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# Toward innovation in the global food regime

**Donald J. Puchala and Raymond F. Hopkins**

The market-oriented focus of the global food regime, as it functioned from the late 1940s to the early 1970s, has proved inadequate. Preoccupation with perfecting markets led food policy makers to underemphasize the need for increased production in the Third World. It also led them to exaggerated attention to short-term surplus disposal and too little concern about scarcity. The regime emerged from a context in which unilateral actions and domestic considerations prevailed. This resulted in regime pathologies in which mutually beneficial international food solutions were not reached and multilateral coordination to analyze and solve food problems was discouraged. Such regime inadequacies cumulated over time; while they did not cause the food "crisis" of 1973–74, they blunted international responses to it. Reform of the global food regime is needed to (1) raise priorities accorded to rural modernization in Third World countries, (2) increase attention to malnutrition and chronic hunger, (3) provide resources for development, and (4) structure and stabilize the market so as to provide security of supply and income. The legitimacy of multilateral forums and processes also must be enhanced.

In the course of preparing this volume, the editors and authors joined together along with 37 others at a conference to explore issues of global food interdependence.<sup>1</sup> Participants at this conference represented a cross-section of the American food policy community—government and international organization officials, academic specialists, foundation officers, agribusinessmen, lobbyists, and missionaries. While our primary goal was to evaluate global food problems and the

<sup>1</sup>The "Conference on Global Food Interdependence" was held at Airlie House in Virginia, April 7–9, 1977, with help from the Rockefeller Foundation grant that partially supported this volume, and with principal sponsorship by the Department of State's Office of External Research. For a synopsis of the conference, see, "Global Food Interdependence: Issues and Answers," External Research Study, INR/XRS-15, July 27, 1977.

American response to them, the primary result of the conference was tension. This resulted less from differences of philosophy and viewpoint among participants (although there were these differences) than from prevailing uncertainties in the food policy community. With regard to American foreign agricultural policy in particular, no policy was proposed as having confidently predictable effects. In most cases, unilateral American actions were seen to lack credibility because key cause-effect relationships in the global food system were beyond unilateral control. Multilateral actions, however, lacked appeal, mainly because they were multilateral and hence thought to be less likely to serve American and liberal trade interests.

Sensitive readers will be aware that similar tensions are present in this volume. Successive authors accept the gravity of current and foreseeable world food problems, although different ones assign varying relevance and priority to them and to conditions in the global situation from which they arise. With respect to improving the world food system, the varying positions and recommendations of the authors generate a lively and useful debate. At issue are the promise of "market" solutions and their justice versus the advisability of increased public intervention, national versus international responsibility for food security, the utility of unilateral initiatives and bilateral dealings versus the need for multilateral regulations, the effects and desirability of food aid and the wisdom in separate nations' striving for self-sufficiency. Beyond disagreements on these issues, however, there is a collective consensus among contributors: *to cope with predictable crises of global food scarcity, deteriorating nutritional conditions and economic instability in coming years, public and private participants in the global food system must accomplish a fundamental rethinking of principles behind national agricultural policies, and an equally fundamental reformulation of priorities in international food diplomacy.* Executing this recommendation would amount to a reform of the global food regime. While various contributors agree that this should be done, they do not agree altogether on the manner of reform, or on whether it can be done, whether it will be done in time to solve problems, or whether it will be done at all. Some of us are more sanguine than others about men's capacities to meet great challenges with enlightened responses, and this injects tension into our dialogues.

In the first chapter of this volume we introduced the concept "global food regime," defined as the "set of rules, norms or institutional expectations" that govern participants' behavior in the global food system. We hypothesized that this resulted in identifiable normative parameters ("rules of the game") that prescribe certain kinds of transactions, proscribe others, and generally condition the process of public and private diplomacy among actors in international food affairs. Discussion throughout this volume has sufficiently convinced us not only that the regime concept has proven analytically useful, but also that the sketch of the existing regime in our introduction was accurate. In summary, the norms of the global food regime<sup>2</sup> of the postwar era were (1) supportive of international trade to the extent

