

FOOD AID TO NEEDY COUNTRIES

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The emphasis on food problems in developing nations is increasing. Still, U.S. values, programs, and policies are very confused. Much nonsense and naivete passes as slight and forgivable exaggeration, simply because we know so little about the parameters of the problem and the nature of the alternatives. Clarification of values and selection of alternatives is a state-side problem; and public affairs programs carry a heavy responsibility in clarifying these issues.

The food problem is critical. World population threatens to double by the year 2000. Agricultural science is facing tremendous challenges. If agricultural economics is to make a contribution, it must provide decision makers with *reasonable* and *relevant* assessments of program choices that lie within the capacity of our nation. The dominant role which each country must play in solving its own population-food supply problem needs to be clearly delineated.

PAST FOOD POLICIES

During most of our history, American policy has emphasized commercial agricultural exports. During recent decades, we have provided food for victims of disaster, including war, and more recently, concessional sales and grants under a massive P.L. 480 program. The justifications for major export programs have been complex and unclear. Cited objectives include expansion of commercial sales, stimulation of economic development, raising of nutritional levels, improvement of social welfare, implementation of foreign policy goals, and disposal of surpluses. Now, the same programs are cited as a means of expanding food production overseas, and a way to meet the food needs of rapidly rising populations. It is doubtful that any program can attain all of these objectives; nor can policy be redirected simply by coining a new name.

General beliefs about the accomplishments of food programs are out of line with what is actually being done. For example, many people probably would be surprised to know that our recent large

*I have drawn heavily on my Presidential Address to the American Farm Economic Association, to be published in *Journal of Farm Economics*, December 1966; see it for specific citations and references.

food shipments to India are being sold within India to people with rupees to spend; they do not provide free food for the low-income 10 to 15 percent of the population. The AID sponsored donation programs, quite small comparatively, are directed toward the more poorly fed sectors of the population. Since much political support for the food aid programs stems from value positions against hunger and malnutrition, it appears that values may also be out of line with accomplishments. If this is true, we badly need revision of program goals, especially of the USDA administered program, through hard thinking about ends that are both desirable and attainable, followed by careful construction of feasible programs.

POPULATION

Current rates of population increase in many countries exceed those of a decade or two ago by a percentage point or more. The application of modern medical science in public health services is saving the lives of many who would have died under earlier circumstances. The application of science in agriculture is more difficult, partly because techniques do not transfer as directly among countries, partly because their importance has been downgraded in many developing nations, and partly because so many decision makers must receive and adopt the new ideas. Yet some countries are expanding their agriculture more rapidly than the U.S.; many do as well. The problem is population growth. Modern science has tipped the population-food supply balance in favor of rapid population growth. My view is that only a great acceleration in family planning can prevent serious food problems in the decades ahead. Even with solid agricultural advance, food supplies will not be adequate if the world's human population continues to reproduce itself at present rates.

The United States long has played the de facto role of the holder of the world's food reserves. The recent reversal in the U.S. food supply situation, primarily because of rising commercial exports, means that the world will be operating with smaller reserves; and the social costs of mismanagement will be substantially greater. The world's decision makers must have more knowledge about the potentials and costs of alternative lines of action to avoid or to meet a food crisis.

FOOD NEEDS AND DEMAND

Projections of national, regional, and world food needs indicate requirements so high as to call for every available effort. Such projections appear to have a simple, logical base. On the one side are biological requirements based on population projections. On the other

side are food elements based on production estimates. In extension work in public policy, my recommendation is not to take such data too seriously. Probably at no time in world history have food needs not been substantially greater than actual consumption. The per capita gap probably is smaller in our generation than ever before.

Somewhat more reliance may be placed on estimates of demand. Still, demand for food in a particular country can be estimated with some precision only in terms of local currency, but this assumes that the deficiency in foreign exchange will be corrected. Nearly all projections indicate increasing foreign exchange deficits. Thus, an increase in the local demand for food will not automatically increase the world demand for food. Account must be taken of the international flow of loans, development aid, and commodity assistance, as well as the import priorities of the developing nations.

