

Potential Role of Humanitarian Efforts

D. Gale Johnson*

As I prepared these remarks I found myself reflecting upon the implications of an idea that is common to all of the major religions of the world and to most ethical positions, namely that it is desirable to give; it is, in effect, better to give than to receive. In the King James translation of the Bible, it is written: "It is more blessed to give than to receive." A fairly modern translation places giving in an equally selfish framework: "It makes one happier to give than to be given to." There is some implication here that the one who receives may not be happy at all, though this does not necessarily follow since both the giver and the receiver could be made happier than each was before.

I have long remembered a wise statement attributed to some ancient Chinese philosopher — I have forgotten the source — who was supposed to have said: "I don't know why he doesn't like me; I never did anything for him."

To me these are troublesome thoughts. Admittedly it makes us feel good, either individually or collectively, when we do something that we believe helps others. But all too often we fail to consider how our act of charity, however fine our intentions, may make the recipient feel or what effects there may be upon the recipient's circumstances.

More than a century ago, John Stuart Mill wrote as follows about these issues:¹

On the other hand, in all cases of helping, there are two sets of consequences to be considered; The consequences of the assistance itself, and the consequences of relying on the assistance. The former are generally beneficial, but the latter, for the most part, injurious; so much so. in many cases, as greatly to outweigh the value of the benefit. And this is never more likely to happen than in the very cases where the need of help is the most intense. There are few things for which it is

*Provost and Eliakim Hastings Moore Distinguished Service Professor, University of Chicago

more mischievous that people should rely on the **habitual** aid of others, than for the means of subsistence, and unhappily there is no lesson which they more easily learn. . . .

Energy and self-dependence are, however, liable to be impaired by the absence of help, as well as by its excess. It is even more fatal to exertion to have no hope of succeeding by it, than to be assured of succeeding without it. When the condition of any one is so disastrous that his energies are paralyzed by discouragement, assistance is a tonic, not a sedative: it braces instead of deadening the active faculties: always provided that the assistance is not such as to dispense with self-help, by substituting itself for the person's own labour, skill, and prudence, but is limited to affording him a better hope of attaining success by these legitimate means. . . .

In so far as the subject admits of any general doctrine or maxim, it would appear to be this — that if assistance is given in such a manner that the condition of the person helped is as desirable as that of the person who succeeds in doing the same thing without help, the assistance, if capable of being previously calculated on, is mischievous: but if, while available to everybody, it leaves to every one a strong motive to do without it if he can, it is then for the most part beneficial. . . . If the condition of a person **receiving** relief is made as eligible as that of the labourer who supports himself by his own exertions, the system strikes at the root of all individual industry and self-government; and, if fully acted up to, would require as its supplement an organized system of compulsion for governing and setting to work like cattle those who had been removed from the influence of the motives that act on human beings. But if, consistently with guaranteeing all persons against absolute want, the condition of those who are supported by legal charity can be kept considerably less desirable than the condition of those who find support for themselves, none but beneficial consequences can arise from a law which renders it impossible for any person, except by his own choice, to die from insufficiency of food.

While Mill addressed himself to the problems of charity or philanthropy within a society, what he has to say is equally relevant to transfers from one society to another, from one nation to another, or from international agencies to a nation. If we have learned nothing else from our efforts to aid other nations during the past three decades, it is that it is exceedingly difficult to be a good and effective donor. Further, we have found few new friends and on occasion have alienated old ones. Except for the Marshall Plan, where we were dealing with peoples whose culture and society we understood and respected, it cannot be said that we have pleased either ourselves or the recipients of our good intentions most of the time.

It is, I fear, fairly obvious from these introductory remarks that I believe that humanitarian efforts can have only a limited role in improving the nutrition of the world's poorer people. Consequently, such efforts will be of only minor significance in linking the supply and demand of agricultural markets for the world. In saying this, I do not mean that humanitarian efforts are of no value and that thus there is no place for well conceived efforts to assist others less fortunate than we. I hope that I can make a small number of valid points — that giving must be modest,

well defined in its objectives, and primarily for the benefit of the recipient rather than a seemingly simple solution for one or more of the donor's problems.

