FOOD POLITICS

By Emma Rothschild

THERE is no doctrine more deceptive than the new idea that food is power. According to the doctrine, the United States has new power in the world by virtue of its position as the largest producer and exporter of food: in particular, over those developing countries, from the most destitute states to the richest oil-exporting countries, which import American food. The doctrine of food as power is deluded for several reasons. It promises an impossible form of influence. And it nurtures a false view of what has happened in the food crisis of the 1970s; of the political consequences of the crisis; of the even more fearsome consequences to come.

The new politics of food has been a specter in the international economic crisis. To some Americans, the possibility of agricultural power suggested extravagant opportunities. The Central Intelligence Agency's Office of Political Research, for example, looking recently at the future of food, concluded that "As custodian of the bulk of the world's exportable grain, the United States might regain the primacy in world affairs that it held in the immediate postwar period."[1] The United States, others suggested, might join a cartel of food-exporting countries, an OPEC (Organization of Petroleum Exporting Countries) for agriculture. The object of such an organization could be profit; it could be the opportunity to influence other countries to favor agricultural reform, for example, or contraception.

In the recent crisis, American pre-eminence in food also seemed to offer immediate advantages. The prospect that the United States might restrict its food exports for political purposes was disputed, hinted, feared. Food was considered as a means of exerting pressure on the OPEC countries, through a "counter-embargo," or some form of agricultural export tax. President Ford alluded to the possibility in 1974, in his first address to the United Nations—if only to deny it: "It has not been our policy," he said, "to use food as a political weapon, despite the oil embargo and recent oil price and production decisions."

The political consequences of the food crisis go far beyond the "new politics" of food as power. The United States will have some form of influence over the countries that buy American food: as a new instrument of power this influence will, I think, turn out to be illusory.

[1] Central Intelligence Agency, Directorate of Intelligence: Office of Political Research, *Potential of Trends in World Population, Food Production and Climate* (OPR 401), August 1974.

But the wider issues of American food policy will have enormous consequences for international relations. It is these issues which will constitute a continuing politics of food: issues of prices, export policy, the role of the free market in determining the future of American agriculture, and how U.S. agricultural policy should change in the new conditions of the world food economy.

The United States exports food to almost all countries, and almost all countries have been affected by the food crisis. But the politics of U.S. food exports most concerns the developing countries. Agriculture will influence U.S. relations with several rich countries, including, notably, the Soviet Union and Japan, and worldwide agricultural exports already contribute $21 billion a year to the U.S. balance of payments; no rich country, however, is now as dependent on U.S. food policy as many developing countries have become. Together, developing countries account for the largest market for U.S. agricultural exports, and the market where U.S. pre-eminence is most complete. It is also the market which has changed most in the past several years of disorder. The United States exports more than $8 billion worth of agricultural products to developing countries, or almost 40 percent of the entire value of U.S. farm exports. More than 90 developing countries import American food. Some of the most prosperous (Mexico, for example, or South Korea) and some of the poorest (Bangladesh) depend critically upon imports of U.S. wheat; the OPEC countries now spend more than $1.7 billion a year to buy U.S. agricultural exports.

The conditions of this commerce have changed since 1972 from aid to trade. Until the early 1970s, half of all U.S. food exports to developing countries were sold under foreign aid agreements. Now, aid agreements account for less than 15 percent of these exports. From 1972 to 1975, the value of commercial exports increased from $1.7 billion to $7 billion, while the value of aid-financed exports varied around a level of $1 billion. Most U.S. food exports to developing countries go to the more prosperous among them, but even the poorest countries buy U.S. food for dollars. The politics of food, now, is a politics of trade, not charity.

In the next ten years, economic questions will be at the heart of America's relations with the developing world. And there is no economic question where U.S. policies and U.S. relationships have changed more than in agriculture. These changes have already transformed economic relations between the United States and many developing countries. The politics of agriculture will in the future be more important and more perilous: a determining force in the choice

between a new economic order, Secretary Kissinger's "new global consensus," and a world economy of confusion and despair.

II

The development of the world food economy is inextricably involved with the course of U.S. agricultural policy. This was so during the three years of inflation and shortages after 1972. It is so in 1976, as nations consider the still unresolved issues of the recent crisis. It will be true for the next ten years of change and reconstruction.

The causes of the disorder that began in 1972 are now more obvious than they seemed at the time. The increase in food prices, it is now clear, was not a sign of lasting natural or environmental change. The food crisis, as much as the oil crisis or the crisis of the international monetary system, was a consequence of changes in the economic policies of nations. This was the conclusion of almost all the mass of studies, projections and reports prepared after the events of 1972 and 1973. No new physical factor—no change in climate, for example, or unanticipated increase in the rate of growth of population—altered the balance between the demand for food in the world and the supply. The weather was bad in the early 1970s, but not abnormally so; the fluctuations in world food production were within normal limits. The shortages had to do with the distribution of food between nations, and not with worldwide scarcity. Rich countries such as the Soviet Union and Japan imported food throughout the crisis; several poor countries—such as Bangladesh, immediately before the famine it suffered in the autumn of 1974—could not afford to import the food they needed.[2]

In the next 10 to 20 years, too, there is no environmental reason that the world should not produce enough food to feed all its people and animals, and to provide a better diet for hundreds of millions of malnourished people. In the 1980s, as in 1974, crises in food will be crises of price: when food prices change suddenly, or when countries come close to insolvency in order to import the food they need. The food will be available, but often in the wrong place and at the wrong price.