<sup>2</sup>Recall that the norms of the regime are myriad, ranging from fairly universal mutual expectations as to which countries and groups stood ready to provide food in disasters in particular regions, to fairly narrow

that they evoked constant behavior directed toward preserving and perfecting markets, (2) permissive of concessional dealing, but only within limits, (3) supportive of decentralized adjustment, and permissive of a pre-eminent American role in this process, (4) encouraging to the dissemination of agronomic information, (5) supportive of behavior directed toward famine relief and other collective responses to acute hunger, (6) unsupportive of behavior directed toward alleviating malnutrition and chronic hunger, (7) unencouraging to rural modernization in the Third World and (8) inhospitable to challenges to national sovereignty either in the form of international interference in domestic affairs, or in the form of supranational regulation.

The regime norms producing these characteristics largely emanated *de facto* as emergent properties of national policies. In other words, what has been “normal” in the global food system, and established as such, is a set of patterns of behavior that reflect recurrent actions and interactions of participants pluralistically pursuing individual interests. Rules and norms to sustain these patterns were internalized by individuals responsible for maintaining the regime largely because they were rewarding. This was especially so for those elites who played roles as large traders, lenders, donors and recipients. Formal coordination, multilateral action and international organization are notably weak in the global food system, and supranational authority and regulation are largely absent. Orthodox behavior according to regime norms therefore tends to be either self-enforced by participants who anticipate costs or penalties from deviance, or bilaterally enforced via sanctions available to those who control disproportionate shares of resources. The postwar food system, conditioned by the existing regime, embodied many of the attributes of a liberal world order guided by seemingly “invisible hands”—e.g., apparently automatic adjustment mechanisms sensitive to shifting production and consumption conditions, minimal demands upon participants’ communication and coordination capacities, minimal needs to allocate resources toward the overhead costs of running the system, minimal constraints on most participants’ autonomy, and relative price and market share stability provided as a collective good, primarily as an outcome of domestic policies and paid for by those most committed to the system.<sup>3</sup>

But what is most important in our estimation is that this regime, created from the confluence of participants’ self-interested pursuits in the 1950s and 1960s, has proven inadequate in the face of global crisis in food and agriculture in the 1970s. At least three inadequacies have, over time, proven serious enough to bring tenets of the global regime into question in recent years.

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understandings among officials in major grain exporting states as to what constituted “unfair” competition. American archival records document a number of such expectations and norms, as do interviews of current officials. For an account of the 1950s and 1960s, see Trudy Peterson, “Sales, Surpluses and the Soviets,” paper read at the Agricultural Policy Symposium, Washington, D.C., July 25, 1977, and for the 1970s see the article by Destler in this volume.

<sup>3</sup>Some countries such as the Soviet Union and China, by placing minimal demands on the system, reduced the need for international adjustment. Others, particularly the United States, bore much of the adjustment costs of stability by holding large reserves available for use in international trade. Both those most committed and those least committed to the postwar regime acted to support it principally in pursuing domestic policy objectives.

First, while there is a good deal to be said about the desirability of market solutions, both pro and con as various authors would have it, the inadequacy of the postwar global food regime has been much less in the international food markets it created and supported than in the "market orientation" it promoted. With only slight exaggeration it can be said that the preoccupation of both managers and analysts of the current regime has been with selling and buying considerations to the almost total exclusion of other concerns. As a consequence there has been a prevailing obliviousness to global food developments outside international markets unless these had fairly immediate effects upon them. There has also been a prevailing tendency to evaluate the performance of the international food system in terms of monetarized values, or things priced and counted in normal social exchange. The market, its division, its problems and its perfection were the agenda for food diplomacy from the late 1940s to the early 1970s. Issues of aid, research and information were considered in the *context* of desired commercial market performance; issues of hunger, the effects of malnourishment on the quality of life, and the costs of hunger-related political instability arose only when acute famine threatened.

