

SESSION IV: THE WORLD FOOD PRIZE LAUREATES' RESPONSE

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Laureates Roundtable

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Thank you very much Catherine for your kind introduction. The title of this panel is "Response". So, here is my response: Outstanding! This symposium has been absolutely outstanding in terms of content, delivery, and the relevance of the overall topic. We have had very stimulating presentations and discussions and I would like you to join me in expressing our gratitude to Ambassador Quinn and his team for organizing such a successful symposium.

Given the richness of the symposium, I cannot summarize what has been said in this room during the last two days, in the fifteen minutes that I have. Instead, I will address some of the highlights from what I have heard and I will place those highlights in the context of economic policy – that is, what governments can do to improve nutrition.

During this symposium we have talked a great deal about the double burden – the dual challenge in the area of nutrition. I believe, we have in fact talked about four challenges. First, energy and protein deficiencies, usually referred to as hunger or food insecurity. Second, deficiencies in micronutrients such as vitamin A, iron, iodine, and zinc. This we often refer to as the "hidden hunger". The third challenge is the one we talked about this morning, namely, overweight, obesity, and related chronic diseases resulting from an inappropriate energy balance in which the energy intake exceeds energy expenditure. The fourth challenge is infectious diseases. A major reason that we have so much misery related to malnutrition, particularly among preschool children and lactating and pregnant women in developing countries, is the interaction between insufficient access to food and infectious diseases. Although we have not talked much about infectious diseases at this symposium, they are very much part of the nutrition challenge.

I believe that by thinking about the nutrition problems in terms of this quadruple challenge, it is easier to begin to identify and design appropriate policy interventions. In my opinion, there is no one policy that can solve these four problems. We have to design the policies to fit the particular set of problems that we are dealing with in each particular environment. There is no silver bullet solution to the nutrition problem. We cannot design a policy which would solve all four of the problems that I have mentioned. Solutions, including policies, have to be designed and tailor-made for the particular set of circumstances.

So what is it governments can do? On this occasion I can talk only in general terms because as I said, the policies will have to be tailored to each case. I agree with Patrick Webb on basically everything he said yesterday but I want to highlight one thing in particular. Patrick said, if I understood him correctly, that all of the four challenges are important but that we should focus

first and foremost on hunger and undernutrition. I agree with that. But at the same time, the public health problems and the economic losses associated with the rapidly emerging overweight, obesity, and chronic disease problems deserve increasing policy attention. We should not allow politicians to ignore these problems whether we are in the United States or in developing countries. Overweight and obesity are not just rich country problems. They are a problem in virtually every country around the world.

We must take the Millennium Development Goals seriously. Unfortunately, most politicians do not. We should not, on the one hand, sign a declaration in the United Nations that we are going to achieve the Millennium Development targets and then on the other hand, do virtually nothing to even try. So whether we are academics, politicians, or concerned citizens, we should take these targets very, very seriously.

So what are the policy options? Let me raise five sets of questions which we can use to begin to organize the thinking about the kind of policies needed.

First, should policies focus on creating incentives for individuals and groups or should they focus on rules and regulations? Do we need a food police, as someone suggested this morning? Such an approach would focus on regulations and not incentives. I believe we need a lot more debate about which problems can best be solved using incentives and which will need regulations. Presumably, in the real world, there is a need for a mix of the two.

Second, can the nutrition problems be solved through the market? Can we get the market mechanisms to work for poor and hungry people and people who are at risk of becoming obese? Or, do we need the government to solve these problems?

Third, is it inappropriate behavior that is causing the problem, or are the people affected faced with constraints that make it almost impossible for them to solve their nutrition problems no matter how they behave? This morning we were told that the choices are very much constrained by the environment. If this is so, policies should focus on changing these constraints rather than changing behavior.

Let me give you a couple of examples. If you are a low-income mother in West Africa, with seven or eight children and a small piece of land and a drought hits, you may lose your crop and thereby the ability to make available enough food for the children. In such a case, it does not make sense to tell her to change her behavior. Policies much focus on changing the constraints within which she can operate. Drought tolerant crop varieties, mixed farming, credit programs, and other policies might be much more appropriate than efforts to change behavior. In the case of overweight and obesity, chances are that you are faced with fewer constraints and you have more choices. Maybe that is why Patrick Webb said yesterday that we should focus on those things that occur in an environment that is so constraining to people that they cannot handle their problems by themselves.

