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International Agricultural Interdependence A Patchwork Quilt

World Food Policies: Toward Agricultural Interdependence. By William P Browne and Don F Hadwiger (eds) Boulder, CO Lynn Rienner Publishers, 1986, 220 pp, \$26 50

Reviewed by Richard M. Kennedy

The common thread running through this collection of 14 short essays is broad—the interdependence of agricultural policies among nations, or “national food policy as the setting for international food dependency” The project was financed primarily by Resources for the Future, with support from the Farm Foundation and the Policy Studies Organization

Most of the essays were written in 1984 Their perspective is generally national or regional, and their scope ranges from very broad to quite narrow, with no apparent attempt to deal with common themes Browne provides an overview, discussing the world agricultural trade environment as it affects U S agriculture and forces adjustments in the policies that regulate and support it Browne includes a catalog of issues arising in world agriculture, and his commentary foreshadows their treatment in the essays that follow None of the essays provides an integrated international perspective on the character of the future interdependent agricultural system “toward” which the book’s title suggests that the world may be moving

The editors regard their book “primarily as a way in which scholars of public policy—in this case, political scientists—can offer their insights on this subject to an interested audience that includes those who make food policy” (p ix) However, the two essays that deal with the relationship of U S agriculture to the world food system more strongly reflect their authors’ training as economists Both have extensive experience in the policy arena that informs their insights into how economic conditions and relationships present U S policymakers with choices at the national level, but neither says much about how political forces shape those choices

Shuh, for example, persuasively advances the standard economic argument of why a freer world trading en-

vironment would permit the United States optimally to exploit international agricultural interdependence through increased agricultural exports He also touches on the potential benefits to the United States from a lowering of its agricultural import barriers and from a global freeing up of the movement of labor and capital Shuh acknowledges the obligation of politicians and policymakers to balance the gains and losses of those affected by policy changes for the sake of the common good However, he does not examine these conflicts and tradeoffs Mayer provides a capsule analysis of how the growth in importance of U S agricultural exports is shaping a variety of issues central to U S agricultural trade policy His treatment of political

The essays include (1) “Issues of World Food and Trade Perspectives and Projections” by William P Browne, (2) “Farm Exports and the Farm Economy Economic and Political Interdependence” by Leo V Mayer, (3) “Maximizing U S Benefits from Agricultural Interdependence” by G Edward Shuh, (4) “The Common Agricultural Policy and World Food Trade” by Nicholas Butler and “CAP Update” by Fred H Sanderson, (5) “Australia and New Zealand The Role of Agriculture in a Closer Economic Relationship” by Hyam Gold and Thakar Ramesh, (6) “Soviet Agricultural Policy in the 1980’s” by Anton F Malish, (7) “Self-Sufficiency in Japanese Agriculture Telescoping and Reconciling the Food Security-Efficiency Dilemma” by David N Balaam, (8) “Food Security and Agricultural Development Policies in the Middle East” by Marvin G Weinbaum, (9) “Self-Sufficiency, Delinkage, and Food Production Limits on Agricultural Development in Africa” by Louis A Picard, (10) “The Policy Consequences of the Green Revolution The Latin American Case” by Michael K Roberts, C Michael Schwartz, Michael S Stohl, and Harry R Tang, (11) “U S-Mexican Agricultural Relations The Upper Limits of Linkage Formation” by Gustavo del Castillo and Rosario Barajas de Vega, (12) “The Role of World Food Organizations” by Ross B Talbot, (13) “The Social, Developmental, and Political Impacts of Food Aid” by James N Schubert, and (14) “Public Policy and Interdependence” by Don F Hadwiger

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factors consists primarily of evidence that bad times in U S agriculture, caused in part by falling exports, have been detrimental to congressional job security. Missing in their treatment is any serious discussion of the political role of U S institutions or interest groups in promoting, retarding, or shaping agricultural interdependence.

On the other hand, Butler deals with both the economics and the politics of the European Economic Community's (EEC) evolution from a major net importer of agricultural commodities to a leading exporter. He describes how the institutional structure of its Common Agricultural Policy (CAP) encourages a member country to agree to paying of higher prices to another member's producers of a particular leading commodity in exchange for similar concessions to its own producers. Butler believes that the decision-making process favors producers and leaves consumers with no effective voice. By showing how other economic interests of France, Germany, and the United Kingdom are paramount, Butler downplays the possibility that the CAP will collapse because of its strain on the EEC budget. He also warns that the admission of Spain and Portugal to the EEC sets the stage for further trade disruptions. Sanderson updates the discussion of the CAP with a description of CAP reforms. He suggests that budgetary strains have encouraged the adoption of measures, especially supply management techniques, that shift costs to consumers and avoid the need to cut producer price supports.

Balaam argues that the Japanese are gradually discarding their old belief that a secure food supply is synonymous with the achievement of domestic food self-sufficiency. Rising incomes have stimulated the demand for imported foods outside the traditional diet, which has helped make the Japanese increasingly less fearful of vulnerability from a heavy dependence on food imports. As a result, the Japanese Government has become less willing to accept economic inefficiencies in domestic production. This shift in perspective on economic policy reflects an erosion of the ruling Liberal Democratic Party's political base in the agricultural sector because of economic and demographic trends. Other sectors have gained more influence, and differences of interest between them and the agricultural sector are becoming blurred.