Some Misconceptions About the International Distribution of Food

While less common today than it was a few years ago, one serious misconception about the distribution of food among the peoples of the world is that if the available supply of food were more equitably distributed there would be food enough for all. The arithmetic behind this conclusion is simple enough — take the total number of calories contained in the grain produced in the current year and divide by the number of people in the world and the result is easily 3,000 calories per day for somewhat more than 4 billion people.² And there would remain at least 1,000 calories per day from other food sources to be disposed of.

A similar and related misconception is that if everyone in the world had the American diet, current world food production would be adequate for only "x" number of people. I haven't checked to see what the various estimates of "x" are, but I suppose that it would be about a billion persons.

It is hardly necessary for this audience to stress the fallacy in the equal distribution of current food output among the world's people. There is, after all, a link between reward and output. No one has yet, so far as I know, provided a blueprint for maintaining the current rate of world grain production while requiring the United States, Canada, and Australia to give or transfer to others about 75 per cent of their grain, net of requirements for seed.

Another misconception is that the affluent of the world reduce the available food supply of the poor. This has been argued both as a general proposition and during times of difficulty, such as 1973-75. This is clearly a wrong headed view. If anything, the contrary has been true. It has been the affluence of the United States that has permitted such a large investment in agricultural research, some of whose benefits have been realized by others. It has been affluence that has made possible the enormous productivity of American (and Canadian and Australian) agriculture and has permitted a volume of food exports that has provided a significant part of the food supply of hundreds of millions of the poorer people of the world.

And it was the affluence of America that made it possible to reduce grain use in 1974-75 by more than 20 per cent below the prior year's level despite a reduction in grain production of 33 million tons or 14 per cent. The fact that a large percentage of domestic use of grain is as livestock feed made such an adjustment possible. If we had fed little grain to livestock, our grain exports would have fallen and tens of millions of people would have died.³

Those who urge that Americans should feed less grain to livestock should contemplate the current demand and supply situation for grain in this country and in international markets. One important factor in the recent low prices of grain is due to

the slow recovery of domestic grain use from the reduction made in 1974-75. Had U.S. grain use been at the same level the past three years as it was in 1973-74, market prices would have been higher and we would not now be retiring land from cultivation this year. In any case, it is not obvious that recent low grain prices — the lowest since the Great Depression in real terms — have benefited the poor people of the world. In saying this I am not advocating a return to the grain prices of 1973 and 1974, but merely noting that the world food system is complex, indeed.

Appropriate Objectives of Humanitarian Efforts

During the past three decades there has been an unprecedented transfer of food from high income countries to low income countries, with the United States being the major supplier of such food transfers. While there has been substantial food aid in response to particular emergencies in prior times, the recent large transfers are unique in terms of their continuity and magnitude. It is not my intention to review the effects of these transfers upon the recipient countries, but I will very briefly review the objectives that appear to have guided our food aid programs. If we ignore the food aid provided during World War II and the reconstruction period that followed, our food transfers have been in pursuit of five main objectives. The relative weight of these objectives has varied over time and from place to place, but each has been important. They have been:

1. To encourage the disposal of agricultural commodities that could not be exported through normal trade channels at the prevailing market prices — surplus disposal;
2. To encourage economic development in other countries;
3. To promote collectivestrength and to foster in other ways the foreign policy of the United States;
4. To improve the nutrition of people in low income countries; and
5. To provide food in response to emergency situations, such as natural catastrophes (floods, tornadoes, earthquakes) or food production shortfalls due to natural factors.

