we need a combination of advocacy and economically sound policies to create the political climate for change. I think we are getting to the point where we can offer concrete solutions and fortunately most of these are growth oriented.

Dr. Tonnisin: Many countries are in a situation where they would like to earn income from exports while at the same time they face malnutrition in their own populations. In Thailand we divide our food policy into two aspects. One is production for export; the other
is the local production of nutritious foods as part of a poverty eradication plan, linked with improvements in distribution and the provision of basic social services.

Dr. Kumar: This is clearly an appropriate way to alleviate undernutrition. The combination of supply-side and demand-side policies needs to be tackled for food needs to be met.

Dr. Hulse: You referred to food aid as being useful in relation to land development. What is your formula for using food aid beneficially?

Dr. Kumar: We have been looking at the use of food aid in direct support of employment—rural employment in particular—in the improvement of rural infrastructure such as roads, and in other public investments such as canals and embankments, reforestation, etc. Much of this investment can directly support production and other economic activities. Food for work is one of the best ways of stabilizing prices and yet reaching poor households. If properly implemented it can help both the food-producing and the deficit households.

Dr. Mauroon: I should like to ask about the situation in some countries in Africa. Don't you think that it would be possible to improve food production in many areas using traditional means before increasing the yield with new cereals? In Zaire, for example, much of the population are still subsistence farmers and there is a lot of malnutrition, yet it is difficult for the farmers to produce more without incentives. Generally they produce only what they need and have no reserves. Also, the men do not work much in agriculture, only the women. The farmers cannot sell their surplus easily. With traditional methods and good planning you could still do a lot, particularly when in so much of rural Africa there is no overpopulation.

Dr. Kumar: Very little improvement has been occurring in African agriculture. However, technological improvements do not necessarily mean high-tech agriculture. In order to produce surpluses, the farmers in Zaire need to increase the productivity of their labor sharply, by raising the quality of their tools, seeds, and other inputs. They also need good access to markets. These require the development of rural institutions and infrastructure—in short an investment in agriculture and in rural areas.

Dr. James: What about urban communities whose food presumably has to be provided by these poor rural farmers?

Dr. Kumar: Urban populations are likely to continue to grow even though this is the other side of the coin of poor agricultural growth. Technology alone is not the answer. Rural infrastructures and institutions for providing crucial services must be expanded. Prospects for the food industry are better with agricultural growth. The industry is also best served by placing itself near major commodity-producing areas, and therefore needs to examine its role in developing both rural infrastructure and agricultural growth.

Sir Kenneth Baxter: You told us that Bangladesh will go into food surplus. Since this is the second-poorest country in the world, what is the basis of your belief?

Dr. Kumar: It was based on aid reports and in particular on a World Bank assessment made in consideration of large rice surpluses. This projection has subsequently been reversed in the light of the loss the government would have to take for its rice on the world market, but the point is that even poor countries like Bangladesh and India can produce huge surpluses of cereals. The challenge is thus not "can the countries feed themselves?" but "do they have the political will and wherewithal to feed the malnourished?"