



Escaping Poverty Traps

*Connecting the Chronically Poor
to Economic Growth*

February 26, 2009
Remarks on Food Security
Senator Richard G. Lugar

I am honored to have the opportunity to participate in this USAID conference. I would like to thank Acting USAID Administrator Alonzo Fulgram for his kind introduction. I appreciate the hard work of the conference organizers, Michael Carter and Andrew Sheppard. I also want to thank all of you who are here today. Your work on the front lines of development is critical to the welfare of millions of people around the world and to the success of U.S. foreign policy. Many of you have taken extreme risks and made personal sacrifices in pursuit of development objectives. I deeply admire your commitment and your service.

I will focus my remarks today on the issue of food security. As you know, hunger and poverty are two sides of the same coin. Those who are poor are generally hungry, and those who are hungry are undoubtedly poor. Increases in food prices have intensified poverty rates as the poor spend more of their resources to feed themselves. Hunger is a problem of both access and

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availability. Many respected organizations, including the Food and Agriculture Organization and the World Bank, are strongly advocating that improving agriculture and rural development should be considered a basic component in the fight against poverty. Revitalizing the rural economy can help revitalize other sectors, thereby creating employment and economic growth.

I recently introduced, with Senator Bob Casey, the Global Food Security Act of 2009 that would assign a greater priority to alleviating hunger and poverty. We worked collaboratively with many in the room today, including USAID and the NGO community. In particular, I want to thank USAID's food security team for their time and expertise.

Last Fall, I directed the Senate Foreign Relations Committee minority staff to study the causes and consequences of food insecurity from a field perspective. The report, with numerous findings and recommendations on the best ways to address hunger, has just been released. The study covered ten countries experiencing varying degrees of food insecurity. It depended heavily on the insights of USAID teams and the implementers who work with them. I am grateful to all who assisted Foreign Relations Committee staff and contributed to this report.

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As we know, food prices began a steep climb in the Fall of 2007 and continued to increase during 2008. The increases pushed an additional 75 million people into poverty. While prices have abated somewhat, millions of people still face difficulty in food access and availability, and malnutrition rates in many parts of the world remain alarmingly high.

We live in a world where nearly one billion people suffer from chronic food insecurity. The World Food Program reports that 25,000 people die each day from malnutrition-related causes. Health experts advise us that a diverse and secure food supply has major health benefits, including increased child survival, improved cognitive and physical development of children, and stronger immune system function, including resistance to HIV/AIDS. Prolonged malnutrition in children results in stunting and cognitive difficulties that last a lifetime.

These severe humanitarian consequences of hunger are sufficient cause for the United States to bolster its involvement in agricultural assistance and global food security. But I believe we have an even bigger problem. The global food supply is increasingly at risk from a set of forces that threaten the fundamental welfare of a large share of the world's population.

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Thomas Malthus famously warned 200 years ago that food production would not keep pace with population growth. But Malthus did not foresee how technology and innovation would increase food production as the population grew. The problem we face now is that advancements in agriculture technology have been lagging, even as a dangerous confluence of factors threatens to severely limit food production in some regions and the world's population continues to expand. Between 1970 and 1990, global aggregate farm yield rose by an average of 2 percent each year. Since 1990, however, aggregate farm yield has risen by an annual average of just 1.1 percent. The USDA projects that growth in global farm yields will continue to fall during the next decade.

As a farmer who has seen agricultural yields more than triple during my lifetime on my family's farm in Marion County, Indiana, I have faith that human ingenuity can avert a Malthusian disaster. The Green Revolution produced high yield seeds and improved agricultural techniques that resulted in a near doubling of cereal grain production per acre in just two decades.

But we have to have time for innovations to take root, and we have to apply all the agricultural tools at our disposal. Unfortunately, governments are falling far short of what is needed to guarantee food security. In fact, in

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some parts of the world, political and social forces are moving us further away from food security even in the face of severe warning signs.