Balaam believes that the limited Japanese acquiescence to U S pressure to liberalized trade actually reflects purposeful choices by the Japanese. "Their strategy is to rationalize agriculture and promote self-sufficiency by withdrawing protection from some inefficient producers and opening them up to competition" (p. 102). Many observers of the recurrent and prolonged U S attempts to gain increased access to Japanese

markets will question Japan's commitment to that strategy and will discount Japanese arguments about the need to move slowly so as to reconcile opposing domestic interests.

Gold and Thakur examine the role of agriculture in the attempt by Australia and New Zealand to establish a closer mutual trading relationship. That new relationship seems likely to have little effect on the agricultural trade of countries outside the region, especially when compared with potential changes in industrial trade. The main value of the essay was its treatment of the lengthy process by which the two governments worked not only to reconcile conflicting economic interests, but also to build a consensus both within and between their countries in support of a more liberal trading system. This attention to the political process may be instructive to anyone inclined to believe that the success of the current multilateral trade negotiations depends above all else on achieving a technical balance of the welfare gains and losses produced by opposing national trade proposals.

The term "interdependence" pervades the essays dealing with developed countries and largely reflects the attitude that interdependence is potentially beneficial or is an inevitable phenomenon to which nations must adjust. But, in the essays that focus on centrally planned or less developed countries (LDC's), the term is replaced by "dependence" with its more threatening connotation. For example, Malish focuses primarily on Soviet long-term domestic agricultural policy and its aim of reducing Soviet reliance on agricultural imports. He concludes that Soviet efforts to increase agricultural self-sufficiency imply an offsetting increased dependency on the importation of agricultural technology.

Del Castillo and Barajas de Vega explore the linkages between U S and Mexican agriculture and find that policy decisions made in either country present policymakers in the other with uncomfortable choices. The Mexican choices are particularly difficult. A key issue is whether to give priority to production of staples for domestic consumption or of higher value agricultural products, such as high quality fruits and vegetables, for export to the United States. The authors argue that emphasis on staples favors both the traditional organizations of the peasantry and the improvement of its low-income status. Emphasis on exports favors modern commercial farm organization that is outside the peasants' control and potentially disruptive to their way of life and economic welfare.

In the process of attempting to resolve opposing arguments about the success of the "Green Revolution" in Latin America, Roberts, Schwartz, Stohl, and Targ

emphasize the undesirable results of dependence for the LDC's. I was uncomfortable about how this team of political scientists and sociologists applied correlation analysis to highly aggregated economic variables with little reference to economic theory.

Wienbaum discusses how the dependence of Middle Eastern countries on foreign food and financial aid can produce unfavorable political reactions to U.S. policy that may outweigh the benefits of increased exports to the region stimulated by the aid. The dependence on food imports, often in the form of food aid, encourages a continuation of food subsidies to urban consumers that depress producer incentives. Efforts to reduce such subsidies, often a condition of assistance from development agencies, may create political unrest that threatens a regime's very existence. Wienbaum concludes that support for greater food self-sufficiency in the region may be in the longer term interest of the United States.

Picard brings the concerns about dependency into coherent focus in an essay that highlights the views of "dependency theorists" who believe that the "terms of trade, choices about what to produce, and patterns of investment are to a large extent not determined by the LDC's" (p. 122). Such decisions are said to be determined by political and economic forces that both "strengthen industrial country dominance over LDC's" and the "dependent upper middle classes," and "keep LDC's in poverty but structurally linked to the needs of the industrialized world" (p. 122).

Picard believes the LDC's face a fundamental dilemma. They would prefer to reject agricultural development strategies based on market incentives and integration with outside economic systems. They view these strategies as providing material incentives only

to the few and as forcing LDC's to compete at a disadvantage with the more advanced commercial agricultural sectors of the developed countries. However, according to Picard, direct government administration of development through a strategy of increased self-sufficiency is probably doomed to failure. The reasons are massive administrative, institutional, and political constraints and the failure of the planned economy to demonstrate that ideology or "rhetorical incentives" are successful alternatives to those of a free market in stimulating increased output. Picard's somber assessment is derived from his consideration of African agricultural development, but he believes it is relevant to many LDC's.

Talbot discusses the role of the United Nations Food and Agriculture Organization (FAO), the World Food Council, the World Food Program, and the International Fund for Agricultural Development in relation to U.S. policy. These are the international fora where the LDC's most often confront the developed countries with their concerns about agricultural interdependence. Talbot describes organizations in which the industrialized nations, the developing countries, and the organizations' secretariats engage in coalition politics to achieve their often conflicting objectives. He characterizes the U.S. attitude toward these organizations as "a form of reluctant standpatism" leading to a policy whose primary aim is to defend the status quo. A major reason for waning U.S. enthusiasm has been the dilution of U.S. influence in situations where developing countries have the votes, but industrialized countries supply most of the money for policy innovations. Talbot's perspective helps illuminate recent controversies over U.S. cuts in its contributions to FAO and efforts to force reforms that give developed country donors more say in FAO programs.