

U.S. FOOD POLICIES: THE PERSPECTIVE OF THIRD WORLD COUNTRIES

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It is now widely recognized that there are two distinct problems in meeting the world's food needs. One is that of increasing food production so that there will be enough foods of various kinds to meet human needs. The other is to ensure that consumers at various levels of income, of all age groups, and in all places have access to the quantity and variety of foods they need.

To meet these two needs within a single country is difficult enough. But it is much more difficult when the agricultural resources of countries differ markedly, when average levels of affluence and economic power vary greatly, and when food policies are made independently by each country.

"The Third World" is a slippery term. I understand it to include what is left after setting aside the relatively affluent Western Europe, North America, Japan, and Australia and the dominantly "managed" economics of the USSR, Eastern Europe, China, Cuba, and a few others. For purposes of this discussion, I shall also exclude those countries that possess oil resources substantially in excess of their own domestic needs. That leaves a few over 100 countries in the Third World, over half of which are extremely small. A few are very large. Each faces its own unique problems and formulates its own policies. About two-thirds of the Third World countries have a per capita gross national product of under \$200. Half of the total population of these poorest countries lives in India.

It is only with caution that one can speak of the perspective of Third World countries with respect to United States policies concerning the world food problem. Fortunately, there have been a number of consultations among representatives of various groupings of Third World countries in recent years, and there is a set of recommendations to the more affluent countries on which most of the Third World countries have more or less agreed.

The Perspective of Third World Countries

What do these leaders of the Third World want in terms of United States food policies and programs?

First and foremost, they want access to United States markets for the products they are, or could be, in a position to export. If their countries are to develop, they need to import many types of capital goods, and the only way (within a market context) to pay for them is to export.

The relationship between access to United States markets and the world food problem is not, for the most part, that they wish to export food products to us. Instead, it is that they seek a greater opportunity to develop non-farm employment that can increase the wage incomes of a considerable number of their people. At the present time, too large a percentage of their people are employed in agriculture, most farms are small, and population is increasing rapidly. Many people are unemployed. More non-farm employment is therefore needed if their people are to buy food, whether that food is produced domestically or imported. They seek freer access to markets in more affluent countries, including the United States.

Second, many countries of the Third World want stable and remunerative prices for their agricultural crops for which there is an international demand. Most of these are industrial crops such as rubber, cotton, and palm oil. Some are food crops such as sugar, fruits, tea, and coffee. When it is argued that the prices of these commodities are determined by supply and demand, they respond, correctly, that this is only partially true. To a considerable extent these prices are regulated by developed countries, or protected by tariffs. And developed countries take advantage of price variations through their own stock-piling policies when that is possible.

Third, they want international arrangements for maintaining reserve stocks of major cereals. As all of us know, weather greatly affects both the physical availability and the international prices of these commodities. More affluent countries can out-bid poor countries for supplies when international prices are high, and that can occur just when a poor country is suffering from adverse weather that drastically cuts its own production and increases its need to import.

Fourth, they ask for some relief with respect to the prices of nitrogenous fertilizers, fuels, and other petroleum-based products. We would all like that, but poor countries have been hit particularly hard by the higher prices of the past five years. New wheat and rice technologies have greatly increased crop response to increased use of fertilizers and had begun to raise production substantially in some countries. But now many farmers are deterred from using fertilizers because of greatly increased prices. Moreover, countries that had made progress toward bringing their balance of trade into

line found that accomplishment undone by the necessity of paying much higher prices for imported petroleum products.

Fifth, countries of the Third World still need, and want, help in the form of development grants and, where grants are not available, loans on concessional terms. They face so many development needs simultaneously that these needs far exceed their ability to finance them. These needs range all the way from industrial equipment and port and harbor improvement, through electrical generators and distribution lines, to agricultural research, personnel training, and farm-to-market roads.

Finally, countries of the Third World want the affluent food-exporting countries to maintain a ready capacity and willingness to provide food cereals as outright gifts or at very low prices in times of emergency. They recognize that this cannot be a normal procedure in more or less average years. They understand that depending on such supplies regularly can deter their own agricultural development by depressing domestic prices. Yet they insist that it is reasonable for the food production potential of the United States and Canada to be available to meet residual human needs in difficult times.