Here are the basic parameters of the problem:

First, the world's population is projected to increase to about 9.2 billion people by 2050. Growing affluence in China, India, and elsewhere is increasing demand for resource-intensive meat and dairy products. If this trend toward richer diets continues, those 9.2 billion people may eat enough food to feed 13 billion people at today's nutritional levels. Based on projections for population growth, rising incomes and more meat consumption, it is estimated that the world's farmers will have to double their output by 2050.

Second, food security is closely tied to energy costs that will continue to be highly unpredictable. Energy is a major factor in food prices because farming is an energy intensive business, crops have to be transported efficiently to market, and petroleum based fertilizers and pesticides are used in many agriculture systems. Although oil prices fell dramatically during the last 8 months, the basic vulnerability remains. Energy price spikes in the future are likely to hit with even greater ferocity than the spike we experienced in 2007 and 2008. Moreover, if peak oil theories are correct, at

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some point in the next few decades we may see declines in supply that will raise fossil fuel costs to unprecedented levels.

Third, water scarcity is projected to increase in coming decades in response to population growth, urbanization, land use pressures, and the effects of climate change. According to a recent report by the Royal Institute of International Affairs, a half billion people currently live in countries with chronic water shortages. But that figure is expected to rise to 4 billion by 2050. The International Food Policy Research Institute projects that unless nations invest in crop research, water management, and rural development, farmers will be unable to increase their use of irrigation and farm yields will suffer. One model estimates that by 2025, cereal production could be 300 million metric tons below what could be produced with adequate irrigation, representing a loss equivalent to the entire U.S. cereal crop in 2000.

Fourth, these factors are converging at a time when global climate change is challenging farmers on every continent to deal with changing weather patterns, different agricultural pests, and new water conditions. These changes could cut food production in many parts of the globe – especially in the Southern Hemisphere. A report by Sir Nicolas Stern estimated that a 2 degree Celsius increase in global temperature will cut

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agricultural yields in Africa by as much as 35 percent. Thus, farmers around the world will be asked to meet the demands of global demographic expansion, even as they may be contending with a degrading agricultural environment that significantly depresses yields in some regions.

Despite these alarming trends, investments in agriculture have tumbled in recent decades. By 2007, rich countries devoted a mere four percent of their foreign assistance to agriculture. This represents neglect of what should be considered one of the most vital sectors in the alleviation of poverty. In Africa, which has the most severe food problems, donor aid to the farm sector plunged from \$4.1 billion in 1989 to just \$1.9 billion in 2006. Africa's per capita production of corn, its most important staple crop, has dropped by 14 percent since 1980. Equally troubling are sharp cutbacks in research into new technologies, farming techniques and seed varieties that could increase yields, cope with changing climate conditions, battle new pests and diseases, and make food more nutritious.

The United States contributed to this investment decline. According to a report released yesterday by the Chicago Council on Global Affairs, "The share of total U.S. development spending that went to agriculture fell steadily and sharply from 25 percent in 1980 to just 6 percent in 1990 and only 1

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percent in 2003.” It is clear that we are treating the symptoms of global hunger rather than its underlying causes. In FY2007, the United States provided \$1.7 billion in PL 480 food shipments, but only \$433 million in agricultural assistance. In Africa, we provided \$1.22 billion in food shipments compared to just \$121 million to increase farm productivity. We need to rebalance our priorities toward long-term development so that food aid is a response to emergencies rather than chronic hunger.

Recent studies have demonstrated that funds spent in agriculture can be up to twice as beneficial to economic growth as spending in other areas. Addressing hunger should be understood as the essence of development. Food security empowers individuals. With a nutritious diet, workers are more productive, less vulnerable to disease, and better able to take care of their families, including keeping their children in school. Food security also has a multiplier effect throughout society – raising incomes, improving productivity, spreading equality and opportunity, and creating jobs through related industries. It seems, therefore, that our overall foreign aid strategy would benefit from restoring agriculture programs to their former prominence.

