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**T**he spectre of starvation in Africa at the same time that grain surpluses are causing U.S. farmers to go broke is an anomaly which is difficult to understand. Is there a connection? Could hunger happen here? Though it is difficult to fathom, the answer to both questions is yes! The reasons are based in the close relationship between politics and economics; between food abundance now and scarcity later.

A reliable supply of cheap, abundant food is one of civilization's proudest accomplishments. Industrial development is rooted in the success of food growers who learned to mechanize agriculture, thus freeing farm workers for jobs in factories. The increased output per farmer also meant higher incomes for rural Americans who could then purchase industrial products.

Today only a small percentage of the population which is fully employed on farms is required to produce the food Americans need with a sizable surplus for export. Contrast this with many so-called developing nations where 50 percent or more of the population is needed to produce food. These farmers use animal or human power and crude tools; their work is hard; their per capita production is meager; their incomes are low; their purchasing power is virtually non-existent; and their life expectancies are short.

In such societies the development of modes of transportation is limited. There are no means for storing food reserves for use when crops fail. When crops are good, there is no adequate market system to move products from areas of abundance to areas of need.

Such markets as do exist are generally government-dominated. The goal is to provide cheap food to politically potent urban dwellers. Many governments resort to low-cost imports or foreign aid to drive down prices for locally produced commodities. There is little opportunity for improvement for the rural economy. With more than half the population living in poverty on the land, there is scant chance for national economic growth.

There is another problem. Cheap food means low incomes to farmers who cannot purchase inputs such as

# THE POLITICS OF FOOD

**American farmers go broke while Africans starve; domestic farm production is abandoned in favor of cheaper imports; embargoes produce negative results both at home and abroad — all part of political maneuvering that can sow the seeds of scarcity, even in a land of plenty.**

By HENRY BELLMON

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fertilizer or pesticides needed to increase production. Yields are low and scarcities develop. At this point well-meaning outsiders (including the U.S. government) step in to help out with low-cost imports or charity. Food prices stay low, and the reliance on outside sources increases.

At some point the ability or will to continue "helping out" falters. Supplies run out, and starvation follows. Such is the politics of food. Well-meaning people cater to the needs and desires of food consumers and in so doing undermine the incentive to produce and so destroy the means of increasing food production.

The shortages which develop should drive up food prices, restoring both the incentive and the ability to produce. But other well-meaning politicians in other nations offer largess which clouds the decision-making process and makes the crisis more devastating when it comes.

Nigeria is a case in point. Once a food-exporting country, Nigeria now imports its rice. Its farmers have largely left the rural areas and are

clustered in the coastal cities where they are sustained by wealth generated by petroleum production.

How did rural people come to abandon their farms? The Nigerian government discovered that rice can be imported for less than one-half the cost of domestically produced rice. In addition, the quality of the imported rice is better. As a result, oil revenues are being used to import food grain, and the one hundred million Nigerians are increasingly unable to grow their own food.

What will happen when the Nigerian oil wells go dry as oil wells eventually do? Can U.S. taxpayers be expected to pay the cost of feeding one hundred million Nigerians who have the resource base to grow their own food? How does the Nigerian government relocate former farmers who have become accustomed to a better life in the cities? What government can expect to be bold enough to allow food prices to double so that Nigerian food production becomes economically attractive?

Politicians are a curious breed.



*Farmers in many parts of rural Mexico and Honduras struggle to increase the poor yield from their lands with any means at their disposal. Here a farmer uses rocks to combat soil erosion, one of the many causes of poor food production.*



*Farmers in Africa seem to be fighting a losing battle with the drought which has left land parched and unproductive and severely limited their food supply.*

Their vision rarely extends beyond the next election or the next revolution. The nature of the business makes winning election or staying in office all important. Politicians who lose out are not politicians anymore. Defeat brings discredit not only to the individual, but also to the policies and issues advocated by the loser. Few political campaigns have been won by advocates of higher-priced food. Everyone consumes food; only a small minority are food producers. From a politician's perspective, majorities rule.

Thus the political deck is stacked against food producers. This fact has been demonstrated here in the U.S. by grain export embargoes put in place by three presidents during the 1970s. Presidents Nixon, Ford and Carter chose to interrupt foreign grain sales. Their actions lowered the cost of food to American consumers and at the same time brought economic hardship to U.S. grain growers.

The Carter embargo covered only sales to the Soviet Union and was put in place ostensibly to punish the Russians for the invasion of Afghanistan. The results were negative. Grain was readily available to Russian buyers in other countries, and the heavy-handed tactics used by the American president only made the Soviet rulers more intractable.

The three embargoes have done great harm to the reputation of the U.S. as a reliable supplier of food. The Nixon callousness in refusing to ship soybeans to Japan, where soybeans are a basic human food, in order to keep them in the U.S., where they are used as animal feed, especially rankled the Japanese. Efforts to increase U.S. beef shipments to Japan have generally been thwarted by official fear that if Japanese imports became substantial, and beef prices in this country began to rise, shipments would be terminated by a beef embargo. Politicians know that constituents do not greatly miss products they have never used, but that the interruption in the supply of a popular foodstuff can be destabilizing to a government.

Much of the present depression in U.S. agriculture is due to past political decisions. The embargoes had their impact. Now fiscal and monetary



*Desperate to secure enough food to feed their families, approximately 735,000 rural, landless laborers in this country alone participated in 1975 Food for Relief Work projects, building flood control embankments such as the one pictured above. Using primitive headbaskets and hoes, they swarm over the work site to dig up the earth which will earn them approximately 60,000 metric tons of wheat.*



*In this close-up, workers are shown carrying earth to the embankment in their headbaskets. The monsoon rains stand in the area in the background where the earth has been removed. The pyramid-shaped measuring device in the water is used by the gang chiefs to monitor work achievements.*



*Without soil conservation practices, top soil on steep inclines like this on the Indonesian island of Sumba washes away, taking with it the prospect of adequate food production.*

policies which have produced historically high real interest rates and a strong dollar are increasing food production costs and making U.S. agricultural commodities noncompetitive.

