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Food and Population: Priorities in Decision Making

Report of a Meeting
of the International
Conference of Agricultural
Economists, Nairobi, August 1976.

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Discussion on papers by Krasovec and Singh and by Bhattacharjee

Alberto Valdés

Messrs Singh and Krasovec and Bhattacharjee have presented us with a comprehensive and perceptive synopsis of the Rome seminar. They have been remarkably successful in extracting the common views from such a vast array of economic and socio-political situations. My congratulations to these authors.

In this opportunity it is not possible for me to examine the very specific aspects of their interpretation of the papers presented in Rome. To do so would require me to have had the forty-one papers at hand and time to have ready them. Three days while simultaneously attending the conference precludes this.

At the Rome seminar, in addition to discussion of the relationship between food production and population at a global level, emphasis was given to the interactions between demographic and socio-economic factors in rural development in the setting of the six country studies. I understand that the authors of the country studies are to be present today; they, as authors, are more qualified than I to judge the paper by Bhattacharjee. Therefore, assuming that they will contribute to the general discussion on the subject, I will not refer to any particular country study. Instead, most of my comments will be addressed to (a) aspects related to the discussion on the global food demand and supply gap, and (b) some issues related to economic policies in general.

On the first aspect, Krasovec and Singh are right when they argue that the growing dependence on LDCs (Less Developed Countries) on food imports from DCs (Developed Countries) is seen as posing the biggest problem for the future. Food imports refer to cereals (wheat, rice, coarse grains and millets), which dominate the issue of food supply in LDCs. In fact, very recent projections for the next decade found in a recent study – and my apologies for not referring to the year 2000, but it exceeds my comprehension – conclude that ‘unless the trend in production in LDCs (developing market economies only) improves, the production of cereals will fall short of meeting food demand in food deficit countries by approximately 100 million tons in 1985/86. This compares with shortfalls of 45 million tons during the food crisis years (1974/75) and an average of 28 million tons in the relatively good production years 1969/71’ [1].

This relatively short time interval (until 1985/86) precludes the possibility of significantly altering the population factor. This implies that, during the next decade, the food demand and supply balance depends, to a large extent, on increasing the supply of food. In addition, what makes the problem even more difficult within the LDCs is the fact that the core of the food deficit problem exists in the low income countries (i.e. with *per capita* incomes of less than \$200 per year). The

same study concludes that 'to finance imports of such magnitude would appear to be beyond any prospects of these countries having the foreign exchange to do so.' These conclusions project a dramatic, arduous situation for the next decade.

However, as useful as they are, the discussions concerning global projections fail to present the problem in a manner which lends itself to practical analysis and action. In discussing the food situation, assuming that grain exporters will have the capacity to meet the growing world demand at reasonable prices, a critical issue which I believe did not receive adequate attention at the Rome seminar is that of linking explicitly the food deficit to the foreign exchange position. We usually assume, implicitly, a positive correlation between food deficit and foreign exchange deficit countries. Is this so?

Of the six countries reported in J.P. Bhattacharjee's paper on the issue of food and population, only one of them, India, is a serious food deficit country. This, in spite of the fact that these six were chosen as representative of the different LDCs position in the food/population equation. What we urgently need, in my opinion, is to develop a country typology which would help us define the various situations in which a country might find itself. One of the criteria would be to classify countries according to their position – over time – in terms of degree of self sufficiency, foreign exchange constraints and major food supply policies. This classification would allow us to distinguish, for example, in which countries the food problem is soluble by increased imports (e.g. OPEC countries), those countries having no serious payments or aggregate food problems (Argentina, Brazil, Thailand, Colombia), those countries in which the food problem is aggravated by trade problems (probably the case of India, Bangladesh and some in the Sub-Sahara region), those countries which exhibit possible category change (Indonesia, if the 1967/74 trend prevails) etc. Such categorisation among countries would help to isolate the different policy choices and the needs and forms of international action for each country situation.

In the two papers in question, mention is made of the differentiation between effective demand and 'target' demand, considering food distribution and nutrition within a country. However, I believe we are still a long way from successfully presenting an analysis conducive to practical solutions in the area of food distribution oriented towards target population groups. This problem area is under-researched.

There are some contrasts between the studies reported by Krasovec and Singh on the general issues and the country studies reported by Bhattacharjee, which, I believe, reflect the difficulty of discussions at the global level. Two that draw my attention are related to the areas of (a) resource development (including public investment in research and physical infrastructure) and (b) price and trade policies, broadly defined.

