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# WORLD FOOD OUTLOOK —A FARMER'S RESPONSE

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It has seemed clear for a good many years that the programs of research and extension of the land-grant agricultural colleges should be reoriented to give higher priority to the economic and social problems of U.S. and world agriculture. These great institutions move slowly, but one must be encouraged by some of the developments of the past ten years. As a trustee of Farm Foundation, I am proud of the contribution it has made in helping build stronger extension and research programs in farm policy and related areas.

In the last issue of *Successful Farming* magazine was a news item, amusing but also indicative of the state of knowledge in this area:

A not-at-all happy business man recently strode into a Senator's office here and demanded to know: "Are we going to wage a war on world hunger or aren't we? And, if so, when?" The business man had relied on Washington's talk of a hunger war to invest in a crop processing plant, but has since been dismayed by lack of action. "I'm hearing the same thing from many, many farmers," a Congressman tells *Successful Farming*. "A year or so ago the war-on-hunger idea was really rolling," he adds. "Now it seems to have all the momentum of a flat tire."

I feel as if I had been almost pulverized in the last few years by a mass of facts, analyses, conclusions, beliefs, and some nonsense about the "world food problem." A combination of writers and speech makers contributed to building a sort of fantasy or dream world in which U.S. agriculture had entered a "new era." U.S. farmers must feed the world. Surpluses are a thing of the past. World famine is imminent unless we waged a war on hunger. Farm policies should be reversed, old programs dumped, new programs started to plow up land held in reserve, and crash programs undertaken to increase yields.

I am resentful of those who have a vested interest in the "war on hunger" idea—those who stand to gain economically by increased volume of U.S. farm production, those who ignore the economic consequences to farmers of output exceeding demand by even narrow margins.

I am more sympathetic with the position of church groups that the U.S. agricultural capacity should be used to feed the hungry.

This "your brother's keeper" idea of feeding the world is appealing to farmers, too. I think we are as human as anyone in wanting to feed the hungry, but the thought that we can save the world from famine also inflates our ego. The idea of feeding the world appeals, too, because "it helps get farm surpluses off our back." As Lauren Soth points out, "We help ourselves financially and feel virtuous while doing it."

I am concerned with the mischief caused by misleading information. The rosy projections for greatly expanding demand and the exhortations to "unleash the American farmer" came at a time when many farm prices were already good by any standard. It all contributed to a "bull" outlook.

This is a serious matter because it builds false expectations, contributes to unwise economic decisions by farmers and businessmen, and results in overinvestment of capital in U.S. agriculture at all levels. I would argue that resources are being overcommitted in U.S. agriculture right now partly because of misleading information and wrong conclusions about the world food situation.

I think we should also be concerned with the psychological "fall out" of such false expectations. When we come back to economic reality abruptly as we did in late 1966, farmers, the same as any other group, tend to look for a "scapegoat." This disappointment and shock, I suggest, explains a significant part of the current farm unrest.

I recite this bit of history and observation to underline the need for a continuing educational program on world food problems, their impact on U.S. agriculture, and the role U.S. agriculture can play in solving these problems.

I am impressed with the excellent research and analyses done on this subject in the last couple of years. I am concerned, however, with the limited dissemination of the results of this type of calm analysis as compared with the more widespread familiarity people have with the "way out" projections and the dramatic "war on hunger" proposals.

#### **THE WORLD FOOD PROBLEM**

In the next few pages I will summarize briefly one farmer's interpretation of the world food problem and what U.S. farm policy ought to be in response to it.

**U.S. MARKET DEMAND.** It is generally agreed that consumer de-

mand for food will continue strong and will increase at about the same rate as our population. In the decades ahead, no significant numbers of U.S. people will be eating less than they want. Welfare measures such as the food stamp and school lunch programs will continue. On a per capita basis consumer demand for food probably will not grow much in the years ahead. U.S. demand for food and fiber will continue to be so inelastic that slight oversupplies on the market will cause sharp downward pressures on farm prices and incomes, and slight shortages will force prices sharply upward for the consumer.