Choices among policy options in both worlds are strongly influenced by their historical backgrounds. In our American world it is a background of commercial exchange, industrialization over a period of more than a century, widespread participation in the political process, and ample supplies of fertile land and of food. In most of the Third World it is a background of recent domestic feudalism, colonialism, and widespread poverty.

When I was wrestling with the problem of what to put in this paper I mentioned to my wife that I was having trouble. "I don't see why," she replied. "It is very simple. People in the Third World say 'You are rich; we are poor; it is your obligation to see that we get enough to eat.'"

This attitude flows naturally from a background of feudalism. A feudal society is one based on mutual obligations. Those owning property are obliged to run the economy and maintain order. Those without property are obligated to provide the labor. These mutual obligations are codified in considerable detail. It is taken for granted that the owning classes will be wealthier and hence able to take care of themselves in times of emergency. It is also taken for granted that the owning classes will be wealthier and hence able to take it has a right to be carried over that difficult time by members of the owning and ruling class. It is a matter of obligation. Obviously

there is a clash between that point of view and the attitude in an economy based on commercial exchange in which it is assumed that each family — and each country — should earn its own way.

In assessing the perspective of Third World countries we should also take into account that the Third World leaders who articulate these views are not ill-informed peasants. They are highly sophisticated, well-trained, and well-informed persons.

There has been an enormous expansion of the number of such persons. In the years since World War II, thousands of young people from the Third World have undergone graduate training in agriculture and economics — as well as in other related disciplines — in European and North American universities. Many of these persons — now forty to fifty-five years old — have been seasoned by experience and hold important positions in their own countries and in international agencies. These were highly intelligent people to begin with; they have been well trained; they are now experienced. They have had many opportunities to interact with persons like themselves in many other countries. They speak with some authority.

They know that much of what needs to be done should be done in their own countries. But achieving these domestic actions is a major task because of the many changes in ways of thinking and in organizational arrangements that are involved. Because of stubborn obstacles to constructive domestic action, they often advocate international action in an effort to by-pass those domestic obstacles. But that is only part of it. Much of what they seek through international action cannot be achieved by unilateral domestic action alone.

What follows is a set of comments on selected considerations that underlie Third World perception of the present world food problem. Some of these have to do with past and present circumstances in the United States. Some have to do with present circumstances in the Third World. Both are important ingredients in the present perspective of Third World countries.

The very idea of a *world* food problem is relatively new. It is not surprising, therefore, that we are still groping for solutions.

It is only since the Age of Exploration in the 16th and 17th centuries and the expansion of ocean-borne commerce that followed, that the concept of world food needs has had any reality. Prior to that people in each relatively small region had little knowledge of how people lived elsewhere. Even when they had some inkling of it there was nothing that could be done about it. Food supplies could not be moved far.

Moreover, until a much later date and not much before the twentieth century, the conscience of mankind did not extend to a feeling of responsibility for the welfare of people who lived in other parts of the world. We are still living in only an early stage of world-mindedness. We have a long way to go before we have developed mechanisms and policies to match it.

Circumstances in the U.S.A.

What are some of the circumstances in the United States that we need to keep in mind with respect to Third World countries?

First, the United States has the largest potential for food production relative to the size of its population of any nation on earth. That situation results partly from its size, partly from the richness of its soils, and partly from its location in the temperate zone where most of its agriculture can be conducted productively without benefit of irrigation.

Second, the American economy is the product of unique historical timing. Its agricultural economy developed just when the Industrial Revolution had taken firm root in the United Kingdom and was expanding in Europe. This gave the United States an ample foreign commercial outlet for all of the cotton and wheat it could produce. It also provided access to the fruits of the Industrial Revolution — its technologies and its skills. These came partly in the form of physical imports but much more in the skills and personal attitudes of the steady stream of immigration throughout the nineteenth century. These factors, coupled with ample mineral and power resources, led to rapid industrialization in the United States that provided adequate markets for its own agriculture in addition to its expanding export trade.

Largely as a result of these characteristics, the United States became a country with a high rate of capital formation, and its substantial exports made it possible to import what it wanted above its domestic production. Among other things, that gave the United States access to the raw materials of other parts of the world.