These objectives, especially the fourth and fifth, were implicit rather than explicit in the original version of P.L. 480, whose title was "The Agricultural Trade Development and Assistance Act of 1954." In the Food for Peace Act of 1966 these two objectives were made more explicit since one of the purposes of the act was "to use the abundant agricultural productivity of the United States to combat hunger and malnutrition. . . ." In the 1966 amendments to the objectives of the act it was stated that food aid should be allocated "with particular emphasis on assistance to those countries that are determined to improve their own agricultural production. . . ." The Food for Peace Act of 1966 not only authorized the President to consider the efforts of friendly countries to increase their own agricul-

tion but also the strength of their efforts to meet their problems of population growth in exercising the authority provided in the legislation.

Subsequent changes in the statement of purposes, particularly the new directions for foreign economic assistance passed by Congress in 1973, were largely directed to minimizing the use of food aid for political purposes by requiring that a large fraction of Title I shipments go to a group of the poorest countries. However, sufficient loopholes were left so that a significant part of the food aid, especially that going to the Middle East, is in response to national political objectives.

The above recital of objectives is intended to reveal the mixed motives underlying our philanthropy. Perhaps one could say that the drafters of the original objectives of P.L. 480 were more honest in their statement of intentions than most of us have been since then. They were quite forthright in their intentions — to dispose of farm products that were a burden to the domestic economy and to expand the exports of our farm products. Humanitarian impulses were clearly secondary, if present at all. We wanted to do good, but it was primarily for our own selfish purposes. I don't say that very critically, if at all. It can hardly be said that as we have become more sophisticated in our statement of objectives that our performance as a responsible donor has significantly improved. If we have done less harm in recent than in prior years it is primarily because we have had less than we wanted to dispose of free or at highly subsidized prices.

I see little evidence in either our objectives or our actions that we have clearly defined the purposes that can be achieved by food aid or other forms of aid related to food production and distribution. The primary cause of malnutrition, including inadequate calorie consumption, is poverty. Most of the people of the world who have inadequate diets are very poor people and most of the very poor people of the world live in rural areas. The World Bank has estimated that 80 per cent of the poorest people in the developing world — those that might be described as living in poverty — live in rural areas. Too many of us think of the teeming population of Calcutta or the hundreds of thousands who live in the favelas of South America as the largest component of the underfed population of the world. But these people, as unfortunate as they are, represent only a minor fraction of the total who are similarly victims of poverty.

I conclude that humanitarian efforts or aid will make a positive contribution to an improvement of the circumstances of the world's poorest people only if:

1. It meets directly and efficiently a quite specific human or social need, such as the food needs of children and mothers, or helps to create community amenities such as a clean water supply, improved sanitation, or more adequate roads.
2. It increases the degree of security of food supply in a way that does not have significant disincentive effects upon local producers.
3. It results in an increase in the productive capacities and incomes of poor people, through increasing agricultural output or any other activity that results in higher incomes.

I have deliberately not included among the objectives the use of aid to expand the world's demand for food in order to absorb the available supply of food at prices deemed reasonable by producers, especially the producers in the major food exporting countries. I do not believe that the use of aid primarily for the benefit of those who give is an appropriate end for humanitarian efforts unless it is evident that there is a substantial gain to the recipients. In other words, the material benefits to the granting countries should be given a secondary rather than a primary role. Put another way, food or any other form of aid to low income countries should not serve as an excuse for our failures to meet our adjustment problems.

The Limits of Food Aid

In emphasizing the limits of food aid I am not implying that there are no useful objectives that can be met by such aid. I have just outlined three such objectives. These three objectives, however, are likely to require a smaller flow of food aid than we have seen in the past or may see again in the future if international grain and other staple food prices remain at their recent levels.