**EXPORT MARKETS.** Foreign commercial demand will be of growing importance in the market for several U.S. farm products, especially for feed grains, soybeans, and to a lesser extent for wheat and cotton.

In the developed countries, consumer demand will continue to grow for livestock products. This will result in a gradual increase of export demand for U.S. feed grains and soybeans. However, I suspect this increased commercial export will come slowly and require much more effort than many now believe. Developed countries will undoubtedly continue strong national policies of investing in and expanding their own agriculture.

A recent World Food Situation report indicates that each of the grain exporting countries (Canada, Australia, France, South Africa, Argentina, Mexico, Burma, Thailand, and Cambodia) has significant potential for further substantial increases in production, either by expanding grain areas, increasing yields, or both.

**“FOOD FOR PEACE” DEMAND.** World population projections are usually based on current or recent high rates of population growth. Professor Bogue of the University of Chicago is one of a growing number of people who attach considerable significance to the other revolution taking place around the world—family planning. He reports that recent trends of rapid population growth are not likely to continue.

The concern in recent years regarding food in many parts of the world is, in part, a reflection of the greater purchasing power, and hence greater effective demand, which results from economic development.

It is not true that needy countries want all the free food they can get. Their objective is to bring their own production and population growth into balance. Leaders of such countries as India

see clearly the disastrous long-term consequences of becoming dependent on this country or any other country for a substantial portion of their growing food needs. A short crop in this country or disruptions such as war or even maritime strikes could cause mass starvation for them.

Under three administrations, the United States has sent enormous quantities of food to countries in need, averaging over one billion dollars a year. In most of these years it is questionable whether significantly larger quantities of U.S. food could have been used effectively by these less developed countries because of shipping, storage, and distribution problems.

I believe the evidence is clear that to utilize fully U.S. agricultural productive capacity, while maintaining present levels of income for U.S. farmers, would require a threefold or fourfold expansion in food aid programs to needy countries at a government cost substantially larger than the cost of current farm programs.

At the moment there is growing interest in building larger stockpiles under a "strategic reserve" concept. It should be remembered that when we *had* larger stocks, the American people were almost bitter at the high cost of accumulating and carrying these stocks, and farmers were quite disturbed because these stocks were believed to "overhang" the market and depress prices.

Some people seem to be saying that the United States should accumulate sufficient stocks of all farm products to meet *any* emergency *anywhere*. Others view the building up of reserve stocks as a means of taking supplies off the market and thus strengthening prices. It should be recognized that very large costs and problems are involved in storing, maintaining, and disposing of large quantities of food and feed.

I do believe it is desirable that Congress establish an agricultural commodity reserve stock policy; however, I doubt the wisdom of attempting to carry extremely large stocks, ample to meet every conceivable emergency. The 60 million acres of cropland now held out of production provided a quickly available, flexible reserve—at less cost than storing the commodities themselves. It should be noted also that the large livestock population in the United States is a very effective food reserve. So is the tremendous productive capacity of our land, our farmers, and our whole food industry.

FARM PRODUCTIVE CAPACITY INCREASING. A reassuring factor in the world food situation is the continued growth of U.S. food

production capacity. In fact, many food scientists believe we will have excess capacity for several years. The recent Economic Research Service study of the world food situation to which I referred earlier concluded that the world probably will still have excess production capacity by 1980.

I am impressed with the "headlong" rate at which the technological revolution is continuing on U.S. farms and in the agribusiness industry. Large investments of capital are being made at all levels of agriculture—on the farm and in agribusiness.

Consider the rapid investments being made in larger tractors, machines, and improved equipment of all kinds; in large tonnages of fertilizers, herbicides, and insecticides; in improved seed; in drainage, clearing, and leveling of land; and in construction of buildings and livestock handling and feeding facilities. It is almost shocking to observe the overcommitment of capital in cattle feeding facilities.

In the farm-related industries, very large investments are being made in expanded facilities for manufacture, distribution, and selling of fertilizers and chemicals of all kinds; and in farm machinery, seed, processing, storage, and transportation businesses. Production of fertilizer, especially nitrogen, is increasing steadily and the price continues to come down. We have hardly scratched the surface in fertilizing forage crops and have a long way to go on grains.