The international food distribution system is at the heart of the food problem. And this system is founded on American exports and American policies. American dominance in world food exports is well known. President Ford's most recent International Economic Report states a familiar comparison with the international oil trade: "[Our]

[2] See Lyle P. Schertz, "World Food: Prices and the Poor," *Foreign Affairs*, April 1974; United Nations World Food Conference, *Assessment of the World Food Situation*, New York: United Nations, Preparatory Committees (E/CONF. 65/3), 1974.

importance in the international grain and oilseed trade is as great as the Persian Gulf countries in crude oil trade." The United States sells half of all grain exported, and Canada, France and Australia account for most of the rest. The United States is also the only genuinely global exporter. It sells food in all continents and to some 130 countries.

U.S. dominance is even greater in the trade with developing countries than in the grain trade as a whole. It sells a third of the wheat that the Western industrialized countries import, for example, but almost two-thirds of the wheat imported by developing countries. Where other countries "specialize" in their sales to the developing world—France selling to Africa, Australia to Asia, Canada to Latin America—the United States sells everywhere. It is the major supplier of imported wheat to all but a handful of developing countries—and the exceptions have historical ties to France or to the British Commonwealth (Senegal, Malaysia), or do not trade with America (Cuba, North Korea), or have a recent history of political difference with the United States (Egypt, Sri Lanka—and these two countries have increased their imports of U.S. food substantially in the last year).

The importance of the United States in the world grain trade is not new, of course. Secretary of Agriculture Orville Freeman described U.S. dominance, and the dependence of many developing countries, in these pages nine years ago.[3] Indeed, the U.S. share of world exports has been only slightly greater in the last few years than it was in the mid-1960s, or even the mid-1950s: a modest improvement largely at the expense of Canada, which has been losing its share of grain exports to the United States rather steadily since the 1930s.

What has changed, in the 1970s, is not the pre-eminence of the United States, but its policies. The world food economy before 1972 was American-centered and American-secured, an agricultural order directed in Kansas City or in the U.S. Department of Agriculture. It was based on the agricultural policies of the U.S. government, much as the international monetary system was based on the dollar. And it is this old agricultural order that has fallen apart in the 1970s.

The statistics of grain exports make agricultural trade sound somehow effortless, as though "grain" were a homogeneous commodity to be delivered easily from Kansas to Seoul. Yet agricultural production is necessarily variable. Until the mid-twentieth century, the only states to depend for long periods of time on imports of basic grain

[3] Orville L. Freeman, "Malthus, Marx and the North American Breadbasket," *Foreign Affairs*, July 1967.

were the most secure of imperial (and naval) powers: Athens at the height of its empire, Britain after the Repeal of the Corn Laws in 1846. Now weak states depend on lines of supply stretching halfway around the world, and poor states buy food on world markets.

The security of the world food economy has required immense expense, immense political effort. And this effort, in the 1950s and 1960s, was almost entirely American. The two supports of the system were the grain reserves owned by the U.S. government, and the U.S. policy of exporting food on favorable credit terms, as part of its foreign aid program. The U.S. government used its reserves to keep prices stable, and to maintain a secure supply of grain for export. It used the PL (Public Law) 480 food aid program to send food to poor countries; one of the consequences of the program was to prevent perennial disasters in the poorest food-importing countries. These U.S. policies were, however, adopted with little thought about the lasting political consequences of agricultural policy. The American agricultural empire was acquired as if by accident. The policies were designed, of course, to make possible the expansion of American exports and they did bring great profit and opportunity to American farmers. Foreign customers came to depend on U.S. food in a market where prices were stable and exports subsidized.

The history of the last four years of agricultural crisis is, in essence, a history of the decline of this old order. Since 1972, the U.S. government has held no more than minimal reserves of grain. World grain prices, which were more or less constant between 1956 and the end of 1972, now fluctuate wildly. The U.S. government also exported much less food as aid, sending much of what it did ship to Vietnam and Cambodia. The poorest countries received less than one-fifth as much food under U.S. aid programs in 1973 and 1974 as they had in the mid-1960s: not enough, from the United States or other sources, to avoid famine in Asian and African countries. The foundations of the old system no longer held.

III

Two major issues of principle were at the center of the momentous change in U.S. food policy in the early 1970s. One set of issues had to do with domestic concerns, and with the role of free enterprise in American agriculture. Since 1969, the policy of the Nixon and Ford Administrations has been to remove the government from agriculture. The federal government, according to this policy, should no longer own reserves of commodities and regulate prices, as it has for more than 30 years. Price changes should regulate the movement of re-

sources into and within agriculture. There were practical reasons in 1969 to be dissatisfied with recent farm policy. The government programs of the 1960s were expensive, and failed to provide farmers a decent income. From 1969 to 1971, in fact, American farmers were in the most severe recession since the early 1930s. Yet the Nixon Administration's enthusiasm for change was also lit by ideology: by a position in a long dispute about free enterprise and agricultural prices. For many officials, the change in policy was a matter of the greatest historical and ideological moment. The new policy, on this view, marked a break with 36 years of history since the agricultural reforms of 1933—from Roosevelt to Nixon.

The other issue in the new agricultural policy had to do with America's position in the world economy. The reserves and food aid policies of the Nixon Administration can be seen, in retrospect, as part of a wider vision. U.S. policy, in the early 1970s, called for a retreat from the arduous costs of world power in economic policy as well as in foreign policies more generally. And the United States, albeit to its own profit, had borne a more than proportionate share of the costs of keeping world food prices stable and paying for food aid to the poorest countries. The resolve of the U.S. government to dispose of its grain reserves was comparable, in this sense, to its resolve after August 1971 to limit the role of the dollar in the international monetary system. In President Nixon's words, the United States was no longer prepared to bear the "lion's share" of the costs of world reserves. (Food and monetary policies were also connected directly, in that the devaluation of the dollar—justified at the time as an instrument to make U.S. exports more competitive—made possible the great increase in U.S. grain exports in 1972 and 1973.) Secretary Butz, himself an articulate exponent of the Nixon Administration's wider foreign vision, has made the relationship of foreign and foreign agricultural policies explicit. "As we are not the world's policeman," he declared in a speech about U.S. food aid, "neither are we the world's father-provider."

