

25
DECEMBER
2010

PAKISTAN'S FOOD CRISIS

Water, Energy, Agriculture & Power: The Conflict Ahead

Dr. Emma Hooper Senior Advisor to CIDOB's Asia Programme
& Associate Professor, EADA

Background

Internationally, food prices are high, and there is widespread agreement that, worldwide, the era of cheap food may well be over. Anywhere in the world, the differential impact of higher food prices, particularly for perishable goods, which are the main staple of the majority of the population in developing countries, is greatest for those with low incomes, as they spend a higher percentage of household income on food than those who are financially better off.

The average household in South Asia spends about half of their total outgoings on food. Poor people have been particularly badly hit by rising prices, which have been particularly bad for cereals, which have seen high price inflation - both because of the proportion of income those with low incomes spend on food, and because the proportion of cereals consumed is higher for the poor than the non-poor. However at present, in Pakistan, an estimated two-thirds of expenditures by small farmers in the Sindh and Punjab provinces go on food –and in some areas of Sindh, it is as much as 87%.¹

In the case of Pakistan, rising food prices could lead to a level of instability which may in turn become critical for the maintenance of national security. Such a situation has the potential to impact on the regional and international arenas as well as at the national level, because of Pakistan's geo-political strategic importance, and its persistent weak governance.

To understand the issues around food security in Pakistan, it is important to understand that the social, cultural and geographical context of the regions of the country differ considerably from one another – in social structures, in natural resource endowment, availability of physical infrastructure, social services, and in income levels. Though the provinces of Khyber-Pakhtunkhwa (KP) (formerly the North West Frontier Province) and Balochistan are the poorest, there are also pockets of extreme poverty in both Sindh and the Punjab. Between and within the provinces, there is therefore considerable variation in poverty levels and access to productive resources. The impact of these differences, when combined with food insecurity, is potentially explosive, as will be described later on below.

¹ Zafar Altaf, Food Security in Pluralistic Pakistan, in *Hunger Pains: Pakistan's Food Insecurity*, Woodrow Wilson International Center Asia Programme, ed. Michael Kugelman and Robert M. Hathaway, 2010.

Food Insecurity, Hunger, Malnutrition & A Worsening Agricultural Situation

A recent analysis of the causes and consequences of Pakistan's food insecurity points out that food security there has been under constant threat since 2008, when world food prices reached their highest levels since the 1970s and Pakistan's food inflation registered as high as 34%.²

Indeed, World Food Programme (WFP) data from 2008³ concluded that 77 million Pakistanis – nearly half the country's population – were going hungry; and hunger affects more than one third of the country's population who live in poverty.⁴ Over two thirds of the administrative districts in Pakistan (95 out of a total 121) were reported to be facing hunger and malnutrition-related disease. (Malnutrition is a separate issue from food insecurity and is also a serious problem in Pakistan with 2008 figures putting the number of malnourished people at 45 million. In UNICEF's estimation, poor nutrition contributes to about half of child deaths in the country.) This of widespread hunger and ease, combined with ever-increasing prices of both food and fuel, has triggered successive incidents of civil unrest: first in 2007; again in 2008 when the Pakistan's army had to guard grain supplies (wheat being a staple food); and in September 2009, when 19 women were killed in a stampede at a charity event in Karachi where hundreds had gathered to obtain free flour and 25 more were reportedly injured. Now, in 2010, there are reports of simmering discontent about food distribution and lack of action to safeguard future agricultural production following this summer's devastating floods.



In 2008, there were dire warnings circulating in the Pakistani and some of the international press about the societal implications of food insecurity due to high price rises.⁵ Quite apart from the negative impact on the overall rate of poverty reduction (reportedly set back by years), there was also talk of "a new class of poor" being created in the country. In a term used by Abid Suleri,⁶ people began exhibiting "extraordinary behaviours" due to a high prevalence of food insecurity – selling kidneys, bonded labour, selling children, and committing suicide because they could not support their families.