When food aid is viewed primarily for the benefit of the givers, as appears to have been the case both in the past and in current thinking, there are some obvious undesirable consequences. Such aid contributes little to the food security of the developing countries since the amount of such aid is determined to a considerable degree by the interest of those who give rather than by the desirable effects upon the recipients. We need only to briefly review the pattern of world aid in grains from 1960 to date. During the 1960's the annual aid transfer of grains was about 14 million metric tons; of this the United States supplied more than 90 per cent. In 1970-71 and 1971-72 the annual transfer was approximately 12 million tons. In 1972-73 and 1973-74 it could hardly be said that the circumstances of the recipient countries changed in a favorable direction, yet aid in the form of grain declined to 10 million tons and then to less than 6 million. Since 1973-74 the average level has been about 8 million tons, but it seems quite clear that there is a definite upward trend with 1977-78 shipments forecast at almost 9 million tons. Recent international discussions have indicated that the donor countries are considering further increases — a not unexpected development given the international prices of grain.

I should note that had food aid in the form of grain been at the same level in 1973-74 and 1974-75 as in the first two years of the decade, international grain prices during those two years would have been substantially higher than they were. This would have been true unless grain received as food aid were a perfect substitute for commercial trade in grain — a ton of food aid displaces a ton of commercial imports. While there is a substantial substitution of food aid for commercial trade, no one has claimed that aid is fully offset by a decline in commercial imports. Thus the decline in food aid benefited low income countries that were net grain importers and received little or no food aid in any case.

I do not know what volume of food aid can be effectively used to meet specific human or social needs. School lunch and other programs for children and mothers are probably more limited by the capacities and facilities for effective administration than by the available supply of food from aid agencies, both public and private. And there is certainly a role for food aid as one component of rural development projects, though the problems of transport and direct distribution to rural communities limits the amount of such aid.

Except for a modest contribution to rural development projects, I do not believe that food aid has a significant role in increasing the productive capacities and incomes of poor rural people. One could imagine projects to improve irrigation and water control that resulted in disruption of food production for a year or two; in such case food could be supplied as aid without any disincentive effect upon local production and the value of the aid would be more or less equivalent to its money value. But other forms of aid than food are required if aid is to be effective in increasing the productive capacities and incomes of poor rural people.

But I do believe that food aid can make a substantial contribution to food security for the poorer people of the world. Food aid can be used to minimize the adverse effects of national production shortfalls in the developing countries. A large share of the human suffering caused by production variability could be eliminated. I would go so far as to say that it is now possible to prevent nearly all deaths and most of the hardships due to food production shortfalls. The next section of this paper will be devoted to the presentation of a proposal that could make the world a more tolerable place for its poor people.

Improving Food Security

Food security for all developing countries could be significantly improved by instituting a grain insurance program. The proposal for a grain insurance program is a simple one. It is that the United States, either alone or in cooperation with other industrial countries, guarantee to each developing country that in any year in which grain production declines by more than a given percentage from trend level production the shortfall in excess of that amount would be supplied. This would permit each developing country to achieve a high degree of stability in its domestic supply of grain and such stability could be achieved at a relatively low cost to the donor nations.

If the developing countries were willing and able to adopt a modest storage program of their own, year-to-year variability in grain supplies could be held to within three or four per cent of trend consumption. Thus a substantial degree of internal price stability could be achieved at low cost for each developing country.

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The selection of percentage shortfall from trend production that would trigger the transfer of grain should reflect two considerations — the incentive for holding reserves in the developing countries and the effect of the insurance payments on the output behavior of the producers in those countries. If the percentage is too low, say between 1 and 2 per cent, there would be no economic incentive for holding reserves in the developing countries and the magnitude of the grain transfers would be large enough to significantly reduce the average expected return to local producers and thus lower the rate of growth of domestic grain production. By a process of trial and error, I have concluded that the most appropriate criterion would be 6 per cent — all production shortfalls in excess of 6 per cent would be met.⁴

The primary objective of the proposal is to assist the developing countries to hold year-to-year variations in grain consumption to a reasonable or acceptable level. In my opinion, this is the most meaningful definition of food security. The proposal should constitute the primary form of food aid provided by the countries that participate in the provision of the grain insurance. If nothing else, I believe that the insurance feature of the proposal constitutes the most reasonable rationale for food aid to the developing countries. The proposal provides a solution to an important problem confronting many developing countries — variability of food availability at times so extreme that significant hardship results. I know of no similarly important objective that has been met by most of the food aid that has been distributed over the past two decades. There have been times, such as the large food aid shipments to South Asia in the mid-1960's, that P.L. 480 was used to offset large production shortfalls.