It may be objected that an emphasis on these issues of principle in U.S. policy ascribes too much purpose to the acts of the U.S. government in the 1970s. The international economic policy of the Nixon and Ford White Houses was obviously often chaotic. Agricultural policy lurched from one famous futility to the next: the mishandling of the grain sales to the Soviet Union in 1972; the embargo on soybean exports in 1973; the deadly interruptions of U.S. food aid to very poor countries. Decisions were influenced by the most imminent of electoral concerns. The functions of international agricultural policy were di-

vided between different government agencies, between the Executive and Congress, between farm and corporate interests. Yet the principles are no less important for being discernible only in retrospect. And the recent policy of the United States—to remove the government from the conduct of agriculture, and the United States from the conduct of the world food economy—leads of necessity to diversity and confusion.

In 1976, the situation of the world food economy is still one of transition from the old American-determined order to an uncertain future. There is still no sign of a new international order for food. Reforms in food policies that have occurred since 1972 have been national more than international. In addition, they have dealt with the concerns of rich countries more than of the developing countries. The United Nations World Food Conference of 1974 called for international cooperation in holding reserves, in providing food as aid, and in promoting agricultural development in order to reduce the dependence of poor countries on the world food trade. Very little progress has been made toward these objectives. Several countries have increased their own reserves, and the amount of food they give as aid, but there is no agreement about how to coordinate national reserves and aid policies; many rich and poor countries plan to increase their food production, but this will take years to accomplish.

The recent U.S. agreement with the Soviet Union, to take one example of reform in agricultural trade, will have mixed consequences for the developing countries. The Soviet Union's grain imports vary greatly from year to year, and have been a major cause of instability in world prices. Under the 1975 accord, the Soviet Union will buy a relatively constant amount of U.S. grain each year until 1980. This agreement will undoubtedly reduce fluctuations in the price of U.S. grain, and to that extent will benefit the food-importing developing countries. But the agreement does not, for example, require the Soviet Union to buy its grain at regular intervals throughout the year. As a bilateral commitment, it does not affect the Soviet Union's worldwide buying or the indirect consequences of Soviet buying for U.S. market prices. In addition, as more U.S. exports are reserved for the largest customers—in bilateral agreements with the Soviet Union, bilateral understandings with Japan as an old and reliable client, informal understandings with European Community importers—developing countries may become least-favored buyers, competing for supplies in the interstices of the U.S. market.

Many of the rich food-importing countries have changed their own agricultural policies since 1972. Several of these developed countries intend in the next ten years to reduce their dependence on imported

food, and specifically on American grain. The Soviet Union itself is reported to be investing heavily in self-sufficiency, in projects for agricultural development, and also in storage for food reserves. Japan, the largest and most loyal of American agricultural customers, buys corn from Thailand under long-term arrangements, invests more in domestic food production, and intends to increase her investment in cattle ranching in Australia and Africa. The European Community (EC) countries, having achieved self-sufficiency in wheat, discuss increasing their production of animal feed. Britain, long a paragon of agricultural free trade, now aspires to produce more of its own food, as urged in a celebrated Government White Paper called "Food From Our Own Resources." These changes are of interest in that they reveal the unanimity of pessimism with which powerful states look to the future of the world food economy, but they do not greatly alter the situation of the poorer countries which will compete in that uncertain economy.

The developed food-exporting countries have also changed their policies in the past year or so, and in ways which will have rather more impact on developing countries. As food prices increase and the developing countries spend more cash on imported food, the competitors of the United States devote more effort to market development. Canada and Australia pursue markets in the oil-exporting countries; the EC has approved a long-term agreement to supply food to Egypt at subsidized prices. France, in fact, now proposes a major reorientation of farm exports toward markets in developing countries. The French government, in the "orientation" for its recent Seventh Plan, explains that for France, as for the United States, food exports will play an important role in improving the national balance of payments after the increase in oil costs. French agriculture, the officials write, can "become a structural and no longer an occasional exporter on world markets." Exporters, they suggest, should not be discouraged if markets in developing countries do not appear to promise a rapid increase in profitable demand. French agriculture should consider "the modification of consumption habits" in new markets, and should demand an increase in food aid to developing countries, apparently for the purpose of increasing the dependence of new customers. These recommendations seem to imitate American efforts of the 1950s and 1960s, nurturing new markets with little concern for the growth of agriculture in the developing countries. But if France and other countries do increase their exports, the world food economy will become more diverse and open. Such a change, all the same, will come about only slowly over the next ten years.

The policies of developing countries themselves have changed as well. The food-importing developing countries are at least as aware as Britain or the Soviet Union of the perils ahead in the world food economy. They have suffered the most in the disorders since 1972, and will have most at risk in the 1980s. Many, perhaps most, developing countries now see greatly increased political and economic benefits in promoting agricultural development. Many already favor new projects for increasing food production: from Mexico and Peru, Sri Lanka and Malaysia to almost all of the OPEC countries. But it will inevitably take a number of years before these countries substantially increase their rate of growth of food production. (It is a condition of underdevelopment that economic change takes time. Peru, to illustrate, sets out toward increasing food production with fewer resources than Britain: fewer roads, fewer schools, fewer agricultural technologists, worse water supplies, less money.) The depth of a world depression is also a peculiarly difficult time to begin, with the flow of resources to developing countries limited, and several food-importing countries desperately short of foreign exchange.

The change in political attitudes toward agriculture is of great importance. At its most general, it signifies a doubt in many developing countries about the benefits of "interdependence," or of development dependent upon international trade: an affirmation of the policy of determined autarky that was urged by the Chinese at the World Food Conference. But this political change will not be sufficient to alter the conditions of the world food economy before 1980.