Estimates of current food production, moreover, are subject to far greater errors in most developing countries. And, reported recent rates of increase are hardly educated guesses, thus providing little basis for determining whether to project a large or small future expansion in food supply.

SOME VALUE PROBLEMS

Real starvation exists only in isolated instances, and programs to deal with partial starvation or serious malnutrition represent only a small fraction of the world's total food export and agricultural development programs. The really large *current* problem is to improve the level of nutrition. If we start with food needs, place a high ethical value on the attainment of adequate nutrition, and then determine that the developed countries will contribute resources to that end, we quickly face many problems.

One problem relates to values associated with different levels of nutrition. Levels of minimum nutrition vary depending upon the standard used. A minimum which permits reproduction is surprisingly low. A nutritionally deficient diet will still permit productive work, though the hours and rate of activity may be limited. A diet deficient in certain food elements will still produce children heavier and taller than their parents; something more than this is needed to provide a "joyous living." Toward which of these levels should "requirements" be geared? Neither nutritional science nor agricultural economics provides the answer; yet as a people and as a government, we are making decisions concerning these levels.

Another implicit value judgment is that all people should con-

sume at or above the minimum level. Some people eat poorly even when they have income to purchase an adequate diet. Many of these people do so because they do not realize their diet is inadequate; some know how to improve their diet but choose not to do so. Others eat more than they should. Yet calculations of food needs assume that all will and should consume the minimum diet.

A third major value assumption is that necessary steps will be taken to make adequate diets possible. The logistics and operation of such programs are costly. Nutritional studies indicate that the preschool child, especially after weaning, is the most poorly nourished person in most developing countries. It is difficult to develop programs for one child per family. To feed other poorly nourished groups requires transport and distribution facilities to reach isolated areas, emergency distribution after an earthquake or other natural disasters, or a plan for distributing food to the low-income 5 or 10 percent of the population who live on the fringes of society. Such programs are complex and costly.

Various studies verify the wide prevalence of certain deficiencies related to inadequate diets, particularly the absence of certain amino acids—deficiencies correctable by greater consumption of beans, lentils, and animal proteins. Some calorie deficiencies appear, but mineral and vitamin deficiencies are frequently found.

The real problem is the interrelation of values—how far are we willing to go toward better nutrition? At home? Overseas? Should we convert feed grains to animal protein for export abroad? Should we support programs overseas which convert exported feed grains into animal protein, which then is donated to malnourished groups? Either technique converts resources toward a more positive nutrition program. But the costs of such conversions are substantial. Do we hold a sufficiently strong value in favor of better nutrition to warrant incurring these additional national expenditures? Or, are we interested in nutrition only as it supports grain exports and hence prices at politically acceptable levels?

Logical analysis of nutritional facts and choices, assumed as the single goal of concessional exports, would lead to substantial changes in present programs. Much of our present within-country sales are to the wrong people, nutritionally speaking. Also, we are exporting too much wheat and too little animal-type protein, and the benefits overseas go largely to people not suffering from severe malnutrition. More meat exports, within the present program, will benefit mainly the American farmer and the already well-nourished, high-income 15 percent abroad.

A real nutritional program is expensive. The food part of the costs can be held down by using synthetic vitamins and mineral supplements. Vegetable derived, meat-type proteins can contribute. Expanded overseas production of animal proteins usually is cheaper, particularly when the costs of transportation and local distribution are included. Distribution to the disadvantaged individuals and groups suffering most severely from malnutrition is likely to cost more than the food itself. We have not really thought through the costs of a significant improvement in the level of nutrition around the world, how to minimize such costs, and how to maximize the values achieved.

At this point, then, two world food problems cry for attention. The first stems from the population explosion; the second from the values attached to improved nutrition. Policies to mitigate these two problems involve one or more of the following: (1) grants and concessional sales such as those under P.L. 480, (2) an increase in exports by developing countries which permits a rise in commercial imports, and (3) expansion in food production within the developing nations. What contributions can each of these policies make? The rest of this paper will deal only with the first of these, although only the third provides a long-term solution.