Meanwhile, as the international relations of food focused on strict market economics, food production in key Third World countries remained isolated from the benefits of the international economy. Production features in many countries were conditioned by internal policies frequently geared toward goals that had little to do with increased returns to farmers, increased food production and better distribution, and for various political and domestic economic reasons such policies were often directly intended to insulate national agricultures from the international market.<sup>4</sup> One immediate result of this is that many Third World farmers, denied the price incentives of international trade (or sometimes any price incentives) and often restrained by grossly unequal land tenure practices and credit access have remained unmoved to increase production by innovating technologically or otherwise. Coupled with increasingly unfavorable soil and climate conditions in some regions,<sup>5</sup> the aggregate result of this is that Third World agriculture lags by technological centuries, and the food security of millions of people remains in or is slipping towards extreme jeopardy—all of this while food diplomacy has focused on marketing matters of marginal concern to most Third World producers.

A second and related inadequacy of the postwar food regime has been the overemphasis upon managing surpluses. Combined with the regime's indifference to rural modernization in poor countries this overemphasis on surpluses helped to produce global panic in the early 1970s. The regime's failure here was rooted in myopia: participants and analysts assumed that huge North American surpluses were perennial and that *the* international challenge was to reduce and channel these without disrupting or depressing the market. As a result, several norms institutionalized between 1950 and 1972 legitimized and reinforced actions intended

<sup>4</sup>Abdullah A. Saleh, "Disincentives to Agricultural Production in Developing Countries: A Policy Survey," *Foreign Agricultural Supplement* (Washington: GAO, March, 1975).

<sup>5</sup>See Eric P. Eckholm, *Losing Ground* (New York: W. W. Norton, 1976).

to meet the perceived challenge. North American domestic adjustments came to be the internationally expected, and hence “normal,” responses to market gluts; concessional dealings for “surplus disposal” were legitimized as mechanisms to sell cheaply without depressing prices except for poor country recipients; famine relief became a principle that everyone could accept. Yet, the astonishing paradox in all of this was that many of the norms arising from global market surpluses abetted behavior that neglected or even exacerbated what was the more fundamental, but unacknowledged, problem of the period: lagging food production in the Third World. Industrialized countries protected their farmers from the competition abroad; economic assistance was forbidden for use in programs that would improve rural modernization in crops that could compete with donor country exports. Thus, not only did the regime of the fifties and sixties accomplish little by way of encouraging rural modernization, but through priority given to norms enhancing the selling, bartering, or giving away of surpluses produced in North America, food diplomacy probably actually discouraged agricultural progress in poor countries.

Finally, the global food regime of the postwar era has proven inadequate because it failed to legitimize processes or institutions for the multilateral regulation of the international food system. As noted, the regime has emerged *de facto* from the customary behavior of its participants, with each pursuing self-interest, guarding autonomy and steadfastly rejecting authority beyond the nation-state. Indeed, that the international food system *should* be a residual of domestic oriented food policies became itself a principle of the global food regime. Therefore, no effective authority has managed the system in the interest of global welfare or toward the definition and pursuit of collective values. Furthermore, it has been deemed illegitimate for international agencies to penetrate uninvited into states’ sovereign jurisdictions, for example by pointing to a famine, as in Ethiopia in 1973.

This reverence for sovereignty, as legitimized by the existing regime, produces pathologies in behavior. Not only is optimum functioning of the system inhibited, but individual participant’s behavior is perversely affected. Among pathologies of global practice under the existing regime, five in particular can be cited.

First, the effective absence of international authorities or mechanisms to coordinate the interests and policies of major national participants renders the global food system prone to “irrational” production outcomes. That is, imposing or relaxing domestic production controls may appear to be rational responses to market cues from the individual points of view of national governments. But when similar and simultaneous—yet isolated and uncoordinated—national production decisions are made, the aggregate result is frequently highly irrational from the global or systemic point of view.<sup>6</sup> The food system fluctuates between crises of overproduction and underproduction, prices abruptly rise or dramatically fall, farm incomes swing between boom and bust, and consumers are erratically rewarded and punished. Not only are there no effective multilateral means available to avoid such aggregate

<sup>6</sup>This dilemma requiring collaboration for resolution is roughly equivalent to the structural paradox in the “Prisoner’s Dilemma” of game theory. Without communication (at least implicitly) and trust, the prisoners are doomed to worse outcomes or higher costs than they could achieve through cooperation. A good statement of this mathematically formulated paradox may be found in Anatol Rapoport, *Fights, Games and Debates* (Ann Arbor: University of Michigan Press, 1960), pp. 173–179.

inefficiencies, but neither are there any international means available to buffer resulting price and income instabilities.

