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FOOD TRADE AND AID

The key question on food policy in the world today is how we can get maximum effective output from the world's agricultures in the years ahead. World food production will likely need to double in the next 25 years if we are going to meet the needs of the world's rapidly growing population and to provide the higher standard of eating that so many of the world's peoples desire.

We cannot attain that level of efficient food production without a far more efficient and effective world agriculture than we have today.

It is not simply a question of how much the United States should grow or give away. The United States could not possibly meet the increase in world food demand by itself. The food production gap cannot be filled without a major increase in agricultural output from the developing countries of the world.

The real question is not trade or aid. The real question is how we can organize world agriculture for maximum efficient production. The questions of how to distribute more food can only be dealt with if more food is being produced.

Excerpts from remarks by Assistant Secretary of Agriculture Clayton K. Yeutter before the 1975 Experiment Station and Extension Workers Conference at the University of Nebraska-Lincoln, Monday January 6, 1975, 12 noon.

The size of the emerging food problem demands a major increase in the efficiency of world agricultural resource use. The world cannot afford to have millions of acres in the developing countries yielding only half their potential. Neither can we afford to pay farmers in the developed countries to hold productive cropland out of production.

The United States has been the world's major food aid donor for many years. We have contributed \$25 billion in food donations and concessional sales to developing countries since the Food For Peace Program was initiated in 1954. In the years 1965-72, the United States provided 84 percent of all food aid contributed by developed nations.

Furthermore, the United States has been returning its agriculture to full production as rapidly as possible since world food supplies tightened with the bad weather in 1972.

The United States will continue to provide food aid in major amounts. We are budgeting more PL 480 funds now than we did a year ago. We will provide more food grains under PL 480 than we did a year ago.

But food aid is like a blood transfusion. It only buys time -- time in which to deal with the real problems underlying the food shortages of the developing world. Unless we use that time wisely, to deal with the population growth problem and with the under-achievement of developing agricultures, then the food aid will be wasted.

At the recent World Food Conference in Rome, the United States made a major commitment to step up its technical assistance to developing agricultures. The land-grant college system has consistently been one of the major contributors of people and skills in our past technical assistance efforts. I am sure that will continue to be true as we attempt to step up the size and the pace of our effort for the future.

Beyond technical assistance, however, we must be concerned about the world-wide framework for encouraging agricultural development. We must make sure we have a system that promotes maximum productivity and efficiency in world food output.

Experience indicates that a freely-operating world market for farm products is the only world-wide institution likely to encourage a big enough increase in world food production to meet the emerging need.

We have found that food donation programs -- while necessary for dealing with short-term hunger emergencies -- actually discourage food production when used on a long-term basis. When large amounts of food are made available free or on highly concessional terms, then the prices to farmers in recipient countries will inevitably be lowered. Prices to farmers in adjacent third countries are also likely to be affected.

Long-term food aid commitments also affect the investment priorities of recipient countries. The governments tend to rely too heavily on the food aid instead of making the needed investments in agricultural research, fertilizer production and the other facets of a serious agricultural development effort.

International commodity agreements have also failed to show promise as an institutional structure for a more effective world agriculture. In fact, they tend to maintain existing patterns of production rather than encouraging new ones.

A massive world food reserve would also tend to discourage farmers from increasing production after it was built up. Forty years of U.S. experience with CCC stockpiles makes that absolutely clear.

A freely-operating world market in food commodities offers the world its best hope for the food it wants tomorrow.

Farmers must have incentives to produce, and the world market can offer the most broadly-based and flexible incentives. Furthermore, the market offers the most encouragement to efficient production.

Of course, we need to make a serious effort to tear down some of the current restrictions which keep the world market from functioning as well as it might. We need to work down both the import and export barriers that keep food and food production from moving freely. We must also make sure that developing countries are not shut out of markets for their non-farm production that would give them food buying power to supplement their own food outputs.

With a serious, world-wide effort to increase world food output, and an equally serious effort to tear down food trade barriers, the world can have the food security it wants and needs. Without a world-wide effort, it cannot.