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## Inputs received

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### Food for All - New World Food Order

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Inputs for UNCTAD Public Symposium 2009  
**The global economic crises – its causes and its multiple impacts.**

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***Food for All - New World Food Order\*)***

**Summary**

The cultivation economy, utilizing the growth potential of living nature is the foundation for production of food and other agricultural products. Due to huge differences in climatic conditions of different zones on the globe the application of free trade is unthinkable in the trade of agricultural products. In order to take into consideration the particular nature of cultivation economy we need a New World Food Order, which can manage the specific arrangements required, e.g.:

- the reform of UN agencies dealing with food and agriculture as well as trade of agricultural products;
- clustering the agricultural products according to their human importance;
- categorization of countries according to their purpose of food production and agricultural trade.

Through these arrangements the detrimental effects of present trade policies on the world food supply and agriculture might be avoided and the food production becomes more self-reliant, sustainable and globally more equitably located and distributed.

**Free trade and agriculture - an impossible equation.**

The trade liberalization ultimately implies that also the trade on agricultural products should be submitted to international competition. However, submitting cultivation economies to international competition in trade is fatal both economically and ecologically because of extreme differences in natural conditions in various parts of the world. The terms of nature cannot be adjusted and equalized. Mother Nature is not attending the WTO negotiations, her terms are not negotiable.

The fundamental problem is, that economics as science is based on the logic of industrial production, extraction and manufacturing of 'dead elements', non-renewable energy and resources. When the logic of mainstream economics is applied to the living production like cultivation economy and the demands of ever increasing productivity and competitiveness are imposed on agriculture and husbandry, the system is bound to run into difficulties, as we see today.

This misperception and mismanagement of cultivation economy is the reason why no solution has been found for global food problems. Agriculture is now submitted to pursue the competitiveness in trade whereby it is heading towards more unecological methods of cultivation in most countries.

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\*) The paper of which this is an abbreviation was first presented in the Congress of Nordic Association of Agricultural Scientists, July 2003, Turku, Finland.  
**Figure 1.**

**ILLUSTRATION AND COMPARISON OF CULTIVATION ECONOMY AND EXTRACTION ECONOMY**

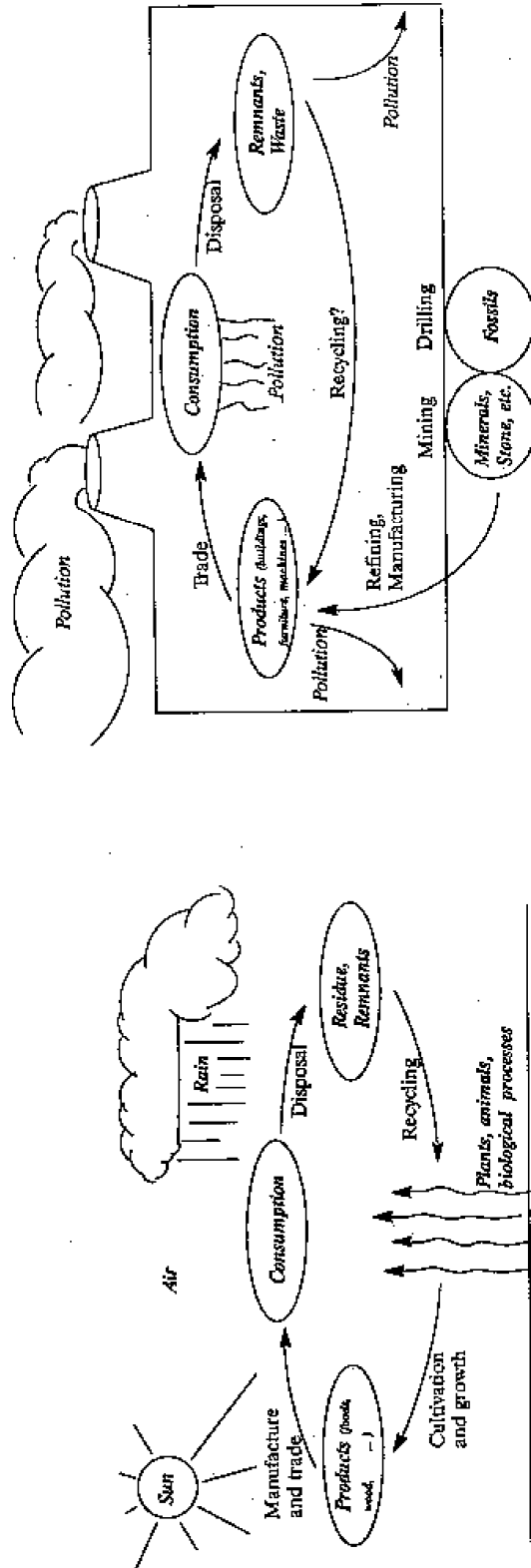


Figure 1. **CULTIVATION ECONOMY**  
 (A Living Economy)

1. **Totally dependent on regional climatic conditions**
2. **Renewable**
3. **Sustainable, if well handled**
4. **Limited control, unpredictable**
5. **Only partially monetized: free inputs: sun, air, water, etc.**
6. **Life and Nature gives the rhythm**
7. **Mechanization limited**
8. **Longevity good**
9. **Competitiveness poor**
10. **Limited increase of efficiency and productivity**

Figure 2. **EXTRACTION ECONOMY**  
 (Dead or Money Economy)

1. **Not dependent on the climate**
2. **Non-renewable**
3. **No long-range sustainability**
4. **Controllable and predictable**
5. **Fully monetized**
6. **Rhythm of the machines**
7. **Fully mechanized**
8. **Longevity poor**
9. **Competitiveness good**
10. **Constant increase of efficiency and productivity**

The same liberalization and competition policies cannot be applied on agriculture as in industrial economy. And when the issue is of feeding the humanity, the satisfaction of basic needs for all, we have to understand that *the trade on agricultural products should be regulated, not liberated.* (Figure 1.)