The fourth point I want to raise here is whether we should be pursuing prevention or cure. This was discussed quite a bit this morning. I suggest most of us would agree that prevention is better than cure. We would at least agree in principle. The question is whether we are putting action behind that position. Unfortunately, whether we are talking about nutrition problems or any

other problems, there seems to be a tendency among human beings not to pursue prevention in time, but rather to wait until a cure is necessary.

The fifth and last point I want to raise is whether we are talking about the silent hunger or whether we are talking about hunger resulting from natural or human-made catastrophes. It appears that the silent hunger – that is the hunger that takes place without much media attention – tends to be forgotten. Remember, that more than five million preschool children die from hunger and nutrition related illnesses every year. Most of them die in silence with little or no international and national media attention. On the other hand, when a catastrophe hits, the news media and the general population react, even though the human misery associated with those catastrophes may be much less than the misery associated with the silent hunger.

Let me briefly turn to some of the policy options, beginning with price policy. During this symposium, we have talked a great deal about using taxes and subsidies related to food in order to guide people's consumption behavior. There is a great deal of evidence suggesting that taxes and subsidies really do not work among the non-poor, primarily because food occupies such a small budget share and price changes resulting from taxes or subsidies are likely to have a very limited impact on consumption among the non-poor. Price policies are likely to be much more effective among low-income people who spend a larger share of their income on food.

Therefore, from the point of view of overweight and obesity – which in virtually all developing countries are still positively correlated with income level – my guess is that taxes and subsidies will not have much of an effect. In the United States, where the relationship is inverse, in the sense that the prevalence of overweight and obesity is higher among low-income people, taxes and subsidies might have some effect. We should keep in mind, however, that such price policies are affecting not only those at risk of overweight and obesity, but also those who suffer from lack of access to sufficient food. Therefore, any increase in the price in energy-rich food would reduce the real purchasing power of poor people.

Income policies can play a major role in helping low-income people out of hunger and food insecurity. Obviously, remunerative employment for the poor is a key issue. It is important to remember that 70% of the world's poor and hungry people live in rural areas. They depend on agriculture directly or indirectly. Efforts to reduce poverty and hunger must, therefore, focus on the rural poor by helping to get access to productivity-increasing measures, including agricultural technology and better production practices. Non-agricultural rural employment is also of great importance. Policies should attempt to assure fair prices for farmers. By fair, I am referring to prices that are determined by markets that are not distorted. I am not, for a minute, suggesting that developing countries should pursue agricultural price support for their farmers of the kind we pursue in the OECD countries. What I am suggesting is that we, in the rich countries, should eliminate our trade-distorting policies for agriculture in order to give low-income farmers in developing countries a level playing field in the national and international markets.

During this symposium, we have talked about various kinds of poverty relief or transfer policies related to nutrition. Yesterday, we heard a very interesting presentation from Gambia where a direct intervention program has worked well. One of the important policy questions is how effective small-scale intervention programs can be scaled up to reach many more people. Apparently, this is being done successfully in Gambia.

Scaling up of successful small-scale programs has also worked well in Mexico and Brazil. In the case of Mexico, the earlier program called “Progresa” was very effective in reaching a large number of the rural poor and food insecure. Although the program has changed slightly under a new name, it is still being continued in what appears to be a very successful manner. Fortunately, in the case of Mexico, the program was not abolished when a new government came in. A program similar to the Mexican program is being pursued in Brazil where a large number of low-income people are being reached.

Agricultural research and technology are an important part of the set of policy tools that can be applied to reduce malnutrition, whether it is related to under or over nutrition. I have already mentioned the importance of productivity increases in small-scale agriculture in developing countries. Agricultural research and technology can also modify the nutrient composition of foods; it can reduce the risks in production and marketing; and, it can increase the real purchasing power of poor consumers by making food available at lower unit costs of production. We should not be scared of applying modern science to solve poor people’s problems. We should, of course, make sure that results from new scientific endeavors are tested appropriately before they are released for commercial production and consumption. Yesterday, we discussed the current research on biofortification. I believe this is one of the more exciting initiatives currently being undertaken by the international agricultural research system sponsored by the Consultative Group for International Agricultural Research in collaboration with national research systems. This work could greatly reduce micronutrient deficiencies.