In the next ten years, then, the world food economy will change only slowly. The new agricultural policies of different nations will eventually limit the growth in U.S. exports; over several decades, too, the United States will lose some of its comparative advantage in agriculture, both because U.S. agriculture is particularly energy-intensive and because the United States will have less unused land than many poorer countries. But in 1976, there are no new arrangements to replace the old American order in agricultural trade. U.S. policy or non-policy will continue to be of determining importance for the food situation of many developing countries and therefore in the international politics of food. Nothing that has happened since 1972, either in the United States or in other countries, yet suggests that the next ten years will be different from the years of transition and disorder since 1972.

IV

The political consequences of American agricultural pre-eminence

will be very obviously diverse for different developing countries. The "developing world" is not homogeneous, least of all as regards food. Some of the poorest countries (of which the largest are India and Bangladesh) need to import food to keep all their people alive, and need foreign aid in order to pay for the food. The richer developing countries buy most of their food on commercial markets, and use grain to supply a growing livestock industry. The OPEC countries are a special category among these more prosperous states.

The political power of the United States as a leading oligopolist of food most obviously concerns countries in the first category. The CIA analysts address this prospect, briskly speaking the unspeakable. If the weather is more or less the same for the next decades, they argue, "it is essentially the poorer LDCs [less-developed countries] that will become ever more dependent on U.S. food exports." These countries will apply to the United States for credit to buy food or for food as aid; "moreover, ability to provide relief food in periods of shortage or famine will enhance U.S. influence." If the weather were to become cooler, the dependence of the poor would be yet more pronounced. ("Washington would acquire virtual life and death power over the fate of multitudes of the needy. . . .") It is in this circumstance of bad weather that the analysts conceive of the United States as surpassing its "economic and political dominance . . . of the immediate post-World War II years."

The power of life and death over Bangladesh is not, apparently, a form of influence cherished by the U.S. government. Several U.S. officials I spoke with described the issue of relief to destitute countries in terms of domestic politics and inhibitions; one Treasury expert mentioned the power that very poor countries might exercise over the United States, a "power" to let millions of children starve on television. The CIA analysts themselves suggest an even more recondite menace, where "massive migration backed by force would become a very live issue." And they conclude soberly that the dependence of the very poor would "pose problems." Assistant Secretary of State Thomas Enders, one of the senior U.S. officials concerned with international food policy, expressed the same conclusion when he observed recently, speaking of the use of food as power, that "it is hard to think of any real purpose with the Indian subcontinent."

The politics of exporting food to very poor countries will involve more, therefore, than the use of power. U.S. power, in this situation, is not specific to food. It is a consequence, rather, of the dependence of destitute countries on the rich for food, credit, assistance. It seems likely that Americans will continue to feel a special responsibility for

the emergency needs of the poorest food-importing countries. (For one thing, even if other rich countries were to assume a proportionate share of the costs of emergency food aid, they would have to buy much of the food in the United States, just as Saudi Arabia, for example, has bought American grain for Bangladesh.) Yet the present prospect for continuing insecurity in food suggests disturbing questions about this more general politics of food.

U.S. food aid has increased in the last year. In 1975, the United States more than doubled its food aid to the poorest countries. This came about in part because Congress has required since late in 1974 that 70 percent of all U.S. food aid be sent to those countries which the United Nations designates as "most seriously affected" by the economic crisis; and in part because the United States no longer sends food as aid to Indochina. The change in aid policy makes it easier for the United States to use food aid for emergency relief in poor countries. As Secretary Butz has said, "In any famine situation, now or in the future [we remain] committed to providing humanitarian aid."[4]

Two episodes from the recent crisis, however, illustrate the difficulties of humanitarian policy under conditions of insecurity and "free competition." The first has to do with the tendency of governments in time of crisis to invest poor nations with a form of strategic importance which they would not have in more normal times. In fact, U.S. officials pondered the strategic uses of desperation in the months after the OPEC oil price increase in December 1973. Senator Hubert Humphrey (D-Minn.) described the episode in a letter to Secretary Kissinger in April 1974: "The United States has taken no initiative with respect to stepped-up food aid. . . . There have been repeated private references from within the Administration that this is a strategy designed to maximize pressure for an oil price roll-back, through highlighting the adverse effect of the oil price increases and encouraging developing country pressures on the OPEC countries, though not easing their dislocations resulting from developed country actions." The idea of the poorest countries as a despairing chorus line in international economic negotiations was soon abandoned, but only after some violence was done to U.S. principles of humanitarian policy.

[4] The U.S. Administration, it should be noted, rejects the views of those who propose a policy of "triage," or letting people starve now to avoid starving them later. This view justifies murder by omission on the grounds of an empirical and a moral judgment about the future: first a projection of the agricultural and nutritional situation of a group of people at a specified future time (for example, that people living in Bangladesh will be starving in 1990); second, a projection of future morality (that Americans will in 1990 not wish to prevent starvation in Bangladesh, at least at the cost of large increases in domestic food prices).

The second episode has to do with the origins of the 1974 famine in Bangladesh; and with the ways in which the economic and corporate structures of the international food trade affect even the poorest countries. In a crisis, the distinctions between categories of developing countries elide. The most destitute countries will buy food in commercial markets when food aid is not available. Thus in 1974 the 32 poor countries which were classified as "most seriously affected" by the economic crisis bought $700 million worth of U.S. farm products on commercial terms. They more than tripled their commercial farm imports from the United States between 1973 and 1974: a "massive migration" into the showrooms of the grain trade, as the CIA analysts might put it.

