

Conclusion

As the author of the Thailand study says, "Many of us have been saying for a long time that unchecked, liberalised global trade is a disaster waiting to happen. No one listened. Now it has happened". Small farmers are bearing the brunt of this "disaster". But consumers too are vulnerable.

In free trade theory, production will allocate to where costs are low and consumers – poor as well as rich – will benefit from low prices. Much of the trade liberalisation of the last two decades has been based on the hope that agricultural production in developing countries will switch to high value crops for export, which would enable the import of cheap food to achieve food security. Reality is more complicated, however. The FAO study found that in countries like Ethiopia, Sierra Leone and Bangladesh, trade liberalisation did not bring the hoped-for benefits from exports.



Prices are far too low to make marketing of my wheat an attractive option. Photo: Fritz Berger

Agriculture is the main source of livelihood for hundreds of millions of people in developing countries. If small farmers are out-competed without an alternative source of livelihood, the availability of cheap imported food is not of much benefit to them. According to the studies, governments seem to be misled or pressurised to put too much faith in trade liberalisation, or to do it too quickly, without adequate preparation. Trade-based food security for the poor is – at least for the time being – more a mirage than a fact.

Trade liberalisation is only one factor exacerbating problems for the poor in many countries. The studies often reveal the interaction of factors that affect food security, such as privatisation, domestic economic and financial policies and the incidence of HIV/AIDS. As the study on Thailand points out "the mess isn't simple"; devastating weather patterns, massive unemployment, the need to earn foreign exchange "to bail out an unbelievably irresponsible private sector" are all factors.

Yet, liberalisation is a policy choice, and is not inevitable. This survey suggests that a fundamental review of the dominating policy paradigm is needed, and that, at the very least, WTO rules need changing so that developing countries can provide domestic support and other regulations to protect the livelihoods of smallholders and promote food security.

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Causes of rural poverty

Farzana Panhwar

The Sindhi farmers in Lower Punjab, **Pakistan**, are being systematically kept in poverty due to the low prices they get for their products. This is caused by the policy of the Government to keep the prices of wheat and other agricultural commodities low so that commerce and industry can get cheap labour and high profits.

Presently, the price farmers get for their wheat is about half the world market price and half of what they received in 1950, taking into account the depreciation of the Pakistan rupee. When farmers use the optimal levels of inputs (costing approx. Rs 10,000 per acre) they can produce about 1,400 kg wheat per acre. If farmers get a price comparable to imported wheat they can afford to pay for the inputs and get an additional Rs 3,600 per acre. For a family with 5 acres of irrigated land this is an acceptable level of income for 6 months of family work.

Since farmers do not receive sufficient returns, they reduce on inputs by:

- Replacing deep ploughing and seed bed preparation by one harrowing only
- Replacing tractors by borrowed bullocks and own labour for drilling of seed
- Using poor quality seed produced by the farmer
- Using less fertiliser than the optimum
- Replacing most herbicides by manual weeding
- Using family labour for casual work and harvesting
- Avoiding periodic and precision land levelling
- Avoiding maintenance of water courses

This reduces yields to about 600 – 800 kg per acre most of which is for domestic use, seed for the next year and payment for borrowed inputs. Thus family labour is bartered for wheat needed for food with no accrued profits. Transition from subsistence to commercial farming is very difficult, as the costs of additional inputs are not compensated for by the additional returns from additional yields. As wheat production is insufficient to feed the population due to low yields, wheat is imported at about double the price paid to farmers and provided to the urban population at a subsidised price. Rural poverty, unemployment and insecurity, created artificially by forcing farmers to sell their products at low prices, is leading to unprecedented migration from rural to urban areas. These people, who end up living in ever-growing urban slums, face serious hardships and suffering.

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