In Suleri's estimation, as much as half of Pakistan's food insecure population is behaving "extraordinarily", out of sheer desperation and frustration. As Suleri notes, "extraordinary behaviour" not only jeopardises social stability – it also jeopardises the country's economic activities, threatens foreign direct investments, and poses direct challenges to regional and national security.

From 2009, though food prices dropped somewhat, Pakistan's situation has continued to get worse, and the floods from the heaviest monsoons in decades in August 2010 made the situation close to catastrophic. Even in February 2010, wheat and rice prices were 30-50% higher than before the global food crisis; and food inflation at that time was about 15%, with the Wholesale Price Index (WPI) – a predictor of future price movements – at close to 20%.

Anticipated poor sugar cane harvests in the world's largest producers, India and Brazil, are mirrored in Pakistan: internationally, the cost of raw sugar has surged 38% between September-October 2010,⁷ reaching a 30-year high by mid December 2010,⁸. Pakistan had been struggling through sugar crises even before the floods damaged or destroyed around 80,000 hectares of sugar cane crop valued at \$600 million. This August, it had already imported over 500,000 tons of sugar, and will now have to purchase much more. The country's annual demand of white sugar is 4.2 million tons. Before the onset of the floods, the next crop was expected to produce 3.8 million tons of white sugar. Pakistan's food ministry expects output of refined sugar to fall by at least half a million tons this season after the floods destroyed a large amount of the crop. Sugar is a major item of food consumption, in Pakistan, including by the poor. This category includes small farmers,⁹ the urban masses, and internally-displaced people. To this are now added the over 20 million across the country whose livelihoods were affected by the 2010 floods.

Water, Energy, Food & Power

Water, shortage of resources and conflict are making food insecurity in Pakistan worse.

Pakistan suffers severe water shortages, with per capita availability among Asia's lowest (lower than many African nations). About 90% of the country's water supply is allocated to agriculture – which faces the challenges of over-exploitation from the sinking of tube wells, vested interests in wa-

2 Hunger Pains: Pakistan's Food Insecurity, Woodrow Wilson International Center Asia Programme, ed. Michael Kugelman and Robert M. Hathaway, 2010.

3 Cited in Kugelman, op cit

4 Government of Pakistan: Pakistan Economic Survey 2008-9, Islamabad Finance Division, Economic Adviser's Wing 2009

5 That year, agricultural producers saw the cost of fertiliser rise by up to 150-300% in the case of one popular brand, despite heavy government subsidies.

6 Abid Qayyum Suleri, The Social Dimensions of Food Insecurity in Pakistan, in Kugelman et al, 2010.

7 Anderton, David, Indian Crop Doubts Set Sugar Soaring, Financial Times October 16/17, 2010.

8 Dow Jones December 20, 2010

9 An estimated 93% of Pakistan's farmers own less than four hectares of land. More than three times this figure – twelve hectares - of productive land are considered to be the amount required for a Pakistani family to be able to subsist.

ter distribution systems and access, and a lack of willingness by policy makers to seriously address the issue. Poor water management, inefficient irrigation and poor drainage have led to outbreaks of waterlogging and soil salinity across the country, resulting in large portions of the countryside failing to produce even adequate – let alone good – harvests.

This situation of poor water management and depleting supplies was worsened by drought conditions in late 2009/early 2010, which reduced agricultural yields by as much as 50% in some areas.

Then there is energy – or rather, the lack of it.

Pakistan suffers from a chronic energy shortage with frequent “load-shedding” (scheduled power cuts) which undermine agricultural (and industrial) technologies, as well as making life utterly miserable for citizens with enough money and connectivity to use basic electrical goods such as a fan, but not enough to buy and run a generator. In 2008, even in the capital city of Islamabad, in elite residential areas, 8h/day of power cuts in winter and even more in summer were the norm. Rural areas saw as much as 14-18h/day without power.

