

DISCUSSION: THE ROLE OF FOOD AND AGRICULTURE IN THE INTERNATIONAL AFFAIRS OF THE UNITED STATES

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The role of food and agriculture in world affairs is an extremely broad and multifaceted subject. Attempts to understand it require the contributions of a number of disciplines, such as agricultural economics, international trade and finance, history, and international politics. Therefore, it is virtually impossible to do it justice in a twelve-page manuscript or in a forty-minute presentation.

Joseph Coffey is to be commended for attempting to address the topic in the broadest possible way in order to account for not only the traditional economic factors, but also the political and cultural dimensions of world affairs. In his paper, Coffey focuses primarily on some speculations about the future role of food, and only marginally that of agriculture, in the international affairs of the United States over the next two decades. He emphasizes that this future role depends to a large extent on the emerging set of rules and institutions governing the global food system and on the expected trends in world food demand and availability. His conclusions are, as he calls them, paradoxical. While he envisions an increased role for international affairs in U.S. agriculture, he also reaches the fairly pessimistic conclusion of a diminished role or influence of food in the world affairs of the U.S.

Making predictions on the future state of international relations is a hazardous undertaking. While I do not claim to possess a clearer crystal ball than does Coffey, I nonetheless have some questions concerning his assumptions and reasoning that have seemingly resulted in his paradoxical conclusions. Therefore, I will take the opportunity to expand on a number of points.

REDUCED ROLE OF AGRICULTURE IN U.S. INTERNATIONAL AFFAIRS?

Coffey reaches the conclusion that agriculture will have a diminished impact on the international affairs of the U.S. on the basis of four main arguments. First, following Hopkins and Puchala, he envisions a number of challenges to the America-centered world food regime of the past; second, he concludes that, both politically

and diplomatically, food is a considerably weaker diplomatic weapon than oil; third, he observes the continued decline in the U.S. share of agriculture in the world economy; and fourth, he emphasizes the tarnished record of previous uses of food diplomacy, and particularly, the recent Russian grain embargo.

While there is some basis for the above arguments, I do not feel that they inevitably lead to the view of a reduced role for food in the future world affairs of the U.S. Take first the changing character of international relations and the global food regime. Coffey seems to accept Hopkins and Puchala's conclusion that the America-centered world food regime of the 50s and 60s is no longer operative, and that a new regime has emerged during the 1970s that presumably will be with us for the remainder of the century.

In my view, Hopkins and Puchala's old food regime is not gone, but is still with us and will probably remain so for the foreseeable future. T. K. Warley has noted that "the United States is no ordinary country in world affairs. Its leadership (or acquiescence) is still decisive in determining the agenda for international discourse and action on world order issues pertaining to food and agriculture" (1978, p. 81). The world food system is still America centered, and attempts to disaggregate its center of power, either through the New International Economic Order, multilateral food agencies, or internationally sponsored agricultural research institutes, have only chipped away at, but not replaced, the old food regime.

It is true, for example, that the new food system now includes countries like China and the Soviet Union as major U.S. agricultural customers. But this fact has not in itself reduced America's influence in world agricultural affairs. Indeed, the influence of the U.S. seems to have been enhanced following the world shift to a system of floating exchange rates and the resulting emergence of U.S. agriculture as an important net exporter during the 1970s (Johnson, Schuh). It is precisely this widely held perception of an enhanced American influence in the world food system, at a time of a perceived decline in overall U.S. influence in international affairs, that has

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focused attention on food as an important foreign policy instrument.

Coffey makes a convincing argument that, both politically and economically, food is a weaker diplomatic weapon than oil. He correctly points out that wielding food power by the imposition of embargoes may ultimately inflict greater social costs on the imposing country than upon its adversaries. He also demonstrates that U.S. agriculture possesses limited international leverage in attempting to increase export revenues through the formation of a food cartel.

However, comparing food with oil does not give a conclusive answer about the strength of U.S. food power and whether this country can exercise that power successfully in the future. Nor does a demonstration of the inefficiency of an embargo as a diplomatic weapon imply that its diplomatic importance is nil, and that we will not see food used as a diplomatic instrument again in the future. After all, history abounds with examples of embargoes that failed to achieve their stated objectives, from the U.S. Embargo Act of 1807, to the embargo against Italy in the 1930s, and against Rhodesia and South Africa in more recent times.¹ Why then have boycotts, embargoes, and economic sanctions been resorted to over and over again, in spite of their ineffectual application?

The answer to this question has to be found in the inherent political dimension of international trade relations. As Richard Cooper points out, trade policy has historically been very closely linked to foreign policy. The only period during which foreign trade issues came close to being depoliticized was the 25-year span from 1945 to 1970. Since the early 70s, however, foreign economic policy has become again the domain of foreign policy. The reason for this shift in foreign affairs according to Thomas Schelling is: "Aside from war and preparations for war, and occasionally aside from migration, trade is the most important relationship that most countries have with each other;" hence, "trade policy is national security policy," mainly because of "its implications for other countries and our relations with them" (p. 737).

The implications for American agriculture of the trend toward increasingly politicized international economic relations are far reaching. As the U.S. farmer has become more deeply involved in an interdependent world food economy, his vulnerability has increased not only as a result of uncertain world weather and economic conditions, but also because of unstable power relations between the major actors in the international political arena. Understanding international affairs has become as important to his prosperity as predicting world market trends.