The country studies reported by Bhattacharjee give emphasis to these aspects. In contrast, the papers reported in Krasovec and Singh practically omit these topics altogether. Is this by design, or is it inherent in a global discussion with reference to no particular country?

When we speak about removing the constraints which affect the performance of the small farmer – the representative farmer in LDCs – both at the Rome seminar and at this meeting in Nairobi I sense a growing amount of agreement around the belief that the most serious constraint is not the farmer's behaviour *per se*. A growing body of evidence shows that the most serious constraints to the farmer are environmental; moreover, many of these constraints are state-imposed. Others are the result of input and output market imperfections. Thus, as it was argued yesterday by a participant from Pakistan, the scope for increasing resource productivity by action at the broad policy level is relatively greater than that at the farmer's level.

As argued in general terms by Krasovec and Singh, 'a new institutional structure to which the farmer can relate needs to be created', and this entails new obligations for research, infrastructure and input and output market policies.

However, as Professor Schultz has said, and rightly so in my opinion, although economics is sufficiently robust to examine alternative policies, we agricultural economists, with few exceptions, have been rather unable to challenge the politicians on their economic and institutional policies for agriculture. But perhaps this can only be discussed in the setting of a particular country. The resulting, perhaps inevitable, generality that occurs whenever we discuss issues which belong to the area of domestic policies is one of the difficulties I find in global overviews as in the papers reported by Krasovec and Singh.

Firstly, in the area of resource development, there is no need to defend the claim that in the long run, in most regions of the world, the prime mover of agricultural production has been technological change. And in most cases, technological change has been the result of government investment in research and infrastructure. A clear exception, however, can be seen in the exportable non-food agricultural raw materials, whose promotion and research have been predominantly in the hands of the private sector. In contrast, studies such as those by Evenson and Kislev [2] show us how little most of the LDCs are investing, relative to DCs, in agricultural research. We, as agricultural economists, aside from our rhetoric regarding the need for development of improved technology for crops and livestock production, have been of questionable efficacy in helping the biologist in the design of technology and in assisting the policy maker in the allocation of public funds for technological development. The lack of attention to these issues in the reports themselves is indicative of the inadequate awareness within the profession. With the exception of EMBRAPA in Brazil and the efforts of a couple of non-Latin Americans, Latin America could be cited as an example of this unfortunate situation. In the field of international action, it was unfortunate that at the Rome seminar we missed the opportunity of learning about the past achievements and expected contributions, in terms of productivity change, from the nine international agricultural research network centres, located in Asia, Africa and Latin America.

Secondly, on the issue of price policies, J.P. Bhattacharjee points out that according to the country reports, the weaknesses of these countries' policies are the

familiar ones. My concern and difficulty with these reports is that I somehow feel that we are failing to represent adequately the policy options, considering the interests of producers, consumers and the government. Self sufficiency, as an objective, appears in nearly every case. But we agree, I believe, that effective government strategies with respect to food supplies must necessarily involve more than one, in fact, a mix of objectives, such as:

- minimising the social cost of food, perhaps at the expense of some increased variability;
- increasing the degree of self sufficiency, and what is not necessarily the same,
- increasing food security;
- relating the effect of the above to income distribution between urban consumers and agricultural producers.

It is difficult to see how governments can thoroughly examine issues such as pricing of domestic supplies or determine the ‘required’ degree of intervention in domestic markets and in trade, etc., without some explicit recognition of a possible trade-off between these objectives. Could Dr Bhattacharjee expand his comments explaining the kind of conceptual framework behind the food supply strategies pursued by the countries studied? What can we learn about the actual policy options and trade-offs of these policies?

Finally, I expect a lively debate from the audience in this plenary session around Dr Singh’s conclusion – which I believe is his own rather than the paper’s – in which he argues that, without transforming agriculture along co-operative lines, it is most unlikely that land and labour productivity will be raised ‘adequately’. I presume he means social production entities and not simply co-operatives for the supply of certain input and/or marketing of production.

Notes

- [1] IFPRI – ‘Meeting Food Needs in the Developing World: The Location and Magnitude of the Task in the Next Decade’, Research Report Number 1, February 1976, Washington, D.C.
- [2] R. Evenson and Y. Kislev, *Agricultural Research and Productivity*, Yale University Press, New Haven, Connecticut, 1975.