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US FARM POLICY AND WORLD HUNGER

THE DEADLY CONNECTION

The League of Rural Voters is a national non-profit organization dedicated to improving the quality of life for rural America through policy research and voter registration.

This report is part of a discussion packet for the League of Rural Voters slide show presentation "America's Stake in the 1985 Farm Bill". This slide show has been used throughout the United States to promote an agriculture policy that respects not only the needs of the majority of farmers and rural communities, but the international community as well.

"U.S. agricultural policy is perhaps the single most important factor in determining which nations of the world are allowed to achieve food self-reliance, and which are doomed to chronic mal-distribution of food, hunger, and starvation." **Francis Moore Lappe, Food, Farming and Justice Conference, St. Olaf College, March 2, 1985.**

The Reagan Administration proposal for the 1985 Farm Bill would force down U.S. farm prices, making it possible for grain exporting corporations to capture new markets overseas. The President and his supporters in Congress believe that boosting demand for U.S. grain would raise farm income over the long run. Since the U.S. sets world grain prices, the President assumes production in other countries can be discouraged by making prices so low they would be unable to compete.

U.S. Senator Rudy Boschwitz (R-MN) summarized this view quite succinctly in a letter to Time Magazine printed on March 18, 1985.

> "If we do not (lower our farm prices) to discourage these countries now, our worldwide competitive position will continue to slide and be much more difficult to regain. This (discouragement) should be one of the foremost goals of our agricultural policy."

Since Europe and Japan protect their farmers, the only place where the U.S. can "discourage" producers is in the Third World. And this is precisely what he is proposing. By forcing U.S. farm prices below cost-of-production, the grain corporations can undersell local farmers in the domestic food markets of most Third World countries, robbing them of any chance to sell their products.

Unable to earn a profit from farming, many of these poor farmers are driven off their farms and forced into overcrowded urban slums or shantytowns. The land will no longer be cared for; it may eventually erode or turn into desert--or it may end up being absorbed into ever larger estates of wealthy absentee landlords to produce cattle for export back to the United States.

Some farmers may hold on to their land, but will be unable to make any profit competing against underpriced, subsidized imports from the U.S. With no chance to make a profit, these farmers will be unable to afford soil erosion control, higher-yielding seeds, or better equipment needed to boost their productivity.

These local farmers will be replaced by an ever-growing dependence on food imports. In order to pay for these imports, scarce foreign exchange will be diverted from buying medicine or fuel.

Cheap U.S. imports also compete against locally produced food for storage facilities and transportation, forcing local farmers to sell their crops immediately after harvest. Since everyone is selling at this time, prices are at their lowest. Perhaps most important, creating reliance on food imports changes local tastes, interests, and food habits, causing a devaluation of locally produced food in many people's eyes.

There are countless examples showing the impact cheap imports have on food self-reliance in hungry countries. Oxfam England, one of the world's most respected development organizations, produced a recent study, "Why the Poor Suffer Most; Drought in the Sahel". In this report they look at the actual conditions of the poorest people in the devastated regions of North Africa. This report looks "behind the weather", to the conditions in these countries that have created a lack of self-reliance and long-term food shortages.

In the section "Food Production Ignored," Oxfam researchers look at the problem of food crop production and the link to "producer incentives":

"The price paid to the farmers was correspondingly low, and all studies showed that there was not enough profit margin for the the producers, who were consequently uninterested in increasing crop production for the market."

Oxfam was especially interested in the impact on the poorest of the poor in these countries. They found that:

> "the poor, with no other sources of income, (such as a salary or property to rent) have no choice but the land. They then have to struggle every year to produce enough food to feed themselves and their families. This forces them to take more from the soil than they should, while not possessing the resources to put back the necessary nutrients. The land is not allowed time to regenerate, and the protective cover is not being restored. When drought comes, it brings the most damage to these areas, and to the chances of the people who are farming there."