Farms all over the United States are being consolidated and are coming under stronger management.

I believe it is clear that the technological revolution will continue full steam in the other developed countries. In most of these countries it is firm national policy to encourage the investment of capital by farmers and agribusiness; numerous policies and programs are directed to the expansion of agricultural production. Substantial public and private resources are devoted to the development of new technology.

The production prospects in the less developed countries is less clear cut. Charles Kellogg, in analyzing world food surveys, says the acreage of arable land could be approximately doubled over the entire world. He also says few countries are seriously limited in soil resources for an abundant food supply. Obviously, development of this potential will take a lot of *doing*. It will require substantial capital and technical assistance from the United States and other developed countries.

## CONCLUSIONS

In our general concern with the world food problem, my reaction is this: (1) We have tended to overestimate the population pressure for the decades ahead, being preoccupied with "recent trends" and overlooking the significance of family planning efforts around the world. (2) We have tended to underestimate the prospects for increased food production, especially in the United States and other developed countries, but also to a lesser degree in the less developed countries.

When it comes right down to world prospects for *food*, my conviction is that we have been grossly misled by the world hunger proponents. This does not mean the problem does not exist or is simple, but rather it is manageable. I thought Dr. T. W. Schultz "hit the nail on the head" at the Center Conference in Ames in 1966:

It is in my judgment a narrow and misleading view to look upon the growth in population throughout the world as if it were predominately a problem of running out of food. To concentrate only on the future supply of food misses the heart of the matter, which is the supply of factors to satisfy the demands not only for food but also for other goods and services. In principle this issue encompasses both rich and poor countries alike.

NEED FOR A BALANCED FARM POLICY. As I look at the decade before us, the United States is confronted by two basic trends:

First, a trend of expanding food needs. This will be reflected in a steady and gradually increasing domestic demand, a moderate increase in commercial export demand for several commodities such as feed grains and soybeans, and in a "concessional" or Food for Peace type of demand in emergency situations by some of the less developed countries which have limited purchasing power. It is this latter need which is more complex and difficult to deal with. U.S. food aid to these countries will be important, especially in emergency situations, but the basic U.S. effort must be to help these nations feed themselves, furnishing critically needed technical aid and capital investment.

Second, a trend of expanding U.S. production. This is reflected in enormous and expanding investments of capital and technology at all levels of U.S. agriculture. It is reflected in our national farm policies and programs geared to increasing agricultural productivity. It is especially related to the very large allocations of public and private funds to the development and dissemination of new technology.

Prudent national policy for the next decade must square with

*both* these trends—expanding world food needs and expanding U.S. farm production. It would be folly to base policy on an exaggerated expectation of either one. It should not be forgotten that the consequence of farm production running ahead of demand, even by a small percentage, is very sharp downward pressure on farm prices and farm income. On the other hand, it would be national irresponsibility not to be in a position to meet commercial export demand and emergency food aid needs abroad.

I believe that U.S. food and agriculture policy must continue to be balanced and multipurposed. It must provide for a continued well-fed America, for a growing export market, and for Food for Peace type of needs in emergency situations—all this with some safety reserve.

We should also continue to have a domestic farm program that will provide the means for keeping increasing production in reasonable balance with increasing demand so that we have an economically healthy agriculture.

In closing, I urge you land-grant college educators in the field of public policy to give high priority to the task of helping farmers, farm leaders, and agribusinessmen to understand the realities of the world food problem, especially the role that U.S. agriculture can play.

One of the still misunderstood issues is *where* the major efforts should be applied in “feeding the hungry world.” Too many people still believe, hopefully, that U.S. farmers and agribusiness should be “turned loose” with sharply increased inputs of capital and technology and with the outpouring of food distributed all over the world to the hungry. The job just cannot be done that way.

We do have tremendous resources in capital, in business skill and energy, and especially in scientific and educational manpower and facilities. If we are serious about helping, then these resources must largely be used to help the world’s hungry feed themselves.