NUTRITION AND P.L. 480

Most of the present concessional sales programs of P.L. 480 would need to be replaced or drastically revised and donation programs vastly expanded if nutrition were emphasized. A tremendous increase in personnel and changes in programming would be required to insure that the food did go to the low-income classes and most poorly nourished individuals. Since the bulk of the programs would be in underdeveloped countries, personnel problems would be substantial. Competition for capable local talent would soon raise questions about what is more important to Brazil, or to Colombia, or to Pakistan—better nutrition now or improved rates of development and better government administration, with subsequent improvement in nutrition. And these questions, too, the United States must consider.

I would like to summarize the effects of P.L. 480 upon nutrition in eight points. I shall make each point and then discuss it briefly.

1. Concessional exports have led to a better *international* distribution of food than otherwise would have been possible. India is eating better today than would have been possible with free markets and the probable amount of international loans. T. W. Schultz im-

plies that a better program would have been lower grain prices and freer trade, supplemented with larger foreign loans. But better nutrition requires more than an efficient allocation of resources; it requires a redistribution of income nationally and internationally. The concessional sales program is putting more grain into India than any other politically conceivable program, in my opinion.

2. Low-income consumers have benefited to a degree from concessional sales because cereals are cheaper than they otherwise would have been. With cereal from abroad in India, Pakistan, Turkey, Brazil, bread prices are less than they would have been.

3. Small-scale donations may function effectively to improve nutrition, but donations cannot solve the total nutritional problem. Large-scale programs imply serious conflict in the use of scarce manpower and infer high distribution costs.

4. Some low-income groups have benefited from food donations, but the real contribution of these donations to human and economic development has not been evaluated. How much more work can a man do because he has 10 to 15 percent more bread or rice? What are the human and economic development impacts of school lunch programs, ten years later? Hypotheses and theories are common; evidence is not.

5. Desirable social and humanitarian goals are associated with the AID administered donation program to a far greater degree than the much larger USDA administered program. Even so, actual results are unclear, and the donation program appears to be only partially successful. As an example, the commodities provided in school lunches may not balance the diet of the children participating.

6. The continuous authorization for emergency donations makes it possible to respond to small, unspectacular emergencies, along with major catastrophes. Thus, without fanfare or a special act of Congress, food aid for eastern Turkey is feasible, and food probably already is being distributed, through rapid authorization and borrowing from other projects.

7. The Food for Work projects, where food substitutes for part of the money wages, are largely unevaluated. Does the propaganda value of U.S. derived food offset the cumbersome procedures? Why cannot money be used with economically depressed groups to obtain the same development impact? Once the program is established, it seems to be easier for field representatives to revise the argument than to revise the program, and some of the new arguments are accepted in Washington.

8. The sense of social purpose among AID Food for Peace officers overseas is attenuated greatly by efforts to provide economic development or market development justifications for their programs. Unfortunately, this down-playing of social values is all too common among U.S. representatives abroad, perhaps because a mistaken economic view is too dominant in Congressional political circles.

POPULATION GROWTH, ECONOMIC DEVELOPMENT, AND P.L. 480

Let us turn now to the concessional sales part of P.L. 480, representing four-fifths of the total.

A barrage of press releases and popular articles attests to the interest in the ten-year, \$15 billion Food for Peace program. What international social objectives have been achieved? It is argued that these shipments have filled an appreciable part of the food gap in developing nations. But if this is true for the past, what of the future? Also, it is argued that food shipments contribute to economic development. If so, how? Again, let me make my points in rapid fashion.

1. Concessional food shipments can save foreign exchange and enable a country to import more tools of development. The USDA understandably cannot advertise this contribution, since it is charged with making agreements that prevent such "diversion." To accept exchange saving as a significant contribution is to admit significant failure in administration. Nonetheless, such "leakages" appear to have been a major development contribution in a number of countries, notably Israel and Brazil. Actually, if we accept the idea of food as an aid to development as a legitimate goal, such "leakages" make food a better substitute for dollars, thus decreasing U.S. costs of a particular rate of development, or permitting a higher rate of development.