A case in point has been the emergence during the 1970s of the Soviet Union and other socialist economies as major markets for U.S. farm exports. The course of trade relations with non-market economies has been mostly determined by political factors (Warley, 1976, pp. 824-25). Restrictions on trade with Cuba, China, and the USSR were originally a means of conducting the cold war. In turn, food sales to the Soviet Union were viewed as an instrument of *détente*, leading to the expectation that progress in economic exchange would encourage cooperation on other matters. When, by the late 70s, this expectation was not fully realized, it is not surprising that food sales to the Soviet Union were reevaluated as an instrument of foreign policy. Given the history of U.S.-USSR farm trade relations and the unstable power relations between the two countries, it is not unreasonable to predict that our economic relations with the Soviet Union will continue being politicized in the foreseeable future.

Finally, Coffey's additional argument, that the share of agriculture in the world economy will continue to decline in the future, is easy to dismiss. Agriculture has experienced a decline relative to GNP throughout the twentieth century, but this fact has not affected the role and influence of food and agriculture in international affairs. Furthermore, what is of more importance here is the relative share of U.S. agricultural exports in world farm trade. This share has grown from 12 percent in the 1950s to about 17 percent (Johnson). If this trend persists, it will provide further arguments to the proponents of "food power" for years to come.²

INCREASED IMPACT OF WORLD AFFAIRS ON U.S. AGRICULTURE?

Coffey foresees not only a lesser role for agriculture in the world affairs of the U.S., but also an increased impact of international affairs on U.S. agriculture on the basis of his assessment of future trends in world grain demand, supply, and trade. These trends he forecasts on the basis of projections he makes with the use of simple models of future grain demand and supply growth.

While I have little difficulty in accepting his underlying demand function, his choice of the supply equation raises some questions. In particular, the definition of his productivity variable is not spelled out, making an assessment of his estimates difficult. Of course, projecting developments from the past into the future is always hazardous. Furthermore, projecting demand is a

¹The U.S. Embargo Act of 1807 was of special importance to farmers in the South. As a result of the embargo, American farmers were particularly hurt because prices dropped with the loss of export markets for tobacco, cotton, and hemp. Even then, distress at home exceeded distress abroad without any apparent success of coercing the European powers.

²Coffey's conclusion that U.S. food power will decline may still apply if food exports are not essential for survival, but are used to improve the quality of life.

relatively safer undertaking, as compared to projecting supply developments. The uncertainties involved in making supply projections are due, first, to the difficulty in forecasting technological changes, and, second, to the problem of obtaining reliable estimates of future availabilities and costs of productive inputs such as land and energy.

These objections notwithstanding, I have little disagreement with Coffey's conclusion that world food consumption will continue outstripping world food supply in the foreseeable future. This result is consistent with estimates obtained by other researchers (U.S.D.A.; Internatl. Food Pol. Res. Inst.). It is also clear that the growing world gap between food consumption and production offers an obvious opportunity to U.S. agriculture to continue playing a vital world role during the 1980s.

Will American agriculture be in a position over the next two decades to increase its share of world exports and thus play a role in closing the growing world food gap? Coffey attempts to provide an answer to this question by emphasizing some supply constraints facing U.S. agriculture. However, the emergence of U.S. agriculture as an important net exporter since the early 70s reflects, given U.S. and foreign government policies and an appropriate exchange rate regime, not only the overall levels of demand at home and abroad and the relative availability of supply, but also the influence of comparative advantage.

In my view, providing an answer to the above question requires also an examination of whether U.S. agriculture will retain its comparative advantage well into the future. Therefore, it is of great importance that agricultural economists investigate the sources of U.S. agricultural comparative advantage that emerged during the early 70s in order to understand the forces and policies

that will guarantee its continuation into the future.

According to the principle of comparative advantage, countries tend to export those goods that would be relatively cheap in the absence of trade, and to import those that would be relatively expensive. The ability of U.S. agriculture to export or to compete successfully against imports ultimately depends on two general sources of comparative advantage: the cost competitiveness of U.S. products relative to its foreign rivals, and the ability to differentiate the product from its potential competitors.

Competitiveness in terms of costs is a function of factors such as dollar input costs, factor productivity and innovation, and the terms of delivery, insurance, and credit. The ability to differentiate the product depends, in turn, on both objective and subjective product characteristics, and the seller's reputation and reliability.³ Identifying the key factors that explain U.S. agricultural comparative advantage will provide a clearer picture of the future trade performance of the American farm sector.

I conclude with a note that I feel could be of great importance to southern agriculture in the future. Comparative advantage does not imply that a sector or a country is successful only in the export business. The principle implies international specialization and the necessary expansion of imports along with exports. The U.S., and particularly the South, is already facing increasing foreign competition in a number of commodities such as fruits and vegetables, dairy products, meat, and sugar. As farm exports continue to increase as a result of comparative advantage, so will imports. The list of products that are threatened by foreign competition could easily expand. Eliminating this potential problem from our research agenda will not wish the problem away.

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³Product differentiation is an often neglected factor in the trade of agricultural products. However, for a number of products such as meat, cheese, fruits and vegetables, hops, and cut flowers, perceived or actual product differentiation may provide an explanation of international trade patterns.

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