Bangladesh, in 1973 and 1974, bought American food in commercial markets. The circumstances of the 1974 famine illustrate the consequence of chaos, where food policy is made inadvertently, and in the marketplace. Early in 1974, the Bangladesh government contracted to buy grain to meet its import needs from Canada, Australia and the United States. These purchases, at current high market prices, were to be financed with short-term commercial credit. In the summer of 1974, the Bangladesh government, desperately short of foreign exchange, was unable to obtain the credit. Two large sales by American grain companies, for delivery in the autumn, were therefore cancelled. Bangladesh was not able to obtain U.S. government credit. Meanwhile, U.S. agreements to supply food as aid under the PL 480 program were also delayed, mainly because officials were negotiating in secret as to whether Bangladesh was disqualified from receiving aid because it had sold jute to Cuba earlier in the year. (A Treasury official suggested afterward that, "at least at the Treasury," officials also considered triage-like ideas as to where the prevention of famine would be most useful.) By the time the American food arrived in Bangladesh, in December 1974, the autumn famine was over.

This story is not, I think, exceptional. Rather it illustrates that in a situation of competitive uncertainty "food policy" is made not only by governments but also by banks, grain companies, the price mechanism. It is the sort of thing that can happen again in future crises.

V

The issues of influence and power are different in the case of the richer developing countries. These countries take a large and increasing share of U.S. agricultural exports. It is their economic relations with the United States which have changed most, as agricultural trade has become dominated by commerce and not aid. Of the

food that the United States exports to developing countries, less than 15 percent goes to the 30 or so poorest nations. In the next ten years this proportion is not likely to increase: the demand for food is growing faster in the more prosperous developing countries than in poorer countries, as people in Iran or Mexico eat better and buy more corn to feed their chickens. In 1974, each of 18 developing countries spent more than $100 million on U.S. agricultural exports, as compared with only five countries the year before. Several oil-exporting countries were among the 18, as were exporters of metals and raw materials (Peru, Chile, the Philippines) and countries with more diversified exports (Mexico, Brazil, South Korea).

There is no question that the United States has influence over these countries that depend on American food. The influence, now, is commercial. When the United Nation's original 32 "most seriously affected" countries are excluded, less than eight percent of the food the less-developed countries import from the United States is sent under PL 480 aid agreements; and almost all of this goes to countries such as Chile, Korea, Syria in which the United States has an intense political interest, either continuing or brief. The influence has to do with financing, foreign exchange, trade negotiations. Commercial sales to the richer developing countries are often, for example, financed with U.S. government export credit, under programs which the Department of Agriculture calls "a market retention and development tool." These countries are most concerned with the price at which food is sold.

American influence here again would become power only in the extremity of economic crisis. When the grain available in the world is unexpectedly limited (because of bad harvests, or war, or an increase in demand) the United States might be in a position to decide how to allocate scarcity among various grain users, domestic and foreign: by export controls, perhaps, or by price increases. In such a crisis, countries might compete for political priority or for credit. If supplies were to be allocated by export controls, they might compete to position themselves on the right side of an interdiction. In theory, then, the United States might find the opportunity to prosecute political, economic or other interests.

It is certain that harvests will often be bad, and that the demand for food exports will often change suddenly. But the conditions for a "successful" exercise of U.S. power are less certain. The conflicts inherent in the use of food power are illustrated in a recent suggestion by the agricultural expert, Lester Brown. Mr. Brown proposes that the United States and Canada form a Joint Commission, which "in

a sense . . . would parallel the efforts by the OPEC countries to manage petroleum." One of the Commission's functions would be to superintend grain exports in time of scarcity. Brown suggests that it "restrict access" by certain countries, largely those that conceal their agricultural situation, or ignore agricultural development, or do not favor contraception: "Those countries that do not have responsible population policies should not count on access to U.S. food supplies . . . [agricultural and population] problems would be left for each country to work out on its own. . . . Evaluation at the international level would be focused on what the business community calls the 'bottom line,' the results."[5]

There are two main difficulties with such a plan. One has to do with the character of the grain market in a situation where most developing countries come to the United States not for food aid, but with dollars for commercial exports. (It is difficult to imagine the Commission's pronouncements: "The Commission regrets to inform the Ambassador of Colombia that according to our accountants' final report the population of Colombia increased last year at a rate of 3.32 percent. We have therefore directed the Continental Grain Company to undertake no further negotiations with the Colombian Ministry of Procurement. . . .")

Then too, the world grain market is peculiarly unsuited to export embargos. It is different from the world oil market, for example, in that less than an eighth of the grain produced in the world is traded internationally, as compared with more than half of all the oil produced. Thus, U.S. grain exports account for half of all grain exported, but only five percent of all grain produced, while the oil exports of the Persian Gulf states account for half of world exports, and nearly a third of all oil produced. Grain-importing countries therefore have enormously more opportunity than oil-importing countries to buy from odd sources—in the case of countries to which the United States refused to sell, from the residual 95 percent of the world harvest.

The second difficulty with the Brown scheme is political. The last ten years of U.S. involvement with the developing world do not commend the uses of coercion—far less those modes of coercion whose animus is deathly. The history of U.S. efforts to promote population policies is a case in point. In the mid-1960s, when the U.S. food aid program was at its most extensive, and U.S. ambitions in developing countries most expansive, the Johnson Administration adopted what

[5] Lester Brown, "The Global Politics of Food: Role and Responsibility of North America," Marfleet-Falconer Lecture, University of Toronto, September 1975.

was called a "short-tether" policy in India, whereby PL 480 agreements were linked to the adoption of agricultural and population programs. That policy was resented intensely. There would be nothing, I think, more likely to destroy the influence the United States might have over food-importing countries than the possibility of future coercion.