### **Food or Commodities?**

The only way of making human food economy sustainable is to take into consideration the basic terms of ecology, the economy of nature. These terms are *laws of nature* and human efforts to change them will remain futile.

The cultivation economies do not produce only human necessities, but also raw materials as well as unnecessary luxury products. The relative importance of various products vis-à-vis basic human needs should be recognized also in trade. The products should be diversified and clustered in trade according to their importance in human life and economy, and different rules and terms should be established for various categories of products according to their necessity value. The crude categories could go for instance along the following lines:

*Clustering the agricultural products according to their human importance*

- 1) *The necessities like food and feed products:*  
grain, rice, milk and milk products, meat, fish, fruits, groundnuts, soya, maize, vegetables, etc.
- 2) *Raw materials for industry and construction;*  
timber, cotton, wool, rubber, jute, hides, etc.
- 3) *Luxuries, stimulants and drugs, (primarily for Northern market);*  
coffee, tea, cocoa, sugar, tobacco, furs, coca, hemp, cannabis, opium, etc.

From the human basic needs point of view, these categories vary drastically in importance. If the first category were a universal priority, food problems would have been solved a long time ago. Raw materials for instance for paper, textiles and construction are also necessities, but in this category there is also many alternatives available. The third category of products could possibly be submitted to the supply and demand mechanism, since these products are nobody's basic needs.

Unfortunately it is the fact that meaningful priorities and commercial values do not coincide in trade, since the market mechanisms respond only to demand, not to poor people's hunger.

### **Export or Import?**

The structural adjustment policies of the World Bank and IMF have been applied and required from developing countries since 1980s. These policies have forced many countries to restructure their agriculture towards cash crops export production, even at the risk of their own people starving.

The demands of competitiveness imposed on agriculture are especially fatal also in Nordic countries. Due to harsh climate these countries will need protection and subsidies even for

supplying their own people. In these countries the pressure for competitiveness may finally cause the end of food production. Then these countries will also go to the world food markets adding up the demand and thus increasing the prices.

Ultimately these policies might lead to a situation, where the poor people in the South will be harnessed to grow food, raw materials and luxury products for the rich in the North and they themselves be starving while not being able to buy the food they produce.

Therefore also the countries should be diversified in trade according to the aims and policies of their agricultural production and the needs in supplying their own people. The following is just one proposal, what kind of groups there might be used in order to give fair and due treatment to various countries according to their aims in agricultural trade:

*Countries classified according to their agricultural policies*

- 1) *Self-reliant countries*, which aim only for self reliance in providing food for their own people;
- 2) *Importing countries*, which are not able to produce enough food to feed their own people and have to import food in exchange for their exports;
- 3) *Exporting countries*, which have developed strong factual food exporting capacity even by way of subsidies and protective measures.

The countries should fix publicly their agricultural policy aims and assess their geographic and climatic prerequisites. These facts should be taken into consideration when deciding their terms of trade. An international agreement should be negotiated, where these classifications and the status of each country is confirmed.

All efforts should also be made to decrease excessive and unnecessary transportation of food between countries and continents. The extensive transportation and excessive manufacturing are very harmful to food products, since their nutritional and health quality only deteriorate the more they are traded and processed.

After all, most of food in this world is eaten in the country where it is produced. Only very small proportion of food production crosses borders at all, according to some calculations only 5-10 % of food is traded. However, this portion of food is an issue of all the negotiations and disagreements in the world market!

The ideal should be that the countries, which are capable to feed their own people, should do so i.e. be self-reliant and have self-sufficiency.

**The New World Food Order is needed?**

In the UN system there are three agencies to deal with agriculture and food issues: The Food and Agricultural Organization, FAO; the World Food Program, WFP; and the International Fund for Agricultural Development, IFAD. No one of these agencies has a mandate to deal with agricultural trade.

The paradox of this situation is that these three organizations own all the knowledge and experience in agricultural development and world food problems since 1946, but they are not mandated to deal with agricultural trade!

The World Trade Organization, WTO, is dealing also the trade negotiations concerning agricultural trade. For years there has been expressed harsh criticism for its total incompetence to handle this part of trade. The international civil society has claimed for more than ten years that negotiations on agricultural trade should be taken away from the WTO.

The UN system is in the process of transformations and reforms today. Lately even the Director General of the FAO has expressed the need of having the new arrangement to deal with the global food situation. It is really the latest time to settle the very basic issue of humanity, the food.

Together these arrangements sketched above could constitute *a world food authority*, a **New World Food Order**, with the aim of finally supplying basic food to all people and guaranteeing food sovereignty to all countries.

Ultimately the production of food is basic for the future of humanity as a whole. The fate of agriculture should not be dictated by business interests but by the needs of people. The law of supply and demand will never end the poor people's hunger in this world. It is not a law of nature, neither will it guarantee food for all.

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