The seemingly inexplicable retreat from agricultural development has been caused by a number of factors. The genuine success of the Green

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Revolution caused some governments and populations to be complacent about food production. People understand that droughts, disasters, and bad government create famines, but there is little understanding of the systemic pressures on the global food supply. With the exception of food calamities, the effects of malnutrition are subtle and gradual. In an age of instant media where global attention is directed to the disaster of the day, the constant drain of malnutrition and hunger draws less attention. Consequently donor resources are more likely to be devoted to immediate emergency relief efforts than to long-term agricultural development. The sense that the food problem was fixed is compounded by the increasing urbanization of the World's population. In 1975 about 37 percent of the world's people lived in cities. This figure rose to 47 percent by 2000 and may reach as high as 60 percent by 2030. There simply are fewer individuals who have a personal stake in agricultural productivity or a basic understanding of the practice of farming.

In addition, many donor nations have focused on development programs for urban areas because of the expectation that the most efficient means of generating economic growth were to be found in the cities where transportation is less of a problem and commerce is monetized. This trend was reinforced by some recipient governments that have favored

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infrastructure projects and urban-focused development assistance for political reasons. By its nature, agricultural progress is more diffuse, less dramatic, and less politically useful than other types of development that impact high population areas. In those nations afflicted by corruption, agriculture assistance also may offer less of an opportunity for diversion of funds than an expensive infrastructure project involving numerous contractors.

Finally, the agricultural policies of both developed and developing governments have too often conflicted with global food security. In particular, trade policy has focused on protecting domestic farmers, rather than creating well-functioning global markets. In addition, many governments, especially in Europe and Africa, have rejected biotechnology advancements that are necessary to meet future demand for food. Opposition to safe GM technology contributes to hunger in Africa in the short run and virtually ensures that much of the continent will lack the tools to adapt their agriculture to changing climatic conditions in the long run.

I cite these political and perceptual conditions to underscore that achieving the necessary gains in agriculture productivity is unlikely to happen through a simple shift of resources. Resources are very important, but the United States and other like-minded nations must also begin to change the

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views of people around the world. We must create a deeper understanding of the challenges facing us and rally a global effort behind rapid improvements in agriculture productivity and food security. World leaders must understand that over the long term, satisfying global demand for more and better food can be achieved only by increasing yields per acre.

If we fail in this task, many more people will die of hunger related causes than are dying now. We also are likely to experience increasingly frequent food riots and perhaps warfare over food resources. We almost certainly will have to contend with mass migration and intensifying health issues stemming from malnutrition.

With these factors in mind, Senator Casey and I introduced our Global Food Security Act of 2009. This bill is not meant to be a comprehensive solution to the problem, which is beyond the scope of a single bill. But we are hopeful that it will serve both as a practical starting point for improving U.S. and global efforts in this area and as a rallying point for those who agree that food security should play a much larger role in our national security strategy.

The bill is a five-year authorization that elevates the priority of long-range agricultural productivity and rural development within our broader development assistance efforts. It establishes a Special Coordinator for Food

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Security within the Executive Office of the President and charges the Coordinator with developing a whole-of-government food security strategy. The bill authorizes nearly \$10 billion over five years for agricultural productivity and rural development. Among other goals, it attempts to improve research capacity at foreign universities and the dissemination of technology through extension services. Universities and research centers are vital in achieving technological advances that are appropriate to local conditions. As such, the bill calls for increasing collaborative research on the full range of biotechnological advances including genetically modified technologies. The bill also improves the U.S. emergency response to food crises by creating a separate Emergency Food Assistance Fund that can make local and regional purchases of food, where appropriate.

I believe that achieving global food security is an opportunity for the United States. We are the indisputable leader in agricultural production and technology. A more focused effort on our part to join with other nations to increase yields, create economic opportunities for the rural poor, and broaden agricultural knowledge could begin a new era in U.S. diplomacy. Such an effort could improve our broader trade relations and serve as a model for similar endeavors in the areas of energy and scientific cooperation.

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There is no good reason why nearly a billion people should be food insecure.

We can apply America's dedication to science, innovation, technology, and education to lead an effort aimed at overcoming the obstacles to food security.

I look forward to working with you to improve the U.S. and global efforts to alleviate food insecurity.

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