During the 1970s the value of U.S. farm land increased by more than 200 percent. Farmers were able to increase real estate loans to cover operating losses. Farm land prices have fallen sharply during the 1980s. Saddled with continued operating losses, unable to pay interest on existing loans and unable to borrow more, many farm operators have little hope of surviving. With their demise will go a considerable portion of the nation's agri-business complex — farm credit institutions, machinery dealers, fertilizer and chemical suppliers and various service industries. Once this complex has been destroyed, what will take its place?

Consider the case of phosphate fertilizer. Farmers now receive much of this essential plant food from mines in Florida. Many of these mines will be depleted over the next 10 years. Corporate planners are — or were — to open new mines in North Carolina as the Florida production declines. However, due to the agricultural depres-

sion, phosphate production has been unprofitable for several years. As a result corporate managers are being forced to delay or cancel new mine construction plans. A shortage of phosphate fertilizer will bring on a marked decline in food production.

Such developments may be the ultimate solution to the farm problem, but if so, it will be a costly and painful answer. Food shortages, once they occur, do not quickly abate. Plant biology is such that it requires from six to nine months to produce a crop of corn or wheat. Increasing the beef supply through adding to the mother cow herd requires three to four years. Increasing pork or poultry output is less time consuming.

The proposed Reagan farm plan (market oriented) would rely upon market forces (low prices) to reduce food production by eliminating the "least efficient farmers." In theory and under ideal conditions this might work. The problem is that markets often give misleading signals and frequently produce overreactions.

The natural gas industry is a good example. When Congress ended price controls on "deep gas" by passage of the NGPA (Natural Gas Production

Act) in the late 1970s, prices of uncontrolled gas soared to over \$9 per million BTUs. The result was an explosion of deep drilling activity with accompanying increases in costs of operation. This was a normal response to market forces.

By 1983 a gas surplus developed. The result was a decline in deep gas prices to around \$3 per million BTUs. At this price drilling for deep gas was no longer economical, and the industry was forced into a depression. Costly, sophisticated deep drilling rigs were "stacked"; highly trained crews and service people were laid off; and a wave of bankruptcies hit the industry. Market forces had "booby trapped" deep gas producers. It will likely be a long time before investors regain their interest in deep gas drilling ventures. In the meantime another gas shortage will probably occur.

Important as they are, "market forces" do not and cannot provide producers with accurate and reliable instruction on increasing or decreasing output of such essential commodities as food and fuel. Beef production cycles help make the point. As beef herds increase, prices rise due to the withholding of females for addition to the breeding herd. When production from larger herds finally comes to market, prices fall, liquidation of cow herds follows, and even lower prices result until a scarcity develops. At this point beef prices rise and the cycle repeats. Variations occur due to beef import policies, interest rates, climatic conditions, unemployment levels and nutritional trends. No matter how diligent or astute a beef producer may be, out-guessing "market forces" has proven impossible.

In the production of grains (the basic commodities) government policies, not market signals, have long been the principle guiding force. In the passage of farm legislation, Congress has provided both carrots and sticks to the secretary of agriculture to be used in matching supply and demand. These authorities include requiring producers to idle a portion of their productive land as a condition for receiving the economic benefits the programs offer. In addition, Congress created a "farmer-owned reserve" to

be filled in the good crop years and drawn down during lean years or when heavy export demand occurs.

The current administration has been reluctant to utilize its authorized powers in a timely manner. The costly and largely discredited Payment in Kind (P.I.K.) program resulted. P.I.K. gave the entire spectrum of farm legislation a black eye, which may be what the administration intended. It will be ironic if Congress allows the dismantling of a generally successful farm program because of an administrative blunder.

The growing importance of international markets has complicated the lives of U.S. food producers and Congressional farm program drafters. In recent years some 60 percent of U.S.-



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grown wheat has been exported. Roughly half the cotton, rice and soybeans enter the export market as does one-fourth of the corn and feed grains. Other grain-exporting countries — Canada, Argentina, Australia, Brazil, France (E.E.C.), and recently Turkey, India and China — compete for this market. Export subsidies and other devices are used by some countries to help sell food products. U.S. agriculture earned over \$43 billion in foreign sales in 1980. Since then farm exports have fallen by 20 percent.

For traditional farmers the picture looks dismal. Full-time commercial farms, mostly run by family farmers, now number about 665,000. These farms produce 87 percent of the food grown in the U.S. (The remaining 1,700,000 farms produce only 13 percent of the food and receive most of their income from off the farm.) The prospects of passing favorable legislation for so small a segment of the population is not good.

After years of heavy reliance upon government farm programs, U.S. agribusiness is being faced with the need to learn to operate in a new environment. High interest, falling land values, vigorous foreign competition and declining government involvement threaten the dismantling of major parts of an industry that has served the country well for decades.

Where will the nation get its food if the family farm disappears from the rural scene? From corporate grain farms? Corporations are not prone to invest stockholders' money in unprofitable enterprises. From imports? Without U.S. production there is not enough food in the world to go around.

Three conclusions seem inescapable:

1. Under any circumstances U.S. and world food prices must rise over the coming years.

2. Sudden withdrawal by the U.S. government from the farm scene is certain to have a disruptive impact upon the nation's food supply.

3. Federal withdrawal from agriculture, if it comes, must give the agribusiness industry time to adjust. Otherwise a drastic decline in food production is in prospect.

Hunger could happen here! 