When leaders in the Third World look at the United States, it appears to them as a country of many options and one rich enough to afford many adjustments. They are much more aware of their legacy from the nineteenth century than most of us are of ours. To them the eighteenth, nineteenth and early twentieth centuries were the age of colonialism. They feel that they were milked of their own natural resources to feed the industrialism of Europe and the United States. They say their agriculture was altered to serve the needs of the ruling power rather than the needs of their own people.

Great Britain pushed cotton, jute, and wheat production in pre-partitioned India; the Netherlands pushed the production of sugar cane and rubber in what is now Indonesia. Prior to independence, agricultural research in the colonies was limited almost entirely to efforts to increase production of those export crops. Very little was done on rice, and practically nothing on corn, sorghum, millet, fruits, vegetables, or other widely grown food crops for domestic consumption.

A current development outside of both the United States and the Third World is also a major factor in the present situation. It is the increasing affluence of Western and Eastern Europe, the USSR, and Japan. In physical terms, the immense capacity of the United States to produce cereal grains beyond its own needs constitutes a major opportunity to meet food needs in the Third World. But the growing affluence in the other countries has had the effect of bidding up prices for what the United States can produce. Russia bids for our wheat. Japan is importing increased amounts of cereals that it uses as feed grains but which in the Third World are human foods — corn, sorghum, millets, and soybeans. This raises the prices of those products in the Third World. In addition, the diversion of grains to livestock production substantially reduces the total number of calories for human consumption per acre resulting from grain production.

Circumstances in the Third World

Turning to the countries of the Third World, let us look first at some of the problems they face with their food problems. These include agricultural production, income distribution, and transformation from village-oriented to commercially-oriented economics.

Agricultural Production

To understand the problem of food production in the Third World we must recognize the great diversity of conditions under which agricultural commodities are produced. There are places in South America and Africa where present population density is low and additional land could be brought into cultivation. But that requires the development of new technologies through research, and that takes time. In most of Asia, Central America, and Mexico, however, the situation is one of high population densities, with practically all potential agricultural land already under cultivation.

There are some countries where a considerable amount of the cultivated area is in non-food industrial crops — rubber and oil palm are examples. Some of that acreage is on hilly and stony

lands not amenable to the production of annual food crops, but some of it is on lands where food crops could be grown.

Perennial tree crops play an important role in the Third World, partly because so much of the land is too rugged or too stony for the cultivation of annual cereals and pulses, especially where those require irrigation. When one flies over thickly populated Java it appears that less than half of the land is cultivated. Irrigated areas of rice, sugar cane, tobacco, and maize are interspersed with larger areas of what most of us would call woods. But when one gets down on the surface, these wooded areas are an intermingling of economic tree crops, coconuts, fruit trees, and climbing spices interplanted with root crops and vegetables. Studies of such mixed land use have revealed that the value of production for hectare is often higher in the "wooded" areas than in the terraced fields of annual, clear-cultivated crops, even where the latter are irrigated.

Similar situations are found in parts of the Philippines, Malaysia, and Sri Lanka. Tree crops and root crops predominate in tropical Africa. Coffee, tea, oil palm, and rubber are all perennial tree crops of major importance as earners of foreign exchange. At the same time, dependence on perennial tree crops greatly reduces agricultural flexibility. Land cannot be shifted to alternative uses annually in response to market changes.

The large, relatively homogeneous agricultural regions to which we are accustomed in the United States are much less frequent in the Third World. Instead, the more typical situation in the Third World, except for regions of irrigated rice, is one of major soil and water differences within very short distances, myriads of microclimates, and individual farms growing a great variety of crops suited to those various conditions.

In the United States, large homogeneous regions have favored the development of marketing and storage arrangements for particular farm inputs and products. The size of these regions, coupled with a low density of population and, throughout most of our history, with adequate non-farm employment opportunities, has encouraged an evolution toward larger and larger farms and toward incomes per farm family that have supported rising levels of living.

In much of the Third World, the greater diversity of soils, altitudes, temperatures, and moisture availability, coupled with high density of population and a production-for-home-consumption pattern of cultivation, have all resulted in small farms that tend to get smaller with each generation.

Countries of the Third World vary enormously in the degree to which the infrastructure for a modern agriculture is already in place. A region like the Punjab of India and Pakistan, where widespread canal irrigation was introduced 60 to 90 years ago, with a corresponding grid of rural roads and market towns, is in a much more favorable position than other regions where the present agriculture is still geared to farm family consumption needs or only local trade. In the latter regions, roads are far apart and not well developed, and national trading institutions have not yet been achieved for more than a few commodities.