The recent food crisis has already changed U.S. relations with many of the richer developing countries, however, in other ways. The developing countries suffered disproportionately from the increase in U.S. food prices. The conditions of a chaotic "free" market are always worst for poorer and smaller buyers. When the price of wheat increases by $4 per bushel, Mexico suffers more than, for example, Japan. Mexico's import bill for U.S. agricultural products increased by more than $700 million between 1972 and 1975: this increase is equivalent to more than one percent of Mexico's gross national product. Several of the more prosperous developing countries are close to insolvency this winter, and many import food as well as oil and other newly expensive commodities.

The breakdown in the old agricultural system appeared peculiarly traumatic to many people in developing countries. Several countries which buy U.S. food were in the past large recipients of U.S. food aid (Korea, Brazil, Colombia, the Philippines); it is a proud claim of the U.S. Department of Agriculture that these states have grown up to be cash customers for American wheat. For nearly 20 years, the United States has nurtured export markets with the PL 480 aid program. Many countries feel, too, that they have neglected their own agricultural development, in part because of the disincentive of subsidized food imports.

The crisis seemed sudden: as prices increased, U.S. government-sponsored groups in Latin America continued to promote the use of wheat macaroni in cooking, wheat flour in schools. (People in developed countries also, of course, objected to the rate at which U.S. policies changed. The U.S. embargo on soybean exports in 1973 became an angry political issue in Japan: a few weeks before the embargo, U.S. experts were touring Japan, explaining the joys of cooking with American soybeans.)

There is no doubt that the chaos in food exports contributed to the deterioration in U.S. relations with many developing countries in the early 1970s. The policy of the United States, as explained often by Secretary Kissinger, is to avoid "confrontation" with developing countries, to prevent the formation of economic blocs, to preserve the international economic system. Yet the consequences of U.S. food

policy have been to contradict this principle. The resentment that developing countries felt at the crisis in food aid and food prices goes to the political heart of the movement for a "new economic order": the belief of many countries that the industrialized world, and the United States above all, owes a peculiar debt to developing countries because of its responsibility for building and breaking the old order.

This resentment also, of course, had practical consequences. The OPEC countries, to take one extreme case, were certainly influenced in 1973 and 1974 by the recent history of inflation and crisis in U.S. food exports. It is not solely in the spirit of revisionist and self-justifying rhetoric that the Shah of Iran, for example, points to the earlier increase in U.S. food prices as a stimulus to OPEC's actions. Most of the increase in U.S. wheat prices took place before oil prices increased late in 1973. (As it was explained in August 1973, "What also needs to be recognized is that [the United States] can now buy a barrel of foreign crude oil with less than a bushel of wheat, and a year ago it took almost 2½ bushels to get that barrel." This was the voice not of the Shah but of *The Wall Street Journal*'s editorial writers.)

VI

The situation of OPEC countries since 1973 illustrates, finally, the limits of American food power and influence in a political crisis. The OPEC countries are as dependent on imported food as any group of developing countries. They include some of the least fertile countries (Saudi Arabia), countries which have in the past most neglected agricultural development (Algeria), and some of the countries most dependent on American grain (Venezuela). The OPEC countries have also multiplied their food imports quickly in the last few years. Before 1973, only Venezuela of the OPEC countries was a large and consistent buyer in U.S. agricultural markets. In the year after the 1973 oil price increases, the 13 OPEC countries bought some five million tons of U.S. grain; five countries (Iran, Venezuela, Algeria, Iraq and Saudi Arabia) each spent more than $100 million to buy American food.

It is the OPEC countries that U.S. officials had most clearly in mind when they hinted in 1974 at using food as a political weapon. The possibility of a "counter-embargo" in grain has been discussed widely in the United States since the Arab OPEC states' oil export embargo of 1973, as has the imposition of some equivalent of an export tax on grain sales to OPEC countries. This prospect is con-

sidered anxiously in the OPEC countries themselves, and above all in the larger countries, which have real hopes for economic and industrial development. Thus Venezuelans, for example, are openly concerned about the possibility of a crisis in food exports: they often import close to 100 percent of their wheat from the United States, and almost half of all the grain they consume.

Yet, many of the oil-exporting countries are able to buy food elsewhere than in the United States. In November 1973, the U.S. House of Representatives published a well-known analysis of food embargos by the United States: the study concluded that the Arab OPEC states participating in the oil embargo could well afford to buy the food they need from other suppliers, and that much of the grain they import is in any case transshipped through third countries.[6] U.S. exports of grain to the Arab OPEC states have doubled since 1973. But the general argument still holds. As Assistant Secretary Enders observed to me recently, retaliation by the United States alone against the oil states in the Persian Gulf would be difficult, "unless you have destroyers all the way around."

The situation is rather more perilous for the poorer OPEC countries. But a selective food embargo, with or without destroyers in the Persian Gulf, would have many of the same political consequences as would the exercise of military force against oil-exporting countries. And embargos or taxes on food would require the solidarity of oil consumers: that France and Japan, for example, collaborate in militancy instead of hastening to sell.

The commercial inhibitions against a political restriction of U.S. food exports are also forceful. American farm exporters have with notable enterprise developed a $1.7-billion market in the OPEC countries; the oil-exporting countries are of even greater interest to U.S. traders in that their demand for food will continue to grow very fast. Already, by 1974, the OPEC countries in the Middle East alone accounted for half of all commercial exports of American rice, and four-fifths of the increase in these exports. Iran was the third largest customer for U.S. wheat (after Japan and India) and the largest paying customer for American rice and soybean oil. It seems clear that even the discussion of food embargos in the United States has hurt the prospects of American farmers in this lavish market: Iran is now considering the possibility of long-term contracts to buy Australian wheat, while the European Community countries eagerly suggest

[6] *Data and Analysis Concerning the Possibility of a U.S. Food Embargo as a Response to the Present Arab Oil Embargo,* U.S. House of Representatives, Prepared for the Committee on Foreign Affairs by the Congressional Research Service, November 29, 1973.

agricultural export arrangements to Algeria, Iran and Iraq.

