Food Security: Adapting to Climate Change

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Macroeconomic Impact of Climate Change:”Opportunities & Challenges”
Bank Indonesia, Bali, August 1-2, 2008
The Climate Changes

• State of the Debate

• Food Security and Poverty

• Adapt to Survive
Climate Change Chronicles: The Debate is Over

- Economic Growth has undoubtedly contributed to the current global warming
- The weak & poor always pay the highest price
- The stakes are high; if we don’t act now, the quality of civilization might suffer irreversible damage

Mea Culpa???
Climate Change & Globalization
The Culprit: Increasing Inequity

• **OECD development policies:** Food Sovereignty at All Cost

• **Forced liberalization:** Asymmetric Gains from Trade

• **Depressed agricultural prices:** Low investment, productivity → Distress push
  
  Urbanization of Poverty

• **Bio-fuel Subsidies:** Energy Sovereignty
The Food Security Nexus

Food Security

Natural Resource endowments

Food Geo-Politics

Institutional Quality

Climate Change

National Development Paradigm
Rethinking Food Security

• **Food security:**
  Access for all households at all times
  *The recommended pathway*

• **Food sovereignty:**
  Production within national borders
  *The road taken*
Why the Food Crisis?

Bad Food Drives the Good Food Out

• Imbalance Fuelled by **Subsidies**
• Asymmetric Agricultural **Productivity**
• Higher **Growth** (Econ, Pop) in DCs
• **Poor Governance** of Commodity Markets
• Escalating Costs of **Energy** - Uncontested Markets
• Poor Governance in DCs
Interests at Odds

• **Corporations**: Cheap food → Low Wages

• **IMF-WB**: Sisters for the Status-quo → Divergence

• **OECD**: Food & Energy Sovereignty

• **MDGs**: Aid Giveth Little, Trade Taketh More

• **WTO**: Rules of Convenience → Doha Collapse
# Average Producer Support in OECD Countries, 2004, % of Gross Receipts

<table>
<thead>
<tr>
<th>Crop</th>
<th>Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>75</td>
</tr>
<tr>
<td>Sugar</td>
<td>58</td>
</tr>
<tr>
<td>Milk</td>
<td>36</td>
</tr>
<tr>
<td>Beef &amp; Veal</td>
<td>34</td>
</tr>
<tr>
<td>Wheat</td>
<td>33</td>
</tr>
<tr>
<td>Corn</td>
<td>31</td>
</tr>
<tr>
<td>Oilseeds</td>
<td>27</td>
</tr>
<tr>
<td>Pork</td>
<td>21</td>
</tr>
<tr>
<td>Overall</td>
<td>30</td>
</tr>
</tbody>
</table>

*Source: OECD Agriculture Directorate*
Agriculture Adapts

• High Prices a Golden Opportunity
  • More Infrastructure, Research, & Empowering
  • More Funding for Financing & Risk Management
  • Go Organic
  • Decentralize Production, Buy Local

Adaptive Capacity?
Institutions, Development, & Civilization

• Geography, Institutions, & Development for All
• Governing to Governance:
  Development or Deterioration?
• Incentive Structures:
  License to Develop or Destroy the Commons?
• Profits & The People:
  Predation or Partnerships for the Planet?
Paradigm Shift

<table>
<thead>
<tr>
<th>Market-Driven</th>
<th>People-Driven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agribusinesses</td>
<td>All Policies, Institutions, &amp; Technologies</td>
</tr>
<tr>
<td>Prosper</td>
<td>continually driven by</td>
</tr>
<tr>
<td>Small-holders</td>
<td>the Needs &amp; Capacities</td>
</tr>
<tr>
<td>Disappear</td>
<td>of the People</td>
</tr>
</tbody>
</table>
Global Governance Reform

• Fellow-travelers on the Spaceship Earth: all in this together now

• Consensus re comprehensive roadmap out of the crisis: Bali, Roma, Hokkaido

• Dillon: People-driven Development

[Diagram showing equal partnerships between Governments, Multilateral Organizations, Private Sector, Communities]
Conclusions

• Greed & Complacency → Decline of Civilization

Mills: The greatest asset of public action is its ability to satisfy vaguely felt needs for higher purpose in the lives of men and women

What are We Waiting For?