Second, the absence of legitimized multilateral regulation under the existing regime renders the global food system prone to agricultural trade wars that are mutually disadvantageous to all participants. These become particularly likely during periods of global overproduction (in terms of effective demand, though not necessarily need) when temptations to use the international market to dump surpluses are strong. Lacking adjustment mechanisms or regulatory authorities at the international level, food diplomacy tends to propel issues of competition, market division, penetration and adjustment directly and immediately into domestic political arenas where defensive-minded interest groups encourage protectionist responses from elites too close to avoid such pressures. Trade-restrictive outcomes are frequent; retaliations are normal; costs in terms of economic efficiency, taxpayers' resources and consumers' nutritional well-being are predictable and unfortunate.<sup>7</sup>

Third, to the extent that the global food regime has legitimized the doctrine of national sovereignty over national food and agricultural affairs, it has discouraged international discussion of agricultural practice, food distribution and nutritional well-being within countries. In so doing, it has concealed from international consideration the most telling manifestations of food scarcity in Third World countries, and it has to a large degree rendered nutrition a non-issue. Since food affairs formally are held to be conducted among sovereign states and only elites gain admission to diplomatic forums, representatives are often out of touch with food conditions in their own countries. Even more dramatically, delegates from some poor, Third World states represent governments indifferent to rural modernization, opposed to land reform, and insensitive to food security. Frequently such elites, coming from a background of urban life, high education and little contact with peasants, are fascinated with technical solutions and with solving their domestic production inadequacies through foreign aid.

Fourth, the current global food regime confronts a condition of "diminishing commons" because the regime legitimizes no international authorities or procedures to preserve these domains. Examples of the problem may be seen in unregulated fishing that has led to lower total catches of some species, environmental distortions such as air pollution and cloud seeding, or diversions at the watersheds and upper reaches of international rivers, all of which benefit one country and diminish the availability of benefits to others. In the absence of enforceable regulations concerning their use, "commons" invariably disappear, usually to the benefit of those powerful or wily enough to establish enclosure. Unfortunately, no one involved in the global food system has been charged with caring for the commons.

Finally, by denying authority and withholding legitimacy, the existing regime renders largely ineffective existing bureaucratic services and multilateral mechanisms in international global food organizations. Barred from both consensus-building and regulatory roles at system level, organizations such as the FAO have become

<sup>7</sup>H. B. Malmgren and D. L. Schelchty, "Rationalizing World Agricultural Trade," *Journal of World Trade Law*, #4 (July-August, 1970), pp. 515-537.

bureaucratic labyrinths, political-ideological battlegrounds and technical reporting services. The difficulties experienced by Director-General Saouma in reorienting the FAO bureaucracy toward greater developmental efforts rest only partly upon internal bureaucratic inertia. They also reflect resistance by bureaucrats in member states who prefer the old way of doing things.<sup>8</sup> Yet the World Food Conference set about proliferating new food institutions, as constitutionally impotent as ever, but with the explanation that the older ones “don’t work.” Needless to say, if some of the institutions could “work” propensities to pathological behavior in the global food system might be controlled. But, then, the pathologies result, after all, precisely from the fact that the current regime is distinctly inhospitable to the notion of “working” international organizations.

### ***Elements for a new regime for food***

The critiques of the existing global food regime in this volume lay a foundation for our recommendations for reform. Realistically, any new norms must support a variety of goals; otherwise there could be no hope of their acceptance. We insist, however, that food security, nutritional well-being, enhanced human welfare, economic stability, and global interest be among these goals. To achieve such goals, norms and rules are required that support different outcomes than heretofore, norms that reflect new priorities and changed perspectives.