The proposal is not put forward as a solution to the long run objective of expanding per capita food production and consumption in the developing countries. Neither this proposal nor any other form of food aid can make a significant contribution to the expansion of food production. But I am confident that the insurance proposal will not have significant negative effects upon the growth of food production and the same cannot be said about other methods of distributing food aid.

Table 1 presents estimates of the annual payments that would have been made under the insurance program for 1955 through 1973. The countries included in the estimates are the developing countries that produce more than a million tons of

Table 1
INSURANCE PAYMENTS TO DEVELOPING COUNTRIES
FOR DIFFERENT PROGRAMS,
1955 - 73
(Million Metric Tons)

Year	6 Per Cent	5 Per Cent	4 Per Cent
1955	2.2	2.4	2.8
1956	1.0	1.2	1.6
1957	4.5	5.8	7.3
1958	3.0	3.6	4.4
1959	2.8	3.1	3.4
1960	3.3	3.7	4.1
1961	2.9	3.2	3.6
1962	0.1	0.2	0.3
1963	2.1	2.4	2.7
1964	1.0	1.1	1.3
1965	8.1	9.3	10.5
1966	14.8	16.3	18.1
1967	2.2	2.5	2.8
1968	2.2	2.3	2.5
1969	0.6	0.9	1.2
1970	1.2	1.5	1.9
1971	3.6	4.4	4.9
1972	7.9	8.7	10.3
1973	13.4	14.5	15.7
Total	76.9	87.1	99.4

grain annually. Developing countries are defined to include all the countries of Latin America, Africa, and Asia excluding Japan, South Africa, Argentina, China, North Korea, and North Vietnam.⁵ The limitation of the analysis to countries producing more than a million tons of grain was done to limit data collection and processing and has little effect on the results. Some countries, such as Iran and Chile, are included that no longer merit the classification of developing countries, if that concept is synonymous with low income countries.

The average annual payment for the 19-year period would have been 4.0 million tons if the insurance payment covered all shortfalls in excess of 6 per cent for each developing country producing more than one million tons. The largest payments would have been 14.8 million tons in 1966 and 13.4 million tons in 1973. The average annual payments under 5 per cent and 4 per cent programs would have been approximately 13 per cent and 30 per cent larger, respectively. It would be possible, of course, to use different criteria for different countries, perhaps based on the level of per capita incomes.

The grain insurance proposal requires reasonably accurate data on annual grain production — for the current year and for enough prior years to permit the calculation of the trend level of production for the current year. The proposal does not require data on stocks held in the recipient countries.

The accuracy of data on grain production in many developing countries leaves something to be desired, to put it mildly. The existence of the insurance program could provide an incentive to a government to minimize its estimates of grain production in a given year in order to increase the grain actually transferred. Over time this practice would be self defeating since estimates of trend production for future years would be affected by such underestimates. However, since many governments may have a brief expected life, this self correcting feature may not be of much value in some cases. It might be necessary for the insurance agency to have the right to obtain grain production estimates from an organization that was independent of both the developing country and the countries providing the grain. It should be noted that for most countries there will be time within any crop year to adjust and revise production estimates. The insurance payments would normally be spread out over the crop year and in most cases would not be required in the months immediately following the harvest as long as it was known that the shipments were to be forthcoming.

It should be recognized that there are populations in developing countries that rely on food products other than grains for a significant part of their caloric intake. The grain insurance proposal could be adapted to these circumstances and probably should be. It would be possible to translate manioc and potato production, for example, into grain equivalents and include such products in the projection data. Unfortunately, the production data for such products are less reliable than for grains. In addition, some recognition should be given to the small populations that depend upon livestock products for a major source of calories. The malnutrition and deaths that occurred in the Sahel were due primarily to the devastation of the livestock herds and not to a reduction in grain production.