Agricultural Policy, Governance & Corruption

Current agricultural policies do not help food security, either. Wheat has become Pakistan’s chief agricultural staple, which results in under-exploitation of non-wheat ecological zones and raises food supply challenges, because wheat accounts for over 55% of total caloric consumption in the country. Consequently, increases in the price of wheat hit the majority of the population hard, because although 97% of households are wheat consumers, only 26% are wheat producers. Indeed, one eminent Pakistani agricultural economist (Sohail Jehangir Malik) also argues strongly that it is government policies themselves have contributed to soaring food inflation, because since 2007 a strong emphasis on wheat exports have led to outbound “smuggling” of wheat supplies from Pakistan (including to Afghanistan at reported losses of \$2 billion a year). When the predicted bumper crop that year failed, Pakistan had to import wheat at higher prices than those at which it had exported.

In 2009, while the Pakistani government was organizing “road shows” in Dubai to promote long term leases of its farmland to corporate foreign clients, the food crisis hit new heights, as even the most basic food items have become unaffordable for the vast majority of Pakistanis. WFP data from early 2010 indicates that the prices of essential staples in Pakistan are nearly 40% higher than five-year cumulative averages. The costs of sugar and cooking oil also escalated in the initial months of 2010. How much higher do prices have to rise before sparking large-scale riots?

Pakistan’s governmental willingness (some would say eagerness) to open up its agricultural land (some 1.2 million hectares of fertile land) under long-term leases to foreign agribusiness investors, including from the Arabian Gulf and East Asia is unlikely to have a beneficial impact on small farmers. The stated intention is to bring in new agricultural practices (and generate revenue for the government), but whilst such investments serve investing countries food needs, they also undermine those of Pakistan, given the context of water and energy shortages, inequitable land distribution, and population growth rates. The prevailing low literacy rates of small farmers make them ill-placed to benefit from the introduction of new technologies that can enhance productivity. Furthermore, there is evidence from the fertile Punjab province that many benefi-

People began exhibiting “extraordinary behaviours” due to a high prevalence of food insecurity - selling kidneys, bonded labour, selling children, and committing suicide because they could not support their families

aries of multinational corporate leases are the same large land-owners that have historically reaped the benefits of agricultural production – not the small peasant farmers.

The Zardari government that took over in 2008 has done little to reverse the poor management of the wheat and the overall agricultural economies that preceded its arrival in power. Apart from the reports of increased wheat smuggling, there are also indications of politically-connected flour and sugar mill owners hoarding supplies to drive up prices. Good governance is thus critical for food security –as well as for social stability. The continued failure of Pakistan’s successive governments to provide even the most basic goods and services fairly and equitably to the mass of its population is a harsh legacy, which is not helped by policies that favour the interests of the politically-connected, the powerful and the wealthy over the needs of the vast majority of the population. Corruption in resource distribution (wealthy farmers appropriating the water that should go to smallholders; rampant resource misallocations; monopolisation of new products coupled with demands for government subsidies) is compounded by a lack of what in Sohail Malik’s view are any “serious agricultural (policymaking) institutions” in the country; together with the Food & Agriculture Ministry’s dependency on the Finance Ministry and Planning Commission for resources. A compounding factor is that policy is made by the federal government, but implemented by provincial governments, who often do not see eye to eye.

Internally Displaced People & the Impact of the Floods

And then there are the international political issues.

Following the intervention of the US and strong pressure from the Secretary of State Ms Clinton, military operations against what are quaintly called “local” Taliban (as opposed to the in-

ternational or Afghan varieties) were finally launched in early 2009. The humanitarian consequence was the displacement of some 3 million people (Internally Displaced People or IDPs) from the (then) NWFP and the Federally-Administered Tribal Areas (FATA). By late 2010, only a little over half of these have returned home, and obtaining food still remains a struggle. Not surprisingly, visits by media reporters (eg Al Jazeera, March 2010) found “*simmering discontent*” among returnees, with long lines to open bank accounts to receive ATM cards to receive the \$12/month per household (well below the World Bank definitions of *extreme poverty*, which is those living on less than \$1.25/day). Furthermore, some argue that due to the international community’s negative perceptions of Pakistan’s stance on “the war on terror” and levels of institutionalised corruption, less than a quarter of the pledged \$540 million to help those displaced by military action in the Swat Valley and its surrounding areas had been fulfilled by April 2010, though this has risen to 70% by December 2010.¹⁰

