

Our Protection : Their Poverty

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LESS THAN a decade ago the Food and Agriculture Organisation horrified the thinking world with statistics to the effect that millions of people were dying of malnutrition. They became a talking-point that still survives. If true, they meant that in the time it takes you to read this article at least two fellow-members of the human race will have died of causes stemming from lack of food.

Like all statistics put in the hands of politicians (some may say), they concealed an important part of the total truth. First, malnutrition is not at all the same as under-nutrition. Many a rich man dies of eating the wrong food. We also know that the FAO took some rather questionable standards of comparison. A Japanese soldier could keep fit on a diet that was the probable and perhaps major cause of death for thousands captured by him. What's good for the sweating boilerman shovelling fuel into a blazing furnace is not good for a sedentary businessman with an armchair recreation. Such nuggets of commonsense get overlook-

ed in statistics.

In a sense, the FAO's facts have been confounded by its own success and that of the many thousands who have been at work to transform the world's agriculture. Given another two or three years, the problem will not be millions starving to death because of a lack of food. It will be millions reduced to great poverty because what they have to sell, namely food, will not be wanted by the rest of the world.

Until a few years ago, one could generalise with some accuracy about the trading relationship between the developed countries and those developing. The first, almost by definition, had industries capable of manufacturing the goods needed by the world, while the developing countries produced the food and raw materials.

The pattern has changed and is continuing to change rapidly. Two factors are at work; both have startling consequences affecting us all. The first is that the terms of trade are moving in favour of the developed countries and against

the rest of the world at an increasing rate. In ten years, the price of manufactured exports from the developed to the developing countries has risen by 16 per cent. The price of food and raw materials imported by the developed from the developing countries has fallen, in the same period, by 11 per cent. Thus, the terms of trade have improved for us, but deteriorated for them, by 27 per cent. Moreover, the trend continues.

The dull figures can be translated into living fact. Just ten years ago a Jamaican growing bananas and wanting to buy a Morris car could sell three tons of his bananas to get what he wanted. At the beginning of 1971 it was necessary for him to grow four times as many bananas to buy another Morris like his old one. If he delayed his purchase for nine months, he would have to get yet another ton of bananas for that same Morris.

The other factor which is going to change the pattern of world trade is that developed countries have expanded their agriculture in such a way as to make the import of many kinds of food unnecessary.

The decision, which we and all Western Europe shared, to expand with massive Government aid the production of food was absolutely right - when it was made. After the war and until quite recently, it seemed that the demands of the human race would multiply more quickly than the supplies of the farmer. The statistics of the FAO and our own consciences, made it the right thing to do. We were not to know that farmers the world over would master methods that would double or treble the size of their crops.

In recent weeks both Zambia and India have announced that they are now self-sufficient in feedgrain. Even China, a major customer for the produce of Australia and Canada, is herself now one of the main growers of grain in the world. Despite an increased population she is confident that she will import only fractionally more grain than at present to provide for her needs in the coming years. Her wheat production, 19 million tons in 1963, will be 30 million tons in 1975; and the production of coarse grain will rise from 65 million tons to 88 million tons in the same period. The latter will be a great deal more than that of Canada, Japan, Australia, the Near East and the twenty-four countries of Europe put together.

Which is the key commodity in the world market? The demand for almost all the others is related, directly or indirectly, to the supply of wheat. Cereal prices react on one another, and even meat and dairy produce are affected because a major item in their cost is feedgrain. Therefore, if we look at the projected demand for wheat we get a hint of what is going to happen. And the hint is not a happy one.

In percentage terms the greatest rise in production will be in the European Economic Community, from 25 million tons to 35 million; from being an importing area the Community will become the fourth largest exporter. This year the surplus is likely to be seven million tons; and every ounce has an assured sale because the Community's Guidance and Guarantee Fund exists to provide a subsidy sufficient to sell it on the world market.

Sugar and fruit are two kinds of food where prices are not affected by cereals. Both are extremely important for developing countries. Both are going to be in surplus. In

the case of sugar, a calculation has been made, similar to that for wheat, as to whether the world will be in surplus or deficit in 1975. The answer is a world surplus of seven million tons.

There are some countries - Mauritius, Fiji, Barbados, for example - whose economies are some 90 per cent dependent on the sale of sugar.

The EEC this year has a surplus of about a million tons of sugar. The last time such a quantity went on the world market at a price subsidised by the Guidance and Guarantee Fund, the world price was forced down to £17 a ton - about half the cost of production by the most efficient growers.

For fruit, there are too many variables to make any estimate worth while, either of consumption or production. We do know that, given no abnormality of climate, yields are steadily rising. But demand by the consumer cannot match this progress. Prices are not providing an adequate income for many thousands of people whose standard of living is now in decline. Last year's surplus of two million tons of bananas points to a trend.

Coffee, cocoa and tea can tell the same story; a pattern of increasing supply but of fairly static demand. Cocoa is at its lowest price for five years. We are apt to forget that the producers are, almost to a man, monoculturists. The climate, the soil or terrain, sometimes their own resources, have compelled them to depend upon one particular crop a year for their livelihood. Rarely is it possible for them to change to another kind of crop; it is almost as difficult for them to move to another occupation.

If this side of the Atlantic is not alert to the economic and political consequences of causing impoverishment to the world's primary producers, at least in the United States there is concern. Few more significant documents on trade have been published in recent

years than the report by President Nixon's Commission on International Trade. 'The next few years will determine, it says, "whether the world will drift down the road of economic nationalism and regional blocs or will pursue the goal of an open world economy."

Some of the argument is frightening, but it has the ring of truth. An alarm bell rings when the report touches upon agricultural trade. It calls upon the developed countries, above all Western Europe, to take part in a concerted international effort to deal with the problems stemming from the artificial support of agriculture. It states:

"Our main objective should be a substantial reduction in the high levels of support and protection of the European Community."

The United States Department of Agriculture has estimated that the extra cost to the consumer in the EEC caused by his having to buy food at an artificially high price came to about \$6,400 million in the year 1969, that being the difference between Community prices and world prices. This coming year the gap between the two will widen considerably to make the figure nearer \$8,000 million. This is in addition to the cost of farm support by the Community and the member governments. Taking the three together, the total cost will come to about \$16,000 millions—at least ten times more per head of the population than it is in the United Kingdom. It is also four per cent of the countries' gross national product, proportionately the same as we spend on education.

Nearly 80 per cent of the United Kingdom's trade is with countries that are heavily dependent upon the export of food to pay for their imports from us. Our self-interest, let alone any moral or political reasons, demands that they should be allowed to sell and our people allowed to buy on the freest available terms.