SOME POLITICAL ISSUES CONFRONTING WORLD AGRICULTURE

By

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By most standards the state of food and agriculture is good. By the standards of the early 1970s, with its production shortfalls, price rises, and hunger, it is excellent. Harvests almost everywhere have been favorable for three years running. India entered the 1977/78 crop year with an unprecedented 18 million tons of grain on hand; today her carryover approaches 25 million tons. If there is talk of crisis, it is usually in the context of avoiding declining prices and holding down mounting surpluses.

Can the situation last? Obviously not. So long as agriculture depends on the weather there will be good years and bad, and a bad year for countries at or near the margin means additional privation. Moreover, such weather-induced fluctuations tend to trigger economic responses which act to amplify the cycle of plenty and want. The question is: can these responses be dampened by actions of individual countries or of nations acting together? Or is another food crisis inevitable?

I. The Last Two Food Crises: How Real Were They?

One must preface any treatment of Third World food problems by stressing that hunger and want are much more a reflection of poverty and unemployment than of agricultural failure. A common misconception of Third World agriculture is that it is operating at capacity and can go no further without massive additional inputs. In fact, great scope remains for yield increases, and In Latin America and Africa especially, expanses of potentially productive land remain but superficially exploited. Indeed, the record of Third World agriculture has not been all that unimpressive. The LDCs over the past 20 years increased output no less rapidly than the developed countries, an achievement all the more remarkable when one considers that few countries have implemented comprehensive and sustained programs of agricultural development. Population growth, of course, absorbed most of the gains, but modest per capita improvement has occurred.

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Twice, however, the rate of progress faltered. The first pause came in the mid-1960s, the result almost exclusively of two successive droughts in India. Indian production bulks so large in any Third World aggregate that major fluctuations in its output markedly influence the index for all developing countries.

Recovery was rapid and again closely mirrored the Indian situation. A sequence of favorable monsoons was accompanied by introduction into the Punjab of high-yielding varieties of Mexican wheat. The index for all low income countries rose steeply, as did per capita availabilities. These were the years when we first began to hear of the Green Revolution. The situation in Northwest India and Pakistan, together with the introduction of high-yielding, stiff-strawed, fertilizer-responsive rice in wetter portions of Asia, led many to believe the situation had been fundamentally altered and that feeding the world's rapidly increasing population no longer posed problems.

The factors underlying the second pause--the food crisis of the early 1970s--were more complex and involved the developed as well as the developing countries. In brief, it resulted from an unhappy coincidence of four main influences: an intentional running down of stocks and a holding down of production in the United States; unprecedented prosperity and rising demand in Europe and Japan; unfavorable weather in the Soviet Union, India and the Sahelian zone of Africa; and a general relaxation of attention to agriculture in the LDCs. The last mentioned is difficult to quantify, but it is evident that the early Green Revolution euphoria was accepted by many governments as justification for a shifting of priorities and redirecting investment and pricing policies away from agriculture.

One is tempted to call the food crisis of the early 1970s the Soviet crisis, since the instabilities of that country's farming sector were responsible for the extreme volatility. Certainly it was triggered by the short crop of 1972 and prolonged by the failure of the 1975 harvest. But to term it such would be misleading. It was truly "world" in that the price rises were general and in that it exposed the weaknesses of the international agricultural order. "International" is the operative word: most affected were the countries trading in the world market. Least involved were the largely self-reliant economies of the Third World. They were mainly affected in that the surpluses of the developed countries, previously to be had in quantity and on concessional terms, were available not at all or at newly inflated market prices.

II. Food Aid: The Double-Edged Sword

This reduction in food aid availabilities had an effect out of proportion to the quantities involved. Third World agriculture remains heavily subsistence oriented, so that only a fraction of output enters commercial channels. Compared to this fraction imports can be appreciable and what would appear to be modest swings in total availabilities can have major effects on price. Indian grain production in 1972 was seven million tons less than the 105-million-ton harvest of the preceding years, but the price of wheat rose by almost 50 percent during the subsequent 24 months. Though this was far less than the four-fold increase experienced by North American wheat prices during the same period, it had a catastrophic effect on what the poor could afford to purchase.