Low local crop prices, often caused by cheap imports from the United States, prevent farmers from earning enough to care for their land. The destruction of land and water resources due to this vicious cycle of low prices and forced production is one of the gravest threats to our long-term, worldwide food security. The Oxfam Report addresses this very dramatically:

> "Currently, more than 20% of the Earth's surface, more than 30 million square miles, is under threat of desertification. 80 million people live on this threatened land. Every year, worldwide, some 20 million hectares of land are reduced to a state of near or complete uselessness."

The Oxfam report also looks at the attempts made by poor countries to generate export earnings by producing export cash crops. Again, the report found that the pricing policies of the industrialized countries, especially the U.S., had a major impact on their foreign earnings from these cash crops.

The report looked at the condition of the Sahel in the early 1950's when a major emphasis was placed on producing export cash crops in order to generate the revenues needed to feed the poor:

> "The increasing amount of land being put under cash crops did not necessarily mean an increased income for the Sahel. The U.S. launched a campaign with soybeans in Europe in the early fifties to avoid domestic production glut, and used import tax revenues to subsidize the price of their soybeans (thus lowering the world prices). The price France was prepared to pay the Sahelian farmer for his peanut fell accordingly. Today the international trading recession has further reduced export earning for cash crops and, taken as a whole, prices for raw materials exported from developing countries are at their lowest for the last thirty years."
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> "But Sahelian farmers had become dependent on these cash crops to pay their taxes and for other necessities; governments had become dependent on the export of these crops to pay for the items they needed to import, the prices of which continued to rise. In an attempt to keep export earnings at the same level, production was forced to increase, and more and more of the better land was taken out of food production and put under cash crops."

Not only did the Oxfam report find that cheap imports discouraged local food production, they also found that cheap exports from the U.S. competed directly against their Third World exports. This forces them to devote still more acres to cash crops, reducing the land left for food production and creating an even greater dependency on food imports.

This has become a "deadly connection" in the 1980's. Debt and interest payments have absorbed almost all available foreign earnings of many poor countries, leaving very little to import food, no matter how low the price. In order for these countries to service their expanded debts, cash crop production must be expanded at the expense of food production for local consumption.

The current disaster in North Africa has been preceded by many other weather disasters in that region, including one in the early 1970's. Although there was worldwide response in the form of aid, many people realized that aid was not the answer, that global rural development was the only long-term solution. In 1979 a World Conference on Agrarian Reform and Rural Development was held in Rome to address long-term questions of food self-reliance and rural poverty. At this meeting the international community set an ambitious goal: "The elimination of hunger and the eradication of poverty before the year 2000."

In their program, adopted at the Rome meeting, they accepted this basic premise: "Rural development is impossible without an improvement in the living conditions of all, particularly the poor. One measure for achieving this is policies guaranteeing fair returns to small producers and encouraging crop production."

The Food and Agricultural Organization, (FAO) of the United Nations has recently revealed a report outlining progress made on the recommendations from the original conference. The report describes many instances where the improvement in crop prices encourage farmers to switch from non-food cash crops to food production. "In Kenya, farmers quickly switched from pyrethrum to maize when maize prices rose; higher prices for maize had the same effect in Guatemala, Tanzania, and the Republic of Korea."

And the report found that lowering of prices had a "negative effect on production, wages, and employment as demonstrated in several Latin American countries. Low prices favor above all well-off urban classes. In Kenya, government policies kept farmer and consumer prices for beef below the world average, resulting in an implicit transfer from rural livestock producers, many of whom were small holders, to higher income urban groups in Nairobi."

They conclude, "Higher producer prices, then, favor the equitable rural development envisioned by the world conference."

Supporting this belief is Gregory Cusack, Executive Director of National Catholic Rural Life Conference. In a recent article he observed that when a foreign country becomes dependent on U.S. exports, it can only benefit the rich. "In most developing countries it is only the elite who can afford the Western grain-and-meat intensive diet." He goes on to point out that our drive to create new dependencies on U.S. exports can only "contribute to the erosion of that society's ability to be self-sufficient in food production and intensify existing inequities."

