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What Should Be the U.S. Food Aid Policy?

by

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Recently, many people have become interested in food aid as a means of solving the world hunger problems and increasing the income of U.S. farmers. The purpose of this newsletter is to reexamine the world hunger problems, analyze some of the obstacles involved, and outline the basic options available to the U.S. for coping with world hunger.

What are the World Hunger Problems?

Before we can make informed decisions about the food aid policy options, we must first understand the world hunger problems. Two problems are outlined herein. First, how should we feed the starving peoples of the world? Second, how should we reduce malnutrition in the world? At the outset, these two problems look quite similar with the difference being the amount of food available and whether or not death has occurred. But in reality, the obstacles and options involved in the two problems are very different.

The Mass Starvation Problem

Mass starvation is caused primarily by natural disasters and so-called man-made disasters. Natural disasters result from droughts, floods, earthquakes, insect infestations, plant diseases, etc. The man-made disasters include wars, political strife, and economic calamity. In most cases these disasters are short term in nature, and the threat of mass starvation only lasts until the affected nation rebuilds its physical, economic, and political institutions.

In the past 100 years, we've made much progress in coping with mass starvation. Technology has allowed us to increase food production and control plant pests and diseases. International emergency food reserves have been established. The world-wide transportation system can usually get food where it's needed, when it's needed. Information networks and electronic communication let us know where the pockets of starving people are as soon as they develop. Furthermore, we have very dedicated food relief organizations that provide leadership in our relief efforts. As a result, massive starvation from natural disasters has virtually been eliminated.

Most people who starve today are refugees, fleeing from wars, political strife and economic upheaval. In most cases, starvation occurs not because food is unavailable, but because relief agencies are not granted access to areas where the starving people are, because the actual conflict hampers relief efforts, or because local corruption prevents distribution. In reality, there is no way to overcome this obstacle unless war and strife can be banned.

This does not imply that mass starvation is permanently solved. On the contrary, the institutions and relief capability are only in place for potential prevention of mass starva-
tion. Effective prevention will require a continuing commitment on top of the progress already made.

The Malnutrition Problem

Depending on the estimate used, between five-hundred million and one billion people in the world are presently malnourished and do not receive minimum daily nutrition requirements. They represent from 10 to 25 percent of our 4.5 billion global population. In comparison, one-half billion people is roughly twice the population of the U.S. and half the population of China.

Why are these people malnourished? Don't we have enough food? Yes, we presently have enough food for everyone to meet minimum nutritional requirements—if the food were evenly distributed. But, it is not. People are malnourished for three reasons: (1) low income, (2) geography, and (3) population growth.

Income is a problem from the standpoint that the poor lack the buying power to purchase enough nutritionally adequate food. Most of today's malnourished people live in about 65 developing nations that represent about one-third of our global population. The average per capita income in these countries as a group is about $600. The comparable per capita income figure in "developed" countries is $8,000.

The averages tell only part of the story. Some developing countries have average incomes that are much less than $600 per capita. Within each country, some people are always poorer than others. As many as 40 to 50 percent of the people in many developing countries are impoverished. Fewer than 3 percent of the population in most developed countries, on the other hand, are impoverished. The very poor people of developing countries commonly have the income to produce and/or buy some food—but not enough to meet their minimum nutritional needs.

Geography is a factor because the food simply isn't where the people are. The 65 developing countries with the malnutrition problems are located primarily in Africa and South and Southeast Asia. This location is generally the farthest from the U.S. on the globe. Furthermore, many of the malnourished people are in remote rural parts of their countries. This coupled with inadequate transportation and distribution facilities within many of these countries can often result in a final delivery cost that is more than double the point-of-origin price of the food aid commodities.

Population growth in many developing countries is about 2.5 percent per year, compared to population growth rates of 1 percent in most developed countries. Certainly if population is growing at a faster rate then so must food production. In actuality the developing countries have been able to expand their food production at an average rate of about 2.5 percent per year since the 1950's whereas developed countries have expanded food production only by 2.1 percent per year. As a result, per capita consumption in the malnourished countries has stayed roughly the same over 30 years, while population has doubled in many cases. Moreover, the developed countries have a food reserve cushion that most of the malnourished nations do not have.

In the final analysis, income generating productivity is lower, food distribution costs are higher, and population growth is greater in the developing countries with chronic malnutrition problems. In contrast to the causes of mass starvation, the causes of malnutrition are longer term in nature and embody a very different set of obstacles to be overcome.