In the longer term, finally, the OPEC countries will also have the resources to increase their own agricultural production, or to develop new sources of supply. All the larger OPEC countries now place a high priority in their development projects on increasing self-sufficiency in food. There are social and environmental as well as geopolitical reasons for this choice: Venezuela has favored agricultural development for years, and the present government hopes to create "the first tropical country where the rural population achieves the same per capita income as the urban population;" Algeria is building a "green barrage" against the encroachment of the Sahara. Some of the projects are equivalent to the inverse of the U.S. government's Project Independence for oil. Iraq will settle colonies of Egyptian peasant farmers in the valley between the Tigris and the Euphrates; the Arab Fund for Social and Economic Development proposes to invest at least a billion dollars to make the Sudan, which already exports grain, meat and sesame seeds across the Red Sea to Saudi Arabia, into an agricultural hinterland for the Middle East.

VII

The issues and illusions of food power suggest more general questions about the politics of U.S. economic power. The use of economic power has appeared to require a diminution of U.S. power in general. "Food power," that is, is conceivable only in a situation of agricultural transition, where the United States is engaged in retreat from the power it exercised during the 20 years when the world food economy was American-ordered and American-secured. This paradox explains the fallacy in the CIA analysts' view of food and power. They see food as restoring the "primacy" of the United States: yet the use of food as power is founded on the diminution of that primacy.

The politics of food in the next ten years will be a matter not of power but of the economic issues, from prices and reserves to export promotion, which have already, since 1972, so influenced U.S. relations with developing countries. And these issues lead back of necessity to the domestic issues of U.S. agricultural policy: to the principles of free enterprise and retreat from hegemony which have dominated U.S. decisions about world food since the Nixon Administration's "new agricultural policy."

The domestic issue of laissez-faire in agricultural policy has important international consequences. It suggests profound questions about the nature of American agriculture: Is agriculture a business much like any other? Are farmers simply entrepreneurs who live in

the country? Do farmers want stable incomes, and do consumers deserve stable prices? The dispute in essentially its present form engaged the opponents of President Roosevelt's Agricultural Adjustment Act of 1933; as noted earlier, some modern enthusiasts believe that the agricultural reforms of 1969–1976 served to undo 36 years of Rooseveltian misrule. The long dispute was explained clearly by J. K. Galbraith in 1954, in a discussion of the opposition to agricultural price-support programs. As Galbraith observed, the history of U.S. agricultural policy in the twentieth century "mirrors a remarkable and continuing determination by farmers to gain some control over market forces." Yet he noted the conflicting opinion of Ezra Benson, Eisenhower's Secretary of Agriculture, that price supports should be used only to prevent "undue disaster," and not to keep prices stable: Galbraith's essay was written in answer to the manifesto of a group of "distinguished agricultural economists," who included Benson's eventual successor Earl Butz, as ardent for competition then as now.[7]

It is these issues of domestic principle which must be considered in any lasting reform of America's international food policy. Should agriculture be dominated by the free market? Can the old vision of a free agriculture properly be applied to a situation where American agriculture is oriented more and more to world markets, with more than two-thirds of all American wheat, for example, produced for export? How much consideration should be given to international consequences—the consequences, for example, of a U.S. policy of freely fluctuating export prices—in determining domestic farm policy?

Some of the answers to these questions are a matter of practical self-interest and efficiency. Many arguments against laissez-faire in agriculture, made for years in connection with domestic policies, apply yet more strongly to American agriculture in its international incarnation. U.S. agriculture is very far from any ideal of competitive enterprise. The use of resources in agriculture was determined during 40 years of planning. Agricultural prices are made in markets, for commodities and commodity futures, where large buyers and speculators are pre-eminent. The five large corporations that sell and ship almost all the grain exported by the United States (and many other countries) operate under conditions of notable confidentiality, license, and oligopoly. The U.S. government itself, moreover, explicitly exempts some of the international operations of U.S. agricul-

[7] J. K. Galbraith, "Economic Preconceptions and the Farm Policy," *American Economic Review*, March 1954.

ture from the more stringent requirements of laissez-faire. As Clayton Yeutter, the U.S. trade negotiator, has explained: "There is no way that American agriculture can prosper solely on its domestic market. ... Orienting agricultural policy toward a world market does not constitute government neglect of agriculture. On the contrary, it defines the areas where government can be really helpful—such as in international trade."

There are reasons other than economic efficiency to question whether free agricultural enterprise is in the self-interest of the United States. A world food market characterized by chaos and crisis is, for example, hardly the best circumstance for the development of agricultural trade. American farmers have a long-term interest in stimulating exports: the consequence of the recent disorder has been to encourage several foreign countries (Britain, Venezuela, the Soviet Union) to limit their dependence on U.S. exports by increasing agricultural production and diversifying the source of their imports. The argument can be extended, of course, to political issues. The United States has some interest in the influence that follows from agricultural trade. But such influence will be transitory where trade is continually interrupted or destroyed. As Secretary Kissinger suggests in his proposals for a new "global consensus" where cooperation replaces confrontation, the United States has an interest in a stable world, including, presumably, a secure agricultural economy, growing agricultural trade and the solvency of the international banking system with few food-importing countries defaulting on their loans.

