


10-1-1981

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Recommended Citation

Taylor, Donald C., "U.S. Policy: Food Production in Low-Income Countries" (1981). *Economics Commentator*. Paper 168.
http://openprairie.sdstate.edu/econ_comm/168

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No. 172 October 1, 1981



U.S. POLICY: FOOD PRODUCTION IN LOW-INCOME COUNTRIES

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This Newsletter 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.

The USA: A Role in Helping to Improve Food Production in Low Income Countries?

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 low-income countries 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 the Newsletter, 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 becomes ever "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. A recent Economics Newsletter (No. 161; April 16, 1981) by Art Sogn outlines some of the advantages to the USA--and especially to an agricultural state like South Dakota--from the recent expansion in the USA's agricultural export economy. 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.

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 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 multifaceted. The following descriptions--intended to communicate a flavor of the nature and selected implications of each approach to food production aid--are over-simplified.

Capital transfers involve loans or grants for use by 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 involve complementary technical assistance. Factors determining the suitability of capital transfers to LIC's 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 limitation, however, is that the development 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--capital transfers, technology transfers, institution building, and human resource development--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 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 educa-

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tion and research experiences that will equip professionals from LIC's to identify, examine systematically, and formulate plans for effectively dealing with their problems. By extending our educational and research resources to the people of low-income countries, we can, at the same time, acquire a deeper understanding of South Dakota's role in the world agricultural economy, gain access to new agricultural technologies being generated in research centers around the world, and derive good will in the important but sensitive arena of international relations.