Options for Reducing Malnutrition

Historically, we've discovered three fundamental options for attempting to reduce malnutrition in the world. These include: (1) food aid, (2) development aid, and (3) population control. The concepts and consequences of each are discussed in turn.

Food aid has been used periodically over the last 30 years by the U.S. to assist developing countries in coping with malnutrition. Development ex-
xperts have learned that results of this option are mixed. Specific types of long-term food aid aimed at dietary deficiencies of pregnant women and small children can be effective in preventing developmental brain and physical disabilities. However, long-term food aid has in many cases been associated with the increased incidence of poverty and malnutrition. To understand this phenomenon, we must first recognize that developing countries have a much higher proportion of the population engaged in food production—60 to 70 percent in many cases compared to less than 3 percent in the U.S. So when we ship in cheap food for a long period of time, food prices decline for those in urban areas who have access to it. However, local farm prices also decline from the additional competition. As a result, the rural population as a whole can actually become poorer and malnutrition can increase.

Development aid is used to encourage low-income nations to increase their own productivity and income. To understand the consequences of this option, we must look at the development process. The U.S. has gone through this process in the last 100 years. Many developing nations are in the beginning stages.

The process has two steps. First, we make "two blades of grass grow where one grew before". This increases food production but also creates surplus labor in agriculture. As a result, many rural people migrate out of agriculture looking for opportunity. The second step in the process is to put the surplus labor from agriculture to work producing other goods and services. As a result, increases in production and income per capita tend to increase the average standard of living.

The development aid alternative requires investment in (1) facilities, resources, and financial institutions, (2) utilities and transportation systems, and (3) educational and research institutions. As Brazil experienced during the 1970's, poverty and malnutrition can increase if you increase the productivity in agriculture but don't provide enough opportunities for the surplus labor.

Generally, development aid tends to increase per capita income. This in turn has increased per capita food consumption and has altered the consumption mix in many countries. Outside of the USSR and China, the largest increase in commercial demand for U.S. grains during the 1970's has come from middle-income countries that were former low-income nations. Some are OPEC countries, but not all are. Per capita meat consumption has grown about 4 percent annually in the developing countries since 1960. Also, many diets have shifted from rice to wheat. This implies that successful development aid can increase a developing nation's ability to buy food in commercial international markets down the road.

Reduction in population growth is the third fundamental option. It took the human race from Genesis to 1830 to reach one billion in global population. The second billion came 100 years later in 1930. The third came in 30 more years in 1960. The fourth came in 1978, which represents 18 years. We are projected to reach 5 billion by 1990 for a marginal growth of one billion in 12 years. The startling projection is that 90 percent of the population growth from 1975 to the year 2000 will occur in the low-income countries. So quite simply, major improvements in malnutrition cannot be expected unless we deal with population growth.

This does not imply that nothing has been done with regards to population growth. In fact, many countries have made much progress in lowering their birth rates by providing birth control devices and attempting to alter the economic and cultural incentives for having many children. For example, India's cultural media campaign has contributed to dropping its annual population growth rate from above 2.3 percent per year in the 1960's to below 1.9 percent per year in the 1980's. In China, too many kids are taxed instead of adding exemptions as we do in this country.

Concluding Comment

In summary, world hunger is more than one problem. The obstacles faced in feeding starving masses are differ-
ent from feeding the malnourished poor. Mass starvation generally results from natural and man-made disasters. Chronic malnutrition results from poverty, uneven geographical distribution of food and people, and rapid population growth. At the present, we generally have adequate institutions and emergency capacity to deal with mass starvation. However, the chronic malnutrition problem is longer term in nature and will require sustained efforts over time.

The development experts have learned that long-term food aid can result in greater rather than less malnutrition, unless it is targeted to specific diet deficiencies. This occurs because general long-term food aid competes with the production of local farmers and therefore reduces the incomes of the large rural proportion of the population in developing nations. Development aid and population control, on the other hand, deal with improving per capita income and buying power per capita.

In the final analysis, the effectiveness of food aid on recipient countries depends on whether the problem is mass starvation due to disaster or chronic malnutrition due to poverty. While food aid is one option for increasing the potential income of U.S. farmers, the impacts of food aid on recipient countries must also be considered in making informed foreign food policy decisions.