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IN LOW-INCOME COUNTRIES

by

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by Donald C. Taylor

This paper reflects observations and experiences arising from the author's living and working as a specialist in agricultural development in Asia during 1965-1980. The basic issues addressed are whether the USA should be involved with efforts to improve food production systems in low-income countries and, if so, what might be the forms of that involvement.

About one-fourth of the world's population (roughly 1 billion people) is estimated to suffer from chronic malnutrition. The diseases, illnesses, and personal lethargy associated with malnutrition are traumatic for those who must bear their burden and are the cause of national economic and social losses.

The World Bank's estimate of the average annual per capita income in 1978 for the USA and 17 other industrialized countries is \$8,070 (the USA level is \$9,590). For the world's 38 low-income countries (LIC's), the corresponding income level is \$200. These data lead to an undeniable conclusion. The USA and other industrialized countries are "have's" and LIC's are "have not's". From the standpoint of basic human justice, it would seem that the USA has a moral responsibility to help LIC's to improve their basic food production capacities (hereafter in this paper, such assistance is termed "food production aid").

Apart from whatever humanistic rationale that the USA may have for offering food production aid, it is probably also in the self-interest of our country to do so. A hungry region or nation is most often an unstable one. The fruits of efforts to combat the seeds of such political instability extend greatly beyond the geographic bounds of the food-scarce region or nation, especially as the world in which we live ever becomes "smaller" and interdependencies among nations grow.

A second component of the USA's self interest in offering food production aid arises because of the interconnection through trade between basic health in our own economy and basic health in the economies of LIC's. At present, between 35 and 40 percent of the USA's trade is with LIC's. The scope for further expansion in USA exports depends importantly on strength in the economies of our trading partners. Efforts by the USA to strengthen the agricultural economies of LIC's, therefore, can yield reciprocating benefits to our own economy.

DISTINCTIVE FEATURES OF LOW-INCOME COUNTRIES

Any country that extends food production aid to LIC's needs to take into account the special features of the potential recipient countries. While LIC's vary much from one another, many of them share certain general characteristics that differ greatly from those in our own country. Seven examples follow.

- The annual population growth rate in LIC's is commonly 2 to 3%; in the USA, it is about 0.8%.
- Not only is the average level of income much lower in LIC's, but the distribution of income among households in LIC's tends to be less equitable. To illustrate, even in Malaysia which is a middle-income country (an annual per capita income of \$1,090), over 35% of the population lives below the "poverty-line" income-level of about \$240 per person per year.
- Basic infrastructure, e.g., roads, telephone, electricity, health facilities, in LIC's is generally much less well-developed.
- The relative importance of agriculture in the overall national economy of LIC's is much greater. For example, of the total national labor force in LIC's as a group, over 70% is involved in farming. The corresponding figure for the USA is 2%.

- .--In many LIC's, crops can be grown throughout the year. Some climates are arid, others are tropical. In either environment, the role of irrigation to achieve double and triple-cropping production potentials is considerable.
- Population densities in LIC's tend to be high (commonly 5 to 10 times that in the USA). Food producing farms are small, for example, averaging less than 5 acres each in most Southeast Asian countries. Wage rates are relatively low, ranging from \$1 to \$3 per day in most of South and Southeast Asia.
- Each LIC has a unique political environment within which its national policy-decisions are made. A special component of this environment are the institutions that control the access of different groups of people to resources. A recipient country's political environment--complex, and often in flux--needs to be understood and taken into careful account by any country that would extend food production aid to it.

MYTHS ABOUT SOUTH AND SOUTHEAST ASIA

To the author, certain rather commonly held presuppositions about the nature of LIC's are mistaken. My views, as anyone else's, however, are heavily influenced by personal experience, with mine having been primarily in South and Southeast Asia.

1. National political leadership does not recognize the importance of increasing food production.

At one time, some countries gave the food producing sector low priority in national development policies. At present, however, very few if any South and Southeast Asian countries continue to maintain such a perspective.

Rural people are numerous, they tend to be poor, and they have become politically more articulate. National policies increasingly oriented to redressing regional and personal imbalances in income and wealth distribution result in programs aimed at improving the condition of rural people. Since the vast majority of rural people in most LIC's produce food, the political climate for expanded investments to increase food production tends to be favorable. The world food crisis of the early 1970's, plus recognition of the political volatility that might in the future shut off traditional supplies of food imports, have also led most LIC's to intensify their efforts to become more self-sufficient in food production.

2. People from low-income countries are inferior.

Some people may believe that LIC's are poor because the quality of people living in those countries is inferior. From two standpoints, I largely reject this notion. First, to a considerable extent, it seems to me that the relative development of different countries depends on "circumstances". Three of many such complex and interdependent circumstances are: 1) the point in time when an imperative for national development becomes strong, 2) the population-land ratio at that time, and 3) the necessity created by a temperate environment -- and the lack of such a necessity in a non-temperate environment -- for planning ahead to meet one's personal provisions.