As we design agricultural research and agricultural policies, the impact on labor demand and related energy expenditures should be considered. Creating more hard work for low-income women – who, in most cases, are already overworked – may have negative nutrition implications, both in terms of increasing energy expenditures and in terms of changes in women’s time allocation away from childcare and other nutrition-related activities.

During the symposium, we have also talked a great deal about fortification, supplementation programs, and new products that are focused on improving nutrition. All of these can play a major role in specific circumstances but again, they should be tailored to the circumstances. None of them provide silver bullets.

I would like to cover two additional subjects. First, the interaction between globalization and nutrition. We talked a little about that yesterday but a lot more research and debate are needed. Globalization can affect nutrition in a large number of ways and it would probably take another symposium to get to the bottom of even the most important relationships. Let me limit my discussion here to one aspect of globalization – namely, trade liberalization for food and agriculture. I have already mentioned removing trade-distorting policies such as the existing import tariffs, export subsidies, and domestic farm subsidies practiced by OECD countries. These trade-distorting policies are doing great harm to low-income people in developing countries and the nutrition effect is clearly large and negative. There is one other issue related to trade liberalization that is important for nutrition and that is the rapid inflow of processed foods with a high content of sugar and fat. When low-income countries open up their market, the food that is likely to come in is likely not to be the most nutritious kind. It tends to be high in refined sugar, high in fat, and it is highly processed with very low content in fiber – all of the things that we have been talking about in this symposium as causing overweight, obesity, diabetes, and other chronic diseases. When these products come in, accompanied by a very strong promotion

and advertising campaign because a developing country market opened up, the impact on consumption is likely to be significant. Some multinational corporations are trying to do the right thing. Others need to learn it. Corporate responsibility is an extremely important component of efforts to solve the nutrition problems through the market mechanisms. A rapid inflow of the kinds of food mentioned above, accompanied by strong advertisement, tend to overwhelm the nutrition messages that come out of public sector activities.

My last point relates to food aid, which has been discussed throughout the symposium. Food aid can be very important, particularly in cases of natural and human-made disasters. In such cases, food may be needed quickly and food aid may be the most appropriate way to get it there. Unfortunately, food aid frequently comes in too late and it often has negative effects on the rural poor who depend on agriculture in the recipient countries. Food aid that is not received in response to disasters is even more likely to have a negative effect on the rural poor because it is often monetized and effectively dumped on the recipient country market. This puts downward pressures on the prices received by poor farmers in those countries. Therefore, while food aid may be a very important ingredient in fighting hunger and malnutrition, it has to be handled with care. It is, as one of my colleagues said some time ago, like a knife. You can use it to slice your bread or you can kill somebody with it. It has to be managed carefully. This is by no means a criticism of the World Food Programme, which tends to manage its food aid in this very careful manner. The criticism is more relevant for bilateral food aid that flows into developing countries, either on a government-to-government basis, or through a number of nongovernmental organizations. Much of that food aid is monetized and places downward pressures on domestic prices. Much of it also comes in too late and therefore tends to make the rebuilding of a damaged agricultural sector more difficult.

I want to end on the note that the current U.S. administration has taken the initiative, which presumably will not pass through Congress, that some of the U.S. food aid can be purchased in developing countries, rather than simply shipping U.S. food. This is an excellent initiative because it would create new demands for food in countries with a marketable surplus while presumably reducing the transportation costs and potentially improving the timeliness of food aid delivery. In fact, the potential for food aid to generate poverty reduction in countries with a marketable surplus of food has been all but overlooked in the past. Several interest groups in the United States, including the shipping industry and the NGOs that depend on food aid as a source of income are opposed to the initiative.

In conclusion, I believe this has been a wonderful symposium and, Ken, I don't know how you are going to top this next year. Fortunately, that is not my problem. Thank you very much.