If it were not for the existence of civil strifes and wars, I believe it is now possible to essentially eliminate all deaths due to the direct effects of food production variability. If achieved this would be a remarkable accomplishment, one that could not have been imagined as recently as the beginning of this century. The objective cannot be reached solely through the efforts of the United States and the other high income countries. It requires the cooperation of the governments of the developing countries and, particularly, their willingness to participate in early warning efforts of actual or possible crop failures. While communication difficulties can now be overcome at modest cost, there are still some areas of the world where transport is slow and costly. Where transport facilities are limited it is essential, if hardship due to weather hazards is to be minimized, that early warning be obtained of pending difficulties.

My statement that it is now possible to prevent nearly all deaths and most of the

hardships now caused by production shortfalls assumes that governments will use part of the insurance payments to directly benefit agricultural producers whose output is adversely affected. Unless this is done, limiting price increases in the national market may be of little benefit to many food producers. Further, food production shortfalls can be very large in limited areas of a country and hardship — perhaps even starvation — could result from income loss. However, if the area adversely affected is relatively small the probability is quite high that the population will make sufficient adjustments to prevent **starvation**.⁶

I want to state once again that the grain insurance proposal is not intended as a panacea or solution for the long run problems of food insufficiency. The proposal would assist in minimizing hardship from fluctuations in food production in the low income countries. It is important that the progress the world has made in this century in reducing famine be continued. The food insurance proposal and improvements in communication and transportation would contribute to that end.

My final comment is that the grain insurance proposal is inferior to a liberalization of trade in agricultural products as a means to achieve world food security. Trade liberalization would not only contribute to stability of prices and supplies of food but would also increase the per capita real incomes of the low income countries. The most reliable means for reducing food insufficiency among poor people is to increase their incomes.

Would grain reserves be required to augment or support the grain insurance proposal? In a world in which governments interfered little or not at all with market prices the answer would be that a special or separate reserve would not be required since the anticipated effect of the insurance program upon the demand for grain would be fully reflected in the storage decisions made by private agencies. However, we do not live in a world in which governments interfere little or at all with market prices. We live in a world in which the prices of most agricultural products are either actually or potentially determined by political decisions. Consequently if the insurance program had been in operation in 1973 with the expectation that the amount of grain required to meet the total commitment of approximately 13 million tons would be purchased in the market, the market price increase required to provide the grain would probably have been so large as to result in failure to deliver the full amount.

Consequently it would be desirable to have a separate grain reserve of sufficient size to meet a substantial fraction of the insurance payments in excess of the average annual level of such payments. Unfortunately this would add to the cost of the insurance proposal, but it may be required if the commitments of the donor countries are to be believed.

Alternative Proposals for Food Security

The grain insurance proposal described above has been criticized because it deals with only one of two aspects of food security for developing countries. The

proposal responds only, it has been said, to the effects of food production shortfalls. It does not meet the difficulties that face developing countries that are food importers due to an increase in international food grain prices.⁷ Shlomo Reutlinger of the World Bank has suggested that a greater degree of security would be provided by insuring the food import bill in such a way that annual fluctuations in a developing countries food import bill would be held to a predetermined level. Variations in the food import bill are due to variations in domestic production and variations in international market prices.⁸

While Reutlinger notes that stabilizing the food import bill may not provide a definite level of food security due to variations in export earnings, he fails to pursue the implications of this observation.⁹ A proposal similar to Reutlinger's has been presented, on a tentative basis, by staff members of the International Food Policy Research Institute and they have also failed to consider the correlation between the values of agricultural exports and agricultural imports.

Table 2 presents data indicating that under the rather extreme price variations occurring in 1973-75 that developing countries increased their export surplus from agricultural products. In other words, the value of agricultural exports increased more between 1969-71 and 1973-75 than did the value of agricultural imports. The increase was not a minor one since the surplus for 31 developing countries with populations of 7 million (excluding all OPEC members except Indonesia) or more increased from an annual average of \$7.3 billion for 1969-71 to \$11.6 billion — an increase of \$4.3 billion.