Second, the people with whom I have worked in LIC's are in many fundamental respects no different than Americans or other "Westerners". Many are bright, capable, sensitive, and dedicated. I think one would be very hard-pressed, for example, to find differences in the quality of the human component of political and administrative leadership in South and

Southeast Asia as compared to that in our own country. Farmers in LIC's, as well, are no less responsive than American farmers to innovations that will improve their economic welfare. When LIC farmers have rejected new technology, it has most often been because the technology was not well-adapted to or was too risky under local conditions, and hence would not have been in the LIC farmers' economic best interest. What is different in the human resource of most LIC's, however, is that the educational level of the vast majority of their populations is less than that in the USA.

3. Conditions in low-income countries are stagnant.

Economic development involves change. Some people conclude that countries whose economies are less advanced are therefore stagnant. While LIC economies have historically been stagnant, most no longer are. For example, the average annual rate of growth in Gross Domestic Product during the 1970's in LIC's was 3.6%. In each of Indonesia and Malaysia where the author most recently lived it was 7.8%, and in the USA it was 3.2%. The initial level in the USA, of course, was much higher so this comparison is not intended to discredit the substantial economic achievement of the USA.

Population growth rates tend to vary inversely with the level of national economic advancement. The world annual population growth rate peaked at 2% in the early 1960's. The dropping of this figure to 1.7% at the end of the 1970's, therefore, represents a considerable advance in LIC's achieving control over population growth. In India, for example, the annual population growth rate in the 1960's was 2.25%, in the 1970's it came down to 2.07%, and in the 1980's it is projected to be 1.7%. Southeast Asia's largest country, Indonesia, has also experienced a substantial drop in its recent population growth rate.

Prior to 1960, about 45,000 hectares (111,150 acres) of oil palm was planted in Malaysia. In the next 20 years, the area expanded by over 6 times. As a result, Malaysia is now the world's largest producer and exporter of oil palm, accounting for shares in the world market of 49 and 70%, respectively.

The list of important changes taking place in LIC's could go on and on. This is not to imply that all important needs for change are currently being met, but rather to suggest that rigidity in structures and people in LIC's is not a major impediment to the possibilities for those countries to realize further development.

THE USA RESPONSE TO THE WORLD FOOD PROBLEM

The world food problem can be viewed to consist of two elements: 1) unexpected disasters giving rise to unexpected food shortages and 2) a limited capacity of individual countries to meet their food needs under "normal" conditions. The response to these two types of need should be sharply differentiated. Providing "food aid" to meet crises differs much from providing "food production aid" to help increase local capacities to produce food. The first must be short-term -- to avoid depressing incentives to local food producers. The second has to be long-term -- to offer prospect of being able to overcome the fundamental constraints that underlie national food production systems.

I believe that the USA should continue to stand ready to provide short-term food aid to meet disaster situations. Our much more fundamental role in helping to cope with the world food problem, however, is through the extension of long-term food production aid. The objective of such food production aid should be to help LIC's to increase their indigenous capacities to produce more food, consistent with the resource base, national goals, and other political-economic-social factors unique to each such country.

What does the USA have to offer to an LIC that desires to increase its basic food production capacity? In most cases, I do not believe the answer is immediate solutions to problems. Experience over time in LIC's, especially under the pressure of subsistence survival, has usually generated reasonable responses to those problems that have simpler solutions. The problems that remain to be solved tend to be those that are persistent and pervasive, ones that by their very nature are rather difficult to solve.

While the freshness in perspective of an outsider may enable him to envision a wide range of possible solutions to a problem, an outsider may fail to appreciate key elements in the problem situation, and hence propose impertinent solutions to the problem. Further, building long-term strategies for overcoming fundamental food production constraints around the problem-solving of external agents is, in the view of the author, ill-advised politically and economically. On the other hand, a donor country strategy of providing resources to LIC's to enable the LIC's to develop additional capacity to deal with their problems, in my view, offers prospect of being both effective and without serious potential political liabilities.

I do not believe that the USA has a corner on the market of problem-solving skills, but I do think that certain features in the development of our country equip us with constructive insight on processes for identifying, systematically examining, and overcoming troublesome problems. Faced with formidable challenges, for example, the early pioneers who settled in the east and those that later pushed the land frontier successively further west, mustered personal resources to convert the challenges into opportunities. The "work ethic" component of American culture involves, among other things, individuals and institutions concentrating effort to deal with specific

problems. The importance of creating and using incentive structures to induce desired behavior is fundamental to the "American system". "Science in the aid of man" is also deeply engrained in our education, research, and public service traditions, especially in land grant institutions such as SDSU. These and many other intangible elements underlie the very substantial economic and social achievements of the USA, and in turn are, I believe, at the core of what we have to offer to LIC's searching for ways to enhance their basic food production capacities.

