

Number 4
January 2009



AFRICAVIEWPOINT

Regional Bureau for Africa

United Nations Development Programme



The Politics of Hunger: The Case for Commercial Agriculture and a Biological Revolution in Africa*

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Is the food crisis over? Today, the continued global financial crisis has overshadowed the still potentially politically explosive impact of the food crisis which is very much an issue in developing parts of the world. After many years of stability, world food prices jumped 83 percent since 2005 with ripple effects across the world and resulted in a global economic crisis by early 2008. But in the United States and Europe, the increase in food prices has fast become yesterday's news with the onset of the combined effect of the financial meltdown, housing crisis and rising energy prices. But in developing countries and in Africa in particular the food shock continues to trigger political tensions and create conditions of extreme vulnerability.

In rural Africa, most poor people who are farmers are largely self-sufficient. They may buy and sell food, but the rural markets in which they trade are often not well integrated into global markets and so are largely detached from the surge in prices. However, the unambiguous losers when it comes to high food prices are the urban poor. Crowded in slums, the urban poor cannot grow their food; they have no choice but to buy it. Being poor they would inevitably be squeezed by an increase in price given that the poor spend a larger proportion of their budgets on food. Many poor families spend 60 or 70 percent of their income on food. Hence since food looms so large in the budget of the poor, high food prices have a severely regressive effect in their toll. Food prices must be brought down, and they must be brought down fast, because their adverse consequences are so persistent.

The fundamental issue is how to get policies right and not merely returning the world to cheap food. This brief emphasises the fact that policies that promote scientific and commercial agriculture must be encouraged particularly in Africa. This view is counter to those that advocate for the return to small scale farming which falls way short of meeting the increasing demand for food. The remaining sections of this brief look at the possible solutions to the agricultural dilemma in Africa and finally provide some policy messages.

What are the supply-side solutions? Global food prices must be brought down by dramatically increasing world food supply in the short term and in the medium and long terms. Innovative commercial agriculture is what is required. This however is not without its challenges. Over time, African peasant agriculture has fallen further and further behind the advancing commercial productivity frontier, and based on present trends, the region's food imports are projected to double over the next quarter century. A clear move towards modernization of agriculture that transforms the sector into a more commercialized agribusiness is critical. In modern agriculture, technology is fast evolving, investment is lumpy, the private provision of transportation infrastructure is necessary to counter the lack of its public provision, integrated marketing chains and regulatory standards are possible. Yet for years, global development agencies have been leery of commercial agriculture, basing agricultural strategies instead on raising peasant production.

Innovation, especially, is hard to generate through peasant farming. In Africa it has been difficult for innovation take root on small farms without the requisite support from national governments and this has been made more difficult by the local conditions where the soils are complex and variable. A more fundamental problem is that the publicly funded agriculture research centres and the accompanying network of extension workers required for agricultural innovation have long collapsed.

Commercial agriculture as a solution. A model of successful agriculture is, indeed, staring the world in the face. In Brazil, large technologically sophisticated agricultural companies have demonstrated how successfully food can be mass-produced. In addition it provides a good model for 'out growing' or 'contract farming' where small farmers provide a central business. Depending on the details of crop production, sometimes this can be more efficient than wage employment. In contrast, African governments have worked to scale back large commercial agriculture. At the heart of the matter is a reluctance to let land rights be marketable, and the source of this reluctance is probably

the lack of economic dynamism in Africa's cities. As a result land is still the all-important asset (there has been little investment in others). In more successful economies, land has become a minor asset, and thus the rights of ownership, although initially based on political considerations, are simply extensions of the rights over other assets; as a result, they can be acquired commercially. It should be noted however that commercial agriculture is not perfect. But allowing commercial organizations to replace peasant agriculture would gradually raise global food supply in the medium term.

The green revolution versus the biological revolution. It has become commonplace to say that Africa needs a green revolution. Unfortunately this is largely based on use of chemical fertilizers that have not been easily accessible to most small farmers mainly due to high costs which is more recently a byproduct of high energy prices. To counter the effects of Africa's rising population and deteriorating climate, Africa needs a biological revolution. Genetically modified (GM) crops provide an option that should be reconsidered. GM crops that were introduced globally in 1996 have been banned in most of Europe and Africa (except South Africa). GM crop research stands to offer an opportunity to explore drought-resistant varieties of maize, for instance, that can be adapted to the current climatic conditions of more rain variability and increased susceptibility of the region to droughts, poor soils and increased pressure due to increasing population. It is however important to recognize that genetic modification, like commercialization, is not a magic fix for African agriculture. But lifting the ban on GM crops could hold down global food prices in the long term.

Three simple policy messages to Africa and the World. Feeding the world will involve three politically challenging steps. First, contrary to the romantics, the world needs more commercial agriculture, not less. For Africa, the expansion of commercial farming would encourage global GM-crop research on Africa-suited crops, and innovations would find a ready market. Second, the world needs more agricultural science: The European ban and the consequential African ban on GM crops, except for South Africa, are slowing the pace of agricultural productivity growth in the face of accelerating growth in demand. It is not by chance that the only African country in which GM crops have not been banned is South Africa where agriculture is predominantly commercial. Third, the United States should lift its subsidies supporting domestic biofuel. Lifting this ban would probably contribute to a downward trend in food prices. The priority of public policy in the face of this global crisis should be to increase food supplies.

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AFRICAVIEWPOINT is produced in collaboration with the UNDP Office of Communications/Partnerships Bureau, New York

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