The favorable change in the net export surplus occurred even though the volume of agricultural imports for all market developing economies increased significantly more than did the volume of their agricultural exports. Trade indexes calculated by the Food and Agriculture Organization show an increase in export volume of agricultural products between 1969-71 and 1973-75 of 5 per cent while agricultural import volume increased by 26 per cent. For food products alone export volume increased by 7 per cent and import volume by 28 per cent.¹⁰ Thus the improvement in net export surplus of agricultural products was not achieved by expanding exports by more than imports; in fact, the contrary occurred.

It is true that the developing countries suffered some deterioration in their terms of trade for agricultural products. Comparing the same two periods, the import unit value increased by 106 per cent while the export unit value increased by 90 per cent. But due to the fact that the developing market economies have a large net agricultural surplus, the net export surplus increased substantially despite the modest deterioration in the terms of trade. Had the developing countries not increased their quantity of imports of agricultural products by so much more than their agricultural exports increased, the increase in net export surplus would have been substantially greater.

More work needs to be done to determine if the alternative for food security put forward by Reutlinger is in any way superior to the grain insurance proposal. But a

Table 2

**VALUE OF AGRICULTURAL EXPORTS AND
IMPORTS, FOR DEVELOPING
MARKET ECONOMIES, ANNUAL AVERAGES,
1969 - 71 AND 1973 - 75**

Country*	Value of Exports, Annual Average		Value of Imports, Annual Average		Net Change in Annual Exports Minus Imports†
	1969-71	1973-75	1969-71	1973-75	
	(Millions of Dollars)				
Ethiopia	111	226	15	18	112
Bangladesh	198	136	228	517	-351
Burma	90	114	13	13	24
Pakistan	236	361	135	394	-134
India	644	1,367	677	1,234	166
Sri Lanka	313	398	160	306	- 61
Tanzania	191	287	30	122	4
Zaire	104	153	52	166	- 65
Indonesia	470	864	235	628	1
Madagascar	108	178	26	48	48
Kenya	162	310	57	84	121
Uganda	213	281	24	26	66
Cameroon	159	297	28	59	107
Sudan	293	427	59	148	45
Egypt‡	526	808	245	904	-377
Mozambique	124	198	36	48	62
Thailand	520	1,385	95	178	782
Philippines	384	1,207	160	311	672
Gham	264	463	66	116	149
Morocco	230	373	159	572	-270
Ivory Coast	323	670	91	182	256
Subtotal‡	(5,663)	(10,503)	(2,591)	(6,074)	(1,357)
Columbia	534	962	86	172	342
Korea	77	273	469	1,163	-498
Syria	143	219	108	289	-105
Malaysia	708	1,566	244	573	529
Chile	37	73	222	493	-235
Peru	164	304	133	267	6
Turkey	480	945	91	311	245
Brazil	1,897	4,641	309	908	2,145
Mexico	721	977	178	861	-427
Argentina	1,443	2,514	130	235	966
Subtotals	(6,204)	(12,474)	(1,970)	(5,272)	(2,968)
Total	11,867	22,977	4,561	11,346	4,310

Source: Food and Agriculture Organization, **Trade Year Book**, 1974 and 1975

*Countries in a d n of estimated 1975 per capita national income, ranked from lowest to highest.

†This column shows the change in the net balance of agricultural trade (value of exports minus value of imports) between 1969-71 and 1973-75.

‡Subtotal is for countries with per capita incomes of less than \$500.

§Subtotal is for developing countries with per capita incomes \$500 or more

cursory examination of one period of time in which there were sharp increases in international prices of food and other agricultural products indicates that insuring the food import bill of developing countries was not required to permit the maintenance of food imports by them. If the correlations between import and export prices of food and agricultural commodities important to the developing economies are substantial, then it will be primarily variations in domestic production that will have an adverse effect upon food supplies available in the developing countries. It may well be that it is not when international food prices are high that there will be an adverse effect upon the food imports of developing countries but rather when international food prices are low since it is when prices are low that the developing countries may have difficulty maintaining the volume of their exports.