What are possible forms of food production aid? These can be described in various ways, but I propose the following categories: capital transfers, technology transfers, institution building, and human resource development. Some categories overlap with one another (especially the first two), and each is multi-faceted. The following descriptions -- intended to communicate a flavor of the nature and selected implications of each approach to food production aid -- are highly over-simplified.

Capital transfers involve loans or grants for use of LIC's to strengthen their indigenous food production capacities. Loans for rural roads, rural electrification, and irrigation infrastructure are examples. The central operational focus of international and regional banks, such as the World Bank and the Asian Development Bank, for example, is on capital transfers. Such transfers usually involve restrictions on fund-utilization and sometimes complementary technical assistance. Factors determining the suitability to LIC's of capital transfers include the availability of internal managerial, administrative, and technical resources to make effective use of the funds, and how the "strings" attached to the use of funds relate to the needs and preferences of the recipient country. While capital transfers are an important tool of food production aid, sometimes countries (especially those in

strategic political positions and/or with good credit ratings) can reach the point that their maximum effective absorptive capacity for development funds from outside is exceeded.

Technology-transfers involve donor agents offering to LIC's packages of technical and financial aid to undertake a particular type of action-project. Well-drilling, soybean development, and cattle improvement are illustrative of this type of project. This approach usually does not founder at the talking stage, i.e., it usually leads to achievement of certain concrete results. Potential limitations, however, are that the type of project being promoted by the external agent may not be suitable to a local production environment and/or may not accord with the priorities of the recipient country. On the philosophy that something is better than nothing, however, LIC's sometimes decide to accept this type of aid even though their priorities do not coincide with those of the donor agent.

Institution building involves attempts by external agents to facilitate the introduction and/or development of organizations involved directly with or supporting the production of food in LIC's. This approach is illustrated by universities in donor countries that are linked to educational, research, or public service institutions in LIC's. Emphasis is usually placed on staff training, program development, building construction, and/or equipment purchase.

Properly timed and conceived, institution building projects can involve the strategic use of external resources to develop key organizations in national food production systems. A limitation¹, however, is that the develop-

¹An additional possibility is that the selection of institutions to participate in institution building projects is based on short-term rather than long-term considerations.

ment of any institution requires the making of certain policy-decisions that -- in any long-term perspective -- ought to be the prerogative of the host institution. As long as an external agent is involved in an institution-building effort, however, that agent may be inclined to share in the making of such policy-decisions. Such circumstances can be very sensitive, and sometimes have led to consequences sufficiently unfavorable to more than offset the "good" accomplished during the early stages of an institution building relationship.

Human resource development involves the use of external resources to increase the professional capacities of people from LIC's to deal with the food production challenges in their countries. This type of food production aid focuses first and foremost on people, not on particular projects or institutions. The aid may involve professionals from donor countries living and working on-the-job alongside professionals in LIC's, or professionals from LIC's going to other countries under programs involving formal study, short-term training, guided travel, internships, and seminar participation.

Because the human resource development approach to food production aid involves people rather than structures and projects, its short-term results are often not very visible. In the longer-run, however, this approach does pay off because it strengthens the professional credentials of the political, administrative, and technical leadership that ultimately will be making the key decisions affecting the course of national development in their countries.

A strategic feature of the human resource development approach to food production aid is a minimization of the role of donor agencies in the making of policy-decisions in LIC's. This feature accords with the expectations of many LIC's in the 1980's--at least those in Asia. Nationalistic feelings and desires to be independent from the "colonial legacy of the past" tend to be

strong. The indigenous capacities to make policy decisions have grown much in the past decade. Thus, the possibility of donor countries sharing in the making of LIC policy-decisions generally tends to be viewed by LIC's with disfavor. Further, the propriety of outsiders playing key roles in the making of complex decisions which often involve critical subjective value judgments and whose consequences the outsider does not have to bear is, in my view, somewhat problematic.

CONCLUSION

All four types of food production aid deserve consideration by countries such as the USA as we seek to help LIC's strengthen their capacities to produce larger and more equitably distributed supplies of food. The approach of perhaps greatest long-run value, and the one with perhaps the least potential political liabilities over the long-run is, in my view, the one involving human resource development.

The USA -- including the state of South Dakota -- is without question in a strong position to provide educational and research experiences that will equip professionals from LIC's to identify, examine systematically, and formulate plans for effectively dealing with their problems. Extending our educational and research resources to the people of low-income countries can at the same time pay rich dividends of good will in the important but sensitive arena of international relations.