John Kenneth Galbraith, noted economist, in his World Food Day speech in 1984, spoke directly to the impact of enforced low farm prices on food self-sufficiency in the Third World. Galbraith stated:

> "I strongly urge the new countries to reconsider the common practice of keeping agricultural prices low as a concession to urban workers and dwellers, or for the political rewards of stable prices. The effect is to exchange later shortages for present, short-run advantage. Better to pay the present price as an encouragement to later and greater production."

Francis Moore Lappe, author of Food First, often speaks to the damage caused by cheap, underpriced U.S. exports to the Third World. Her Institute for Food and Development Policy recently published an excellent study on the entire spectrum of problems associated with U.S. food exports, entitled "Trading the Future." In chapter 10 of this book, the author looks at the specific effects on Third World farmers. Citing Ohio State University professors Bill Adams and Donald Larson, the book describes how "food aid and commercial food imports undercut the prices (Third World farmers) receive for their crops. These cheap food policies are a major reason for the grinding poverty that grips rural families in many low-income countries."

The book looks specifically at Korea:

> "Keeping food cheap has been essential to maintaining an urban-industrial work force on wages low enough to attract foreign investment. Cheap food might have been supplied by developing local agriculture. Instead, the South Korean government has relied on over $2 billion in food aid and on commercial food imports."

This strategy has a double advantage. First, it has been easier to import food, especially since the United States offered easy terms in exchange for the political allegiance of the dictatorship, including military bases. Second, food imports allow the South Korean government to set prices for domestically produced grain very low, undercutting local producers' incomes and driving as many as seven million rural people into the cities between 1962 and 1977. This rural exodus was a godsend to the budding export industries, as rural immigrants competed for jobs in the factories.

"The import strategy has also been self-reinforcing. The more food imported, the more domestic agriculture suffered, and the more imports were needed."

What is important about the "Trading the Future" analysis is that it describes the relationship between the political impact of cheap grain, the long-term dependence created, and the hunger and starvation that results. The author points out the underlying reasons why Third World nations have become major food importers:

"While population growth is blamed for their dependency, the truth is that their potential to produce sufficient food staples has been thwarted by increasingly unequal control of the land and the siphoning off of credit and other resources for the export production goals of an affluent minority."

As Third World countries began to industrialize, often with multi-national corporate investment, cheap foods for urban workers became top priority. The federal government found that it better served its interest to accept food aid and cheap commercial food imports than to undertake the redistribution of farmland and resources necessary to sufficiently increase food production. Food aid and commercial food imports undercut the prices that poor farmers received for their crops."

U.S. food exports directly undercut food production in many countries; they also create a demand for foods that are both expensive and nutritionally unnecessary. In 1982, the World Bank concluded that the benefits of U.S. "disposal of agricultural surplus...tend(s) to accrue largely to a relatively affluent urban minority of consumers, while adverse effects are felt by the poor rural majority."

Attempts by President Reagan to lower world prices are now dominating the debate on the 1985 Farm Bill. In a recent speech, Agriculture Secretary John Block stated:

> "The push by some developing nations to become self-sufficient in food production may be reminiscent of a by-gone era. Those countries could save money by importing more of their food from the U.S. Modern trade practices may mean that the world's major food producing nations, especially the U.S., are the best source of food for some developing countries.

But Secretary Block refuses to see the disastrous implications of his policies. The more that poor countries are dependent on the U.S. for imported foods, the larger their foreign debts become. The bigger these debts, the more land they must devote to export crops to service this debt. The more land devoted to cash crops, the less devoted to food. And the less land devoted to food means increased hunger, starvation, and dependence on the U.S. for food aid.

A downward spiral heading for disaster.

Many church, anti-hunger and other organizations have begun to address these concerns. For example, the Lutheran Church of America, Minnesota synod, included this issue in their 1984 statement on farm policy: "American agriculture policy should be formulated and implemented in ways that contribute to food security for the world. This should include avoidance of pricing policies (i.e. enforced low U.S. farm prices) that remove incentive for agriculture development, particularly in developing nations."

But there are still many sincerely concerned groups who are advocating relatively low U.S. farm prices. They mistakenly believe that these lower prices will help poor countries who buy food from the U.S. As the debate intensifies, let us hope that they will reconsider their positions. The fate of the Third World hangs in the balance.