Concluding Comments

I fear that I have strayed rather substantially from the topic I agreed to discuss. I have put rather more emphasis upon the limitations of humanitarian efforts and upon defining more appropriate objectives than I have in discussing how world food supply and demand could be linked by humanitarian efforts.

I wish we knew better how we could help others. I have argued that there may be a way in which we could contribute to food security for the developing countries, namely through the grain insurance proposal. It seems obvious to me — and I hope to others — that when the primary basis for our aid is to seek a solution for one of our own problems, we are likely to do more harm than good.

Humanitarian efforts should not substitute for changes in policies by the industrial countries that will make it easier for the developing countries to make the most effective use of their own resources through international trade. I have not emphasized this point in my remarks, but it is too important to ignore it entirely.

It is not easy to be charitable in a constructive manner. This does not mean that we should not try to help others, but it does mean that much thought and reflection is required before we embark upon such efforts.

Notes

1/John Stuart Mill, *Principles of Political Economy* (London: Longmans, Green, and Co., 1920), pp. 967-68

2/In 1977 world grain production was 1.3 billion metric tons, with rice included as milled rice. It was assumed that 15 per cent of the grain is required for seed or is lost in added transportation and that milling rates for all grains average 85 per cent.

3/D Gale Johnson, *World Food Problems and Prospects* (Washington: American Enterprise Institute, 1975), p. 42

4/I have called the proposal an Insurance program. An Insurance program usually implies the payment of a premium. Elsewhere I have briefly discussed the possibilities of charging premiums, at least for some of the higher income developing countries. See "Increased Stability of Grain Supplies in Developing Countries: Optimal Carryovers and Insurance," Jagdish Bhagwati, ed., *The New International Economic Order: The North-South Debate* (Cambridge: MIT Press, 1977), p. 258

5/China has been excluded only because available grain product~ondata seldom indicate significant variations of annual production It is not clear whether this is an artifact of the data or if the large size of China results in only minor total grain production variability

6/ I especially commend a remarkable article by Morris David Morris, "What is Famine?" Economic and Political Weekly, Vol. 9, No. 44 (November 2, 1974), pp. 1855-64 He provides an excellent analysis of the means used by Indian farmers to adjust to famine conditions, especially in areas subject to a high probability of drought. These range from choice of crops, storage of water, accumulation of gold and silver (often in the form of jewelry), to migration. Morris quite rightly points out that great care must be exercised in designing relief efforts for areas subject to periodic rain deficiency in order that the local mechanisms designed to preserve life and activity will not be destroyed

7/ "In a recent article Professor D Gale Johnson made a proposal to achieve greater stability of grain supplies in developing countries through an internationally underwritten insurance scheme The proposal calls for the United States and other industrial countries to assure developing countries that any shortfall in grain product~onlarger than a given percentage of their trend level of production would be made available. The Johnson proposal is in our view in the right direction but does not go far enough." The author then notes that food consumption in a developing country can fall below a given level due to a poor harvest and/or a rise in international food grain prices. (Shlomo Reutlinger, "Food Insecurity Magnitude and Remedies," World Bank. July 19, 1977, pp. 5-6.)

8/ *Ibid.*, pp 6-7.

9/ *Ibid.*, p. 7.

10/ Food and Agriculture Organizations, Trade Yearbook, 1975, pp 3-6. The value and volume data are for all market developing economies and are thus not directly comparable to the data presented in Table 2. However, the changes in total values of agricultural imports and exports for all developing market economies and the 31 included in Table 2 between the two periods are very close. For all market developing countries the value of agricultural exports increased by 94 per cent; for the 31 countries, 93 per cent. The increase in the value of agricultural imports was slightly greater for all market developing countries than for the 31 countries — 156 per cent versus 149 per cent