But at the same time that the absence of concessional food from abroad exacerbated the plight of the poor, it also had a constructive effect--giving a number of governments the political stiffening and feeling of urgency needed to bring about renewed inducements to agriculture. Among major Asian rice producers, India, Burma, Thailand, Malaysia, Indonesia, and the Philippines all experienced a shift in the terms of trade toward agriculture. By how much it is difficult to say, though 20 percent may not be wide of the mark. What is clear is that this shift goes far toward explaining the recent increases in output and the relatively comfortable position of these countries today.

This two-way thrust of concessional food is all the more important when one weighs it as a possible means for alleviating the effects of future swings in production. To the man in the (developed) street, food aid is what the name implies: relief to those otherwise unable to feed themselves. Historically, however, surplus disposal has been as much, if not more, in the minds of donor countries, and political considerations have played a significant part in determining who receives what. Until recently this has certainly been true of shipments moving from the United States under Public Law 480--fully 80 percent of all food aid. Apart from the 15 million tons of grain shipped to India during the crisis of the mid-1960s, true emergency relief--as to Bangladesh following hurricanes and to the Sahel--has amounted to less than a tenth of the total.

The merits of such nonemergency shipments are increasingly questioned. About a fifth of the North American rice harvest now finds its way abroad under concessional terms and the disruptive effects this million tons can have on the world rice market is well known to the trade; I travelled extensively in Southeast Asia in 1976 and again last year and heard about little else. But the principal objections center on the disincentives to increased production in recipient countries.

Again, it cuts two ways. If the farm sector in Europe and North America sometimes seems possessed of political clout out of proportion to the number of people involved, it is just the opposite in the LDCs. There it is the urban minority which typically has the power to make or break. The political leader is understandably anxious to avoid aggravating them, and one means for so doing is with imports of cheap food from abroad. It was the politically articulate few who most vigorously objected to the price rises attending the recent stimulation of Asian rice production--and brought down at least one government. And so it may be that the next food crisis could be hastened by a clamor, now that things no longer look so bad, that such incentives are no longer necessary.

III. Food Security

A number of proposals have been put forward to guarantee the developing countries a greater measure of food security while avoiding the pitfalls of past food aid operations. One of the more innovative, proposed by D. Gale Johnson, calls for the developed countries collectively to undertake to make up to each developing country the amount by which its grain output falls below some predetermined percentage of trend production. Such an insurance scheme is attractive not only for the stability it could introduce to Third World markets, but for the incentives it could offer recipient countries to begin modest storage programs.

But to be effectively implemented it would require a fineness of tuning hitherto rare in the annals of international cooperation. Selecting what percentage shortfall should trigger the transfer of grain would be a complex task. Were it set too low there could be no incentive for developing countries to hold reserves and the size of grain transfers could be so large as to depress prices and hamper production in the recipient country. Conversely, were it set too high the objective of stability could be lost. The percentages would presumably vary from one LDC to another, and it is easy to imagine the conflicting pulls of consumer and producer groups in councils for their determination. Still the proposal is the type of constructive new suggestion which should be explored with priority.

IV. Third World Strategies: Increasing Production and Participation

Desirable as such international insurance measures may be, they must take a decidedly second place to efforts by the LDCs themselves. Today this may sound trite, but it was not so many years ago that warnings of coming food crises were treated with derision by many Third World leaders. That they no longer do so is hopefully a lasting contribution of the anxieties of the early 1970s.

But it is one thing for the problem to be recognized, quite another for remedial strategies to be implemented. I noted at the outset that the developing world's food problems are part and parcel of the broader problem of poverty and unemployment. Eliminate poverty and a people will be able to effectively demand from agriculture the abundance of which it is capable; eliminate poverty and history tells us that spiralling population growth can quickly be controlled. What history does not tell us, however, is how to carry out development in such a way that its benefits will be widely shared and poverty eliminated, and around this tragic fact swirl the great political dilemmas of the Third World.

In agriculture the equity problem devolves from the selectivity of the various technical improvements that are constantly being made. The high-yielding varieties, for instance, are not designed to be introduced alone, but call for a host of complementary inputs: fertilizers, water, disease control, and the like. To the extent that an innovation is specific to particular ecological conditions, benefits will clearly be restricted. Equally obvious is that those best able to command the new inputs--the larger and wealthier farmers--will reap a lion's share of the benefits.