Encouraging the goal of rural modernization in the Third World should be given top priority as a criterion for the global regime. The most urgent food problem of the next decade is going to be scarcity in poor countries, and rural modernization is a key prerequisite for contending with it. By rural modernization we mean more than enhanced food production via improved technology. It is certainly not simply equivalent to spreading the Green Revolution. Rather, this goal implies the transformation of the countryside in many of the poorer countries in ways such that (1) peasants and farmers receive income incentives and rewards for shifting from less productive to more productive technologies, and production consequently goes up; (2) a rural cash economy exists and rural and urban markets are integrated; (3) information about markets and technology flows freely and rapidly, and producers are trained to use it; (4) infrastructural barriers—economic and political—to production and distribution are overcome; (5) rural wage rates approximate urban ones, and rural underemployment disappears, and (7) social and economic mobility both within and between generations are reasonable expectations for farm families. In most general terms, rural modernization in the Third World means not only that food production is up, but that it is up because effective demand and consumption are up, because income is up, because wages and profits are up, because general economic development is underway and agriculture is an integral part of it.

<sup>8</sup>United States Senate, Select Committee on Nutrition and Human Needs, “The United States, FAO and World Food Politics: U.S. Relations With An International Food Organization,” Staff Report (Washington: U.S. Government Printing Office, June, 1976). For a more sympathetic view of international organization in the food area, see, Joseph M. Jones, *The United Nations at Work: Developing Land, Forests, Oceans and People* (Oxford, England: Pergamon Press, 1965).



Setting rural modernization as a primary goal for future food diplomacy does not imply abandoning other purposes. Certainly we would hope that all of the pathologies of the present system discussed above will be treated, and that providing market stability, food relief and assistance, crisis management, and communications and information will remain important criteria for specific norms and rules of food diplomacy. Indeed rural modernization as a goal should enhance rules and practices that promote information flows about production and consumption, and also could undercut norms which permit elite indifference to hunger in international forums.

Moving toward these goals via international relations entails institutionalizing a set of norms that encourage behavior leading to such outcomes or, in other words, instituting a new global food regime. Fundamentally, this requires a change of assumptions, attitudes and perspectives much more than it requires a change of formal institutions. A great deal can be accomplished toward solving world food problems within existing institutions. But behavior within (and without) must be guided by a more comprehensive and instructive set of principles, among which we suggest the following.

1. *Universal rural modernization is imperative.* In contrast to the market-focused global food regime of the postwar era, one for the 1980s must be primarily development-focused. While this does not mean that commercial mechanisms need be repressed, it does imply that international markets be consciously evaluated as vehicles for Third World development, and not simply as sources of First World profits or as factors in balance of payments accounting. This principle further implies that universal agricultural modernization is, as indicated, an international goal of the first priority and that specific regime rules for food trade, concessional food transfers, grain reserves and agricultural assistance must be concerned with encouraging that goal, while behavior discouraging rural change must be widely condemned. Furthermore, modernization must include an attack on the social and institutional barriers to the productivity of the rural poor.<sup>9</sup>

2. *Adequate nutrition is a central human right.* To the extent that the food regime of the past 20 years focused attention upon chronic hunger at all, it did so in a national and quantitative sense only. Hunger meant that a country had too little food to go around. Yet, the international definition of hunger ought to be a qualitative and individual one, and the legitimate focus of international attention ought to be upon dietary enrichment wherever people are debilitated by malnutrition. Clearly, to emphasize nutrition is to revise the international definition of the "world food problem." But malnutrition is a crucial problem precisely because it has been ignored, since it does not show up in national accounts and could be masked in periods when growth was occurring. A more focused monitoring system is needed to change this, one that systematically reports nutrition levels and related health and performance standards, including costs due to malnutrition.

<sup>9</sup>These barriers, argues economist Keith Griffin, lead to lower productivity and the large inequalities perpetuated by production patterns that produce "low output and inefficiency," in *Land Concentration and Rural Poverty* (New York: Holmes and Meier, 1976), p. 5.

3. *Internal equity in food distribution is an international concern.* This principle would legitimize norms for international scrutiny of countries' domestic policies concerned with food distribution. It does not necessarily imply redistribution according to any specific formula; it does not legitimize direct intervention. It does, however, stipulate that the international community considers it a violation of basic universal rights and therefore unacceptable that any government should tolerate the conspicuous waste or overconsumption of food by some citizens and the simultaneous starvation of others. Furthermore, because such conditions are wrong, they should be discussed in international forums, and unilateral or multilateral actions may be taken to demonstrate international disapproval of the practices of offending governments.