Beyond this reasoning there is the question of fairness. The old order in food was in many ways the most extraordinary monument to American power. It brought the most profound modification in people's lives of the postwar period: the period of the American Peace, and of American economic dominance. The change was made possible by the $25 billion that the United States spent on its food aid program. People in Latin America learned to eat wheat flour, and people in Korea bought food shipped half-way around the world. The change went even beyond the economic and logistic dependence of food-importing countries, to the diet and culture of thousands of millions of people. It went, too, to an idiosyncratic ideal, of remaking the world in the image of wheat-eating and Americanism: an ideal of feeding the hungry and selling wheat. It is this structure which fell into pieces in the crisis of 1972–1976. There is a very evident sense in which America will fairly bear some responsibility for the construction of a new order.

VIII

The most urgent reform of the agricultural order has to do with emergency assistance for countries facing a food crisis. One of the certainties in an uncertain situation is that such assistance will be needed —this spring, perhaps, or even this month. Rains and disease do not follow the timetable of nations convened in the International Wheat Agreement, for example, or in the World Food Council as it considers the emergency food reserve proposed in 1974 by the World Food Conference. National food-aid policies will therefore be of decisive importance. Indeed, in the months of crisis after the World Food Conference, it was the U.S. decision to provide more food as aid to poor countries that prevented greater disaster.

For the United States, the need to improve the process of emergency assistance is fairly widely accepted. The U.S. government believes that starvation is undesirable, and that catastrophe is not an instrument of international relations. Many officials now acknowledge the failure of U.S. aid policies in 1973 and 1974, toward Bangladesh and other countries, and favor a new U.S. policy for emergency food aid.

The elements of such a policy exist in the present U.S. law. The provision of the 1976 Foreign Assistance Act requiring that most U.S. food aid must go to the neediest countries is likely to be continued in similar form. Congress will this spring consider a revision of the PL 480 legislation, devised by Senators Hubert Humphrey (D-Minn.) and Dick Clark (D-Iowa), which is directed in large part toward improving the emergency provisions of the law: assuring a minimum level of assistance, some continuity in aid programs, and some recourse to a multilaterally determined criterion of emergency. The legislation would commit the United States to the principle of providing specified amounts of food as aid to those countries which are determined on the basis of international consultation to be in extreme need.

These reforms, which have been considered in various versions since 1974, could form the basis for U.S. participation in a new and authentically international aid scheme. They could provide a transition to a system whereby rich nations share in the relatively small costs of emergency aid (the amount of grain that Bangladesh lacked in the autumn of 1974 was equivalent, for example, to around one-twentieth of the grain that Japan imports each year); and eventually to a multilateral system.

The second sort of reform, the effort to stabilize prices in a food reserve scheme, involves enormously more domestic political conflict

for the United States. The United States has been engaged since the World Food Conference in negotiations about an international system of nationally held grain reserves. The discussions raise difficult questions: Who should participate in the system and under what conditions? How should the costs of the scheme be shared? How is it to be established that the United States will not again bear a disproportionate share of the costs of carrying reserves, particularly to the benefit of such large grain-importing countries as Japan and the Soviet Union? Yet the major question has to do with price changes. The United States favors a proposal, unacceptable to the European Community, which provides for a reserve system to be defined in terms of physical quantities with no reference to changes in price, and is apparently not prepared to discuss in an international forum the question of limiting fluctuations in grain prices.

A change in the U.S. policy as to agricultural prices is likely to be the necessary condition for success in international efforts to set up a new system of grain reserves. It is also important to America's national reserve policies. There is little doubt that the U.S. government will again hold publicly financed grain reserves. Without the large Soviet purchases in 1975, this would probably already be the case. There is now increasing support—from several farm organizations and grain corporations, for example—for government intervention to hold reserves. And of course even the existence of publicly owned reserves would have a stabilizing effect on prices. But it is important, all the same, that the conditions under which the reserves are held be considered openly. Secretary Kissinger has spoken often, in the last few months, of U.S. participation in a "global approach to food security;" he has decried the consequences of "gyrating prices," and of "fluctuations . . . [in] the international food market." Yet the policy of the U.S. government toward changes in farm prices is not often in Secretary Kissinger's domain.

There must, finally, be more open and public consideration of the international consequences of U.S. agricultural policies. The effect of these policies has been so momentous for U.S. political relations with developing countries that such discussion seems critical. It is my own view that this reconsideration should encourage the United States to restore government intervention in agriculture: a return to some aspects of the agricultural planning of the 1930s, 1950s and 1960s. But at the least, the political implications of the choice between planning and free enterprise should be examined openly. In the next one or two years, the U.S. government will make decisions of lasting importance about prices and reserves, and also about the

future orientation of agricultural production: for example, as to whether, if crops are lavish, the U.S. government will again use export subsidies or even its foreign aid program to nurture new export markets in developing countries. Policies so paramount should no longer be made under the obscure, unthinking and introspective conditions of 1972 to 1975.

Considerations of this sort are not peculiar to food and agriculture. They have to do with the connections between planning, domestic economic policy and international relationships. Yet they are of particular moment in the case of agricultural policy. In 1976, there is an extraordinary opportunity to foresee and prevent future crises and, therefore, future disaster.

There is a curious precedent for this endeavor in the early history of America's international food policy. In November 1918, when Herbert Hoover left New York for Europe, he addressed the employees of the wartime U.S. Food Administration about the future of agriculture. Hoover, as a distinguished and liberal engineer, had directed U.S. relief operations in Europe, and was the head of the Food Administration. In his speech he was concerned not so much with the international food situation as with America's own agricultural policy insofar as it affected the world situation. He spoke of the "honest and fair treatment of the farmer," and of the "abolition of speculation": it was in these domestic changes that Hoover saw a "triumph" of U.S. policy after the War. Hoover's efforts in the First World War marked the beginning of the modern involvement of American agriculture in the world. The food crisis of the 1970s signified a crisis in that involvement. There is an opportunity, in 1976, to return to Herbert Hoover's hope for an international food policy based on domestic reform: but in the interest, now, of transition from the old American agricultural order.