In 2009, while the Pakistani government was organizing “road shows” in Dubai to promote long term leases of its farmland to corporate foreign clients, the food crisis hit new heights

This situation was amplified in the poor international response to the August 2010 floods. Indeed, Pakistan’s Prime Minister Yousuf Raza Gilani actually had to give assurances that less than 20% of pledged flood assistance would be channelled through government – illustrating the level of mistrust by donor countries, charitable foundations, and individuals inside the country or abroad, who have refused to give money to the Pakistani state to alleviate the suffering of flood victims.

The human, agricultural and economic impact of the summer 2010 floods has been enormous. They have had a devastating effect on the Pakistani population. The UN Office for the Coordination of Humanitarian Affairs (OCHA) estimates that, as of early September 2010, more than 20 million people had been displaced by the flood and by some estimates the damage to crops, housing, other buildings, roads, and irrigation infrastructure now reaches \$6.5 billion.

Huge numbers of people still suffer from lack of shelter, hunger and disease, and winter is approaching, when in many parts of the country temperatures can fall below zero centigrade. Spontaneous protests against lack of adequate relief support were occurring on an almost daily basis across flood-affected areas in September 2010.

Agriculturally, the sugar cane crop has been devastated. Nearly \$250 million worth of the rice crop and an even larger amount of the maize crop have been destroyed. The floods have led

to losses of around \$500 million in vegetable, fruit and fodder crops. At least \$200 million worth of wheat stocks have been damaged, mostly in the province of Sindh. Above all, what is critical for emerging from the devastation and rebuilding a future, is that wheat seed stock has also been washed away, and farmers have nothing to sow for the next season, thus creating desperate situations for the coming years. The floods have led to a shortage of fresh vegetables and fruit in the country, forcing Pakistan to import dozens of trucks of potatoes daily from India ever since August 16; and millions of head of livestock have also been killed or threatened by the floods.

Food Insecurity, Poor Governance & National Security

So, what does the combination of poor governance, corruption, rising prices, the floods and food insecurity mean for Pakistan’s overall security situation? Roshan Malik¹¹ points out that the areas of Pakistan which have the worst governance indicators also have the worst food insecurity indicators; and are also those which are the most violent and conflict-ridden. He cites evidence

that in 2003, when 38 districts in the country described as food-insecure were measured by World Bank indicators of governance, more than half reportedly lacked government effectiveness, the rule of law, and political stability. These included all of FATA, 11 districts in (then) NWFP, and half of all the districts in Balochistan. Is it coincidental that all these areas are volatile, and many have been over-run by Taliban forces in recent years?

Food insecurity tends to spark violence and conflict: for instance, the Karachi riots; in North and South Waziristan and other parts of FATA and NWFP; and those in Dera Bugti in Balochistan (the second most food-insecure district in Pakistan and strongly involved in the anti-federal government conflict). Successive governments’ neglect of the social dimensions of food security may lead to dire consequences for both human development and law and order in Pakistan. Ultimately, this neglect may compromise the viability of the state. There are basically three types of militants in Pakistan: (i) the hardliners; (ii) those who feel that successive governments continue to fail them, and consequently are anti-establishment; and (iii) antisocial elements jumping on the militant bandwagon. . Analysis by many observers finds that a number of Pakistani Taliban are not militant hardliners, but rather are impoverished young men outraged by the failure of the state and chronic hunger, who find solace (and recruits) in some religious institutions. This “mullah-marxist nexus” has been noted by analysts of poverty and the political

¹⁰ Internal Displacement Monitoring Centre, Norwegian Refugee Council, 2 December 2010.

¹¹ Roshan Malik, The Food Security-Governance Nexus in Pakistan, in Kugelman op cit 2010.

economy, as long ago as 2003.¹² Ensuring food security could address the last two groups.