Some countries of the Third World are currently in a strong foreign exchange position because of their overall production of products for which there is a strong international demand and a careful monitoring of imports. Tin and oil palm in Malaysia and rising industrial production in South Korea, Taiwan, and India are examples. Meanwhile, most other countries are under a severe handicap either because they have few products they can profitably sell abroad, or because they have been unable or unwilling to restrain the importation of luxury goods that do not constitute investment for the future.

Countries of the Third World face a bewildering variety of differing conditions when they take what steps they can in the direction of increasing food production. They must consider the alternative of producing industrial crops. They must operate within the constraint of a high proportion of perennial crops. They must grapple with the problem of hundreds of thousands of tiny farms. They must develop productive varieties not for millions of acres on relatively homogeneous land but for many different crops each suited to a limited number of sites that vary in slope, temperature, soils, and rainfall. Practically all of them are under severe foreign exchange restraints.

Production per Acre

What about the prospect for raising the production of food and other crops per acre in the Third World? The prospect for a respectable increase in productivity is good in Asia and in parts of Latin America, especially in annual crops. In fact, agricultural productivity for the past decade has been rising at rates of up to 3 and 4 per cent per year in several countries on those continents.

Food production per capita is another matter. Here, rates of population growth must be taken into account, and they are still high in many countries. Slight gains in per capita food production have been made in most countries of Asia and Latin America. In

much of Africa per capita food production has declined over the past decade.

Family Incomes

An adequate social mechanism for getting food into the hands of those who need it is as important as getting the food produced. The dominant present method for doing that is through commercial markets, with families utilizing money earned through productive employment. Unfortunately, there are not enough jobs to go around. This problem is particularly acute in the Third World, primarily because of the high densities of population and high rates of population growth.

The problem is both rural and urban. In regions with a high man/land ratio and where farms are small, a high proportion of even farm families do not now get the amounts or combinations of foods essential for vigorous health. While some improvement in farm family incomes could be achieved through more intensive cultivation, there are many regions where farms are so miniscule — half an acre to two acres in much of Bangladesh, Java and India — that decent levels of living for farm families could only be achieved by increasing the size of farms. But if that were done, where would those displaced from the land turn? Increased industrialization can be part of the answer. But the cost of the capital equipment to achieve industrialization is enormous, and most of the types of machinery available from abroad were designed to employ as few workers as possible. As a result, unemployment figures are already beyond 20 per cent in some of the large and rapidly growing cities, and the number of unemployed persons goes up by many millions each year.

A second partial remedy is home handicraft industries that are labor-intensive but in which family labor is not rewarded at anything approaching going wage rates in the vicinity.

A third partial remedy is transfer payments. The need for transfer payments is recognized in many Third World countries, but cash transfer payments are little used because of the complex administrative arrangements required. More frequently selected public services are provided without cost or at subsidized rates. In a few cases, a staple food is rationed and sold to consumers at a subsidized price. Transfer payment increase family real incomes by relieving family budgets of the cost of paying for selected goods and services

The problem of building up the purchasing power of the poorer

people in each country is a major concern. This causes the proposals of Third World countries to embrace the whole of general economic development and not to be limited to food supply alone.

For most of the next generation, at least, the world food problem is fully as much a problem of family income as it is one of food production.

Distributional Infrastructure

The other major problem in food distribution is to create an infrastructure that allows food to move efficiently from the places where it is produced to the places where it is needed. This requires enormous investment and organizational modernization. If food is consumed by the families that produce it, or by other families in the immediate vicinity, not much is needed in the way of roads, telecommunications, and centralized storage. Even today it is probable that over half of the food produced in Third World countries is consumed by the farm families that produce it or by other families nearby.

But if farm productivity is to rise, it will be necessary to make farm inputs easily available to all farmers. And if the marketed surpluses of farm products are to move to domestic cities or to international markets, an infrastructure of transportation, centralized storage, credit, and in many cases, processing facilities must be provided. Much of the same infrastructure is required if food is to be imported from abroad and delivered throughout a country. In many countries of the Third World the costly process of commercial modernization has only barely begun.