This much history would have us expect. The changes which transformed European and North American farming during the 19th century were similarly selective. The difference lies in the cities. A hundred years ago the disgruntled or displaced farmer looked to the cities for opportunity. Industry was growing, and as industry then had high labor requirements, virtually all who left the land found jobs. Today the movement to town rests on less solid foundations. Though urbanization in the LDCs is proceeding at a breakneck pace--many of the larger centers are doubling in size every eight or ten years--most of the cities remain administrative and trading centers. Though industry is growing, the bulk of it is capital-, not labor-demanding. Jobs are far fewer than people in search of them.

It is thus more in the context of urban and industrial failure, rather than agricultural, that the various new strategies proposed for Third World development should be judged.

If these new strategies have a common feature, it is the emphasis they give to the landless and the small farmer: the 50 percent or so of the labor force thus far bypassed by the forward march of development. Not only must he be persuaded that his future lies in the countryside, not town, but his growing affluence, and the rapid increase in food production it reflects, is seen as the driving force behind transformation of the whole economy.

Has such rural revitalization any chance of being realized? One's first reaction is to write the whole business off as a massive intellectual cop-out on the part of World Bank and AID theoreticians. Not only does it fly in the face of history; the numbers--a billion new labor force entrants to be absorbed by the year 2000--are simply too huge for agriculture to accommodate. Moreover, the cases cited as models--China and Cuba--have been able to reconcile rising expectations with what Marx termed "the idiocy of rural life" only by repressing the individual's right to choose and are anathema to most of us.

Yet there may be grounds for hope. Most of the expected population surge will occur in South and Southeastern Asia, where agriculture is dominated by paddy rice, a crop singularly suited to smallholder exploitation. Additionally we are just beginning to appreciate that the Western pattern of urban-centered industrialization need not be repeated in the Third World. The electric motor is a very different creature from the water wheel or the steam engine. The latter two demanded that the labor force come to them. Not so the electric motor. It can go to the people and around this fact might be built rural development strategies incorporating industry as well as farming.

But very real snags lie in creating the political climate under which such strategies can be introduced. The selectivity problem in agriculture alone dictates that investment in rural development be on an unprecedented scale. Such investment will be at someone's expense. Farm-to-market roads may mean fewer city streets. More credit to farmers could mean less for urban construction. Certainly a pricing structure designed to give greater incentives to agriculture would mean dearer food for urban consumers. In every instance it would be idle to pretend that those who found their interests no longer catered to would submit silently.

In emphasizing these difficulties my point is not to dismiss the new strategies, but rather to warn that solutions will not come easy and will require political leadership of the highest order.

V. Some Concluding Thoughts

With solution of the Third World's food problems seen constrained as much by political as technical considerations, what attitudes and policies ought to be espoused by the international community? I venture to conclude with a few which may not be on everybody's list:

1. An excellent start, though a mentally wrenching one, would be for us to stop thinking in terms of a world food problem. Problems there are aplenty, but the extent to which those of the developing and developed countries impinge on each other is minimal. In the industrialized nations they revolve around the perennial questions of managing reserve stocks, price maintenance, and in not a few countries, holding down production. In the developing world the need is to expand production and economic participation quickly. We should recognize that the initiative for this must lie with the individual LDCs and that it is likely to involve pricing and investment policies which may prove politically very painful.

2. That food aid--the traditional response to crisis conditions--can in the long-term be counterproductive from the point of view of the recipient country should be recognized, and to the extent it is pursued as a means of surplus disposal, steps should be taken to minimize the effect on producer price incentives. One method for so doing would be to channel surplus stocks into an internationally managed insurance program along the lines proposed by Gale Johnson. A second would be targeted assistance to the nutritionally most vulnerable, outside of commercial channels, through maternity and child-health clinics.

3. The developed world's principal aid, however, should take the form of technical assistance to agricultural research institutes and credits to underwrite the capital works needed to complement the new varieties--irrigation systems, fertilizer plants, and the like. To a maximum degree these works should be designed to benefit the smaller farmers. But no matter should they not. It is unrealistic to expect agriculture to absorb the totality of population growth. Industrial

employment must be stimulated by granting Third World countries freer access to the international marketplace. That low wages afford them a comparative advantage in labor-intensive manufactures goes without saying. Less widely appreciated is their growing advantage in such energy- and pollution-intensive activities as steel and aluminum smelting. In not a few instances this would be at the expense of jobs in the developed countries. But if a North-South confrontation is to be avoided, and something approaching global equality achieved, the political accommodation and sacrifice must be worldwide.