Suleri argues strongly therefore that “*individual hunger (in Pakistan) needs to be seen as a national security threat, not just charity work*”. Another observer, Sadia Toor, notes that whatever the improvements in Pakistan’s food security responses, they will be meaningless without addressing the underlying structural causes of poor governance, skewed resource allocations and severe inequality including in the highly unequal distribution of land ownership. Improved access to (productive) land lowers the relative price of food and produces improved nutritional outcomes. However, successive governments have announced firmly that the land reform issue is now “resolved” and has thus been removed from the discussion table on reform, equity and poverty reduction. None the less, in rural areas, the poor are predominantly sharecroppers. They own the least land, are the smallest landlords, and have not shifted to modern forms of lease contracting. The lack of asset ownership is both a cause of poverty – since assets generate income – as well as a consequence of it – because ownership is the result of past investment. Rural poverty thus has a very strong link with unequal land ownership and the lack of access to land.¹³

The international dimensions of the structural causes of Pakistan’s food insecurity are illustrated by the country’s dependence on international finance institutions such as the World Bank, the IMF and the World Trade Organisation (WTO), which many people in Pakistan (rightly or wrongly) see as responsible for policies that result in poverty increases due to the implementation of structural adjustment austerity measures. The World Bank’s perspective on food security in Pakistan is that a two-track approach is needed, combining increased investments in safety nets (to protect poor and vulnerable populations), to protect poor consumers, together with measures to stimulate broad-based agricultural productivity growth, emphasising the major food staples.

Political Fallout

The author and commentator on Central Asia, Ahmed Rashid considers that Pakistan is under siege – from both flood waters that have inundated nearly one third of cultivable land and from the extremist “local” Taliban, and in a context of intense political infighting, various calls for martial law, and an economic downturn that could last for years.

¹² See for example the Scoping Study of Social Exclusion in Pakistan, Hooper, E. & Hamid, A.I, for DFID Pakistan 2003, which inter alia discusses the mullah-military-market nexus; and Suleri, A.Q, in Kugelman op cit 2010.

¹³ See Zaidi, Akbar, Issues in Pakistan’s Economy, 1999, updated 2005.

However, some Pakistanis are also asking if the floods may just provide a wake-up call: to push the ruling elite to establish good governance, undertake real redevelopment and poverty alleviation, and ultimately strengthen democracy sufficiently to defeat Islamic extremism.

Unfortunately this does not look likely. As Rashid notes, the real crux of the current crisis is that there has been a complete collapse of trust and confidence in the government and the civil-military ruling elite by the people; and it would seem that years of mismanagement, corruption, bad governance and army rule, punctuated by weak elected governments, have finally taken their toll.

Indeed, in September 2010, some opportunist political leaders were heard to call for martial law, and even a “French

What is critical for emerging from the devastation and rebuilding a future, is that wheat seed stock has also been washed away, and farmers have nothing to sow for the next season, thus creating desperate situations for the coming years

Revolution”-style popular uprising was called for by opposition party leader Altaf Hussain, from his exile in London. Flood-related opportunism by vested interests was also quick to surface. There have also been many reports, from across the country, that politicians and landlords used their influence to cajole irrigation officials into breaching dykes in such a way as to save their own lands from the floods.

It has also been revealed that Pakistani authorities diverted flood waters towards Balochistan in order to save the Shahbaz Airbase in the district of Jacobabad in Sindh, under the effective control of the US Air Force since the US invasion of Afghanistan in the fall of 2001. Previously, reports the US Air Force had refused to allow relief agencies to use the base for aid distribution, although it was the only airport in the region and under conditions where roads were impassable, caused widespread resentment across the country. The Pakistan Air Force (PAF) has rushed to deny the allegations, claiming that the airbase is under its control and that no flood water was diverted in order to prevent the airbase from being inundated. However, Pakistani authorities have failed to explain why nearly all of Jacobabad district and the neighbouring Jafferabad district in Balochistan were drowned by the floods, while the airbase was not affected. According to the Asian Human Rights Commission, over 800,000 people were displaced as a result of the decision to divert flood waters away from the airbase.