4. *Investment is a global responsibility.* This principle follows the assumption that rural underdevelopment is a global problem because its impact on most Third World countries produces consequences felt around the world. This may be expected to be even more true in the 1980s and beyond. While national authorities must play pivotal roles in the rural modernization of their countries, the resources for universal modernization must be generated globally. This does not imply such a radical redistribution from rich countries to poor ones that drastic cuts in western standards of living would be necessary or that monumental contributions from OPEC states would be needed. What it implies is that international capital flows should give rural modernization in the Third World high priority by norms that encourage such investment as legitimate and worth making more attractive in terms of both philosophic and material incentives. As an aside, one important objective in new finance must be to increase the employment of labor, and hence strategies using intermediate labor intensive technology, or involving substantial land redistribution, must be given careful attention and support.<sup>10</sup>

To achieve this, the "returns" on investments must include incentives or rewards for those supplying capital or land beyond the current private returns ("profits") normally allocated by market transactions. Collective benefits and non-monetarized values must be costed, and government policy must be set with respect to programs so as to provide the appropriate incentives for private and public finance. Everyone benefits from fostering rural modernization, and the responsibility for securing these benefits has a price that must be collectively paid.

5. *Food aid should be used as insurance not surplus disposal.* A concessional system of food distribution ought to remain a legitimate element of the global food regime. Yet, food aid should not be usable by donors as a political reward (for good behavior in other issue areas), by recipients as a substitute for efforts at rural modernization, or by traders for marketeering or profiteering. Rather, aid should be held available as insurance for governments and farmers to hedge against risked

<sup>10</sup>The arguments for land reform and for an employment strategy in planning investment are complex, and require adjustment to the specific conditions of each country. The Ethiopian "national" land reform of 1975-76 for instance made sense in one region and was counter-productive elsewhere. Such failures do not vitiate the overall analysis. See International Labor Office, *Employment, Growth and Basic Needs: A One-World Problem* (New York: Praeger 1977); Hollis Chenery et al., *Redistribution with Growth* (London: Oxford University Press, 1974), and David Lehman, ed., *Peasants, Landlords and Governments* (New York: Holmes and Meier, 1974).

crop failures, especially those undertaking experiments with new technologies and distribution policies. The insurance scheme proposed by Johnson (Chapter 9) could be an important step in focusing concessionary food flows on this goal. Food aid, when used carefully, can also serve as a disincentive to placing profits ahead of nutrition, as some officials in Ethiopia and Bangladesh did during their shortages in 1974. With lessened risk, the pace of technological and social innovation might be quickened and the pace of rural modernization along with it. There also will be a continuing need for food aid during the course of rural modernization in some countries. Especially in places where neither national self-sufficiency nor commercial purchases seem likely to serve development objectives in the foreseeable future, food aid should be available on a continuing basis. We recognize that food aid can and probably has had subtle, serious and complex disincentive effects with respect to rural modernization. However, with appropriate policies in recipient countries, we see no reason why, on balance, the multiple effects of concessionary food transfers targeted for nutritional and developmental purposes cannot be positive—both for farmers and governments.<sup>11</sup>

6. *Famine relief is an international responsibility.* This principle should be carried over from the present regime. It recognizes that acute hunger anywhere warrants attention from every responsible supplier. In addition, it means that standing organizational means for famine relief should continue as a legitimate international activity, and that new norms, conducive to more timely and efficient relief operations should be established.<sup>12</sup>

7. *Comprehensive information should be widely published.* The current though unevenly supported norms of the presently changing regime should be maintained and strengthened. These call for comprehensive, timely and accurate information flows. Behavior necessary to improve information flows should be encouraged, both on the part of those who have persistently veiled their agriculture and technology in secrecy and those, such as the United States, with extensive intelligence capabilities. Furthermore, to the extent that the goals of rural modernization and nutritional adequacy are elevated under the new food regime, information and research relevant to their attainment and monitoring should be amassed and disseminated on a continuing basis. Moreover, the educational requirements of coping with global food problems must not be underestimated or left underfulfilled. Hundreds of thousands of professionals trained to understand and guide rural development will be needed in coming years, along with millions of literate, technically proficient farmers.