2. The contribution of concessional imports to food supplies has been marginal in most countries. Marginal changes are important, but the impending population increases require large additions to food supplies. The United States cannot produce and transport the physical volumes required. We cannot feed the world, or even a significant part of it. The responsibilities that we accept must be realistic and feasible.

3. In some cases, concessional food shipments have prevented uneconomic use of resources. For example, Brazil and Colombia have curtailed rather than expanded their production of high-cost wheat.

4. Farmers in some countries have been injured by lower prices

than would otherwise have prevailed. In some countries, governmental price programs *have* protected them from adverse effects.

Any positive development impact stemming from added food imports must be balanced off by whatever negative effect the food imports have on the domestic agriculture of the receiving countries, and on its suppliers, if an importer. An apologist for the program might deny any adverse effect on agriculture, yet argue the benefits to local consumers through lower prices, as U.S. supplies are marketed. We cannot have it both ways unless we are prepared to argue, also, that no significant group of farmers in developing countries respond to price. Schultz, of course, is a major critic of P.L. 480 on the basis of disincentives to agriculture.

5. The lag in priority of investment in the agricultural sector in a significant number of countries is attributable to the relative ease of obtaining P.L. 480 supplies. This argument focuses more on the attitudes of high officials, leading to a longer persistence of an "industry first" outlook, despite declining death rates and rapid rises in population. Some effect of this disinterest in agriculture is seen in modest public investments in agriculture, and relatively low caliber local personnel. In my opinion, one of our major tasks in the next several years, a process already started, is to convince other nations that we can contribute only a little in physical food supplies, and that they, perhaps with technical help from us, must make the major contribution in achieving adequate per capita food supplies.

6. The contribution of local currency (derived from concessional sales) to economic development is nearly zero. In a few countries, the U.S. does have some leverage or influence, either because the country lacks knowledge of monetary principles, or because close political ties persuade them to go along with some bureaucratic juggling of funds. Concessional wheat imports can make a higher rate of development effort possible. However, U.S. owned local currency is not a necessary asset for this process. Moreover, wheat is not likely to take more than 20 to 30 percent of the new expenditures. Other food and nonfood items must be provided to absorb the remaining added purchasing power.

7. Food programs have been an instrument of foreign policy. Unfortunately, the pressure to export has been so great in the past as to reduce the bargaining position of our overseas representatives. Food export policy has been separated from agricultural policy abroad and has had little relation to over-all AID objectives. I am not convinced that recent changes in instructions are operational.

8. Finally, of overwhelming importance, even if we agree that concessional sales represent more than a surplus disposal program, it is now clear that they were only a temporizing solution to the problems stemming from rapid population growth.

SUMMARY

Clearly, most of the food for the augmented world population must be produced by the people in their own countries. Even tripling of world trade in food products would not suffice to contradict this statement. Similarly, nutrition will be advanced most rapidly by country and local programs to fortify existing foods, to educate the homemaker on better diets, and to provide food supplements to those most desperately in need of them. The bulk of the world's population-food supply problem, then, resolves into a within-country effort to control population growth and to stimulate food output.

The pressure of population and rising incomes upon food supplies is increasing. International food and agricultural efforts have been influenced by the existence of U.S. surpluses; even now, with sharper recognition of the problem, the orientation and structure of past activities persist.

U.S. and advanced countries' efforts to meet the world's nutrition problems through exports can have only a marginal impact, and perhaps a demonstration effect. Any concessional exports should be used far more effectively for values with highest priority. A substantial change in programs is necessary, with more modest but attainable goals.

The food problems posed by the population explosion can be solved. They will be solved only by a combination of positive checks on population growth and a substantial expansion in agricultural production in the countries where population is increasing. There will be no greater agricultural challenge in your lifetime and mine.