Future Scenarios

Higher food prices and food shortages could enrage people who had lost everything in the floods and who are already

angry at their government for its slow response to the disaster. Food-related social unrest is clearly putting burdens on already weak or borderline governance systems in Pakistan, as in many countries world-wide which are experiencing persistent food insecurity. If the country faces recurrent food crises in the future, this situation could deteriorate further. How much patience will the people of Pakistan be prepared to continue to show? And what will trigger them into losing it, with what outcome, leading to what?

Abid Suleri's hypothesis follows the trajectory of Pakistan's geo-political security position, with the involvement of Pakistani militants in the 2008 Mumbai bombings; the alleged links between "Pakistani Taliban" and Al Qaeda, a socio-political institution which is threatening regional and global security. It is clear that steady increases in the numbers of food insecure individuals have led to class conflict and violence between haves/nots which result in social instability – for instance, in Dera Bugti, Balochistan, the country's second most food-insecure district.

The real crux of the current crisis is that there has been a complete collapse of trust and confidence in the government and the civil-military ruling elite by the people; and it would seem that years of mismanagement, corruption, bad governance and army rule, punctuated by weak elected governments, have finally taken their toll

On September 7, Interior Minister Rehman Malik announced that the government is planning to launch a "Swat-style" counter-insurgency campaign in Balochistan directed against Islamist militias. The next day he banned five Balochistan nationalist organizations. Targeted operations will now be launched against these organizations, which emerged largely in response to decades of neglect and abuse at the hands of the federal government. By December 2010, there was little evidence of such operations, however and previous months saw an increase in targeted killings of key government figures such as the provincial education minister (October 2010); and acts of sabotage by insurgents continue to occur, unchecked, almost daily across the province, with increasing evidence of the growing strength of the Taliban-Al Qaeda in the north of Balochistan.¹⁴

For the desperate, in an absence of adequate formal social safety nets which the government is unable to offer due to fiscal constraints and governance issues, the only recourse is to go to the **mosques, the shrines, and the madrasas**. Thus, chronically food insecure, very poor people are ripe fodder for brainwashing and are easy prey for exploitation. The going rate for a suicide bomber is reportedly \$12,000 – the amount which can allow his or her dependents to live decent life.

Groups of people deprived of their individual security can jeopardise national regional and global security. However, to solve this problem, money alone is not sufficient. Massive US aid (\$11 billion over the period 2002-08) could have been used to alleviate the situation of the millions in Pakistan facing chronic poverty and hunger. It was not, and it did not. Government policies, governance issues, persistently high defence budget allocations and low levels of spending on health (less than 1% of GDP) and education (about 2.5%) all contribute to this skewed utilisation.

Some economists such as Dr Akmal Hussain, see the scale of destruction from the floods as presenting an opportunity for restructuring, to put Pakistan on an economic path towards sustained recovery and equitable growth, including broader-based, more equitable access to productive assets, giving the poor a real stake in the economy and promoting "economic democracy" – growth *through* equity.¹⁵

The alternative – carrying on with the status quo ante, is likely to leave Pakistanis at the mercy of opportunist policies, successive natural disasters, and a potential power vacuum fuelled by local-level unrest and violence, that would likely be filled by those best placed to benefit from the resulting chaos. And they will not be democratically elected, either. As one observer puts it:

"What is won on the battlefield is being lost in the camps of the IDPs". The multiple facets of insecurity – food, shelter, low income, high prices, physical insecurity – present a potential for social unrest which, when combined with weak governance, builds a scenario for the country's future that one hardly dares contemplate.

14 Balochistan Assessment 2010. <http://www.satp.org/satporgtp/countries/pakistan/Balochistan/index.html>

15 See articles by Dr. Akmal Hussain, Reconstruction for Economic Democracy, in the Express Tribune, October 6 and October 9, 2010.