8. *Food markets should be stable.* In accord with what was said in the discussion of the first principle above, the legitimacy of distribution and signals to producers via the international commercial exchanges should remain a central tenet of the global food regime. The pathologies discussed earlier arising from a competitive decentralized system do not apply to the advantages of markets for moving com-

<sup>11</sup>See Paul J. Iseman and H. W. Singer, "Food Aid: Disincentive Effects and Their Policy Implications," *Economic Development and Cultural Change*, Vol. 25, #2 (January, 1977), pp. 205-207.

<sup>12</sup>For an analysis and critique of international programs of disaster relief, see, United Nations Association of the United States of America, *Acts of Nature, Acts of Man: The Global Response to Natural Disasters* (UNA, New York, 1977). This report proposes several new rules to expedite relief efforts.

modities smoothly and efficiently from producers to consumers. There is nothing comparable to the economically rationalizing effects and impacts of market behavior. Policies and action geared to overcoming the separation of national and regional markets and to perfecting the international one should continue to be regarded as legitimate and urgent. At the same time, extreme fluctuations of supply and price in the market, as happened between 1972 and 1974, are unacceptable for a host of reasons, not least among these that market instability disrupts development planning and has second-order effects detrimental to rural modernization. One presently finds in the sum of the retrospectives on the 1972–74 “crisis” the argument that the record prices in 1974 which followed the tightening of the market and the drawing down of stocks in 1972 and 1973 were beneficial because they dampened demand at the time and called forth the increased supplies in 1975 and 1976 which averted a prolongation of the crisis. Perhaps so. But we must bear in mind that (1) low prices and monopoly buying manipulations in a poorly monitored market caused the tightening of supplies in the first place, (2) the high prices that ultimately called forth new supplies did so only after wreaking havoc with development plans, squeezing poor people in developed countries, and starving some in less developed countries, and (3) that the high prices did not in fact lead to a new stability of supply and demand, rather they created *oversupplies* which are currently leading export country farmers toward bankruptcy and fostering demands for domestically oriented reserve and price programs. Despite our respect for the efficacy of international grain and other food markets, we would prefer that the global food regime embody the principle of “stable markets” rather than “free markets.” By free markets, we mean arenas of unconstrained exchange which permit fluctuations in supply and purchasing policies to result in wide price swings. The main differences between the two market systems in practice are first that the stable market implies the accumulation and release of stocks (i.e., reserves) in counter-cyclical fashion, while the free market does not, and second, the stable market necessarily operates within price and/or quantity corridors established by public authorities, while the free market does not. Of course, in classical economic theory the free market would be a more efficient allocator of resources, at least of those resources that respond to market incentives. However, many conditions of a free market are simply not obtainable, partly because of strong politically entrenched interests. As a result, the cost of pursuing free market “efficiency” in food production can be exorbitantly high for human, non-economic values, including the hard to calculate but important economic factor of human capital.

9. *Multilateral capacities must be enhanced.* The postwar global food system flourished in a polyarchic political-economic environment, and the prevailing regime legitimized this decentralized setting while it conversely discouraged attempts at creating central authorities or regulatory processes. Maintaining this setting was most hospitable to the goals of the major participants in food trade, notably the United States. But it was clearly also the case that the decentralized setting yielded pathological behavior, ultimately penalizing to all participants, including the United States. It is our conclusion that the multilateral capacities of food diplomacy must be enhanced in the future, and that more frequent, more intense and more significant

communication, coordination and collaboration at the global level will be required if the earlier stipulated goals are to be realized. Specifically, dependable international consultative and coordinating procedures should be created to synchronize the agricultural policies of major trading countries in order to obviate the penalties and wastes of aggregate over- and underproduction. Mutual guarantees to undertake such multilateral market adjustments such as managing grain reserves should be established. This would buffer extreme price and income fluctuations in ways that spread the costs of maintaining stability. An additional benefit of spreading adjustment responsibilities would be that greater reserve capacity in both idled land and stocks of reserves would be available to back up or provide redundant capability for maintaining the new parameters set by the regime. Internationally regulated market-sharing might be necessary to hedge against trade warfare. Greater international authority should be accorded to bodies such as UNEP and FAO with responsibility for preserving the global "commons" and monitoring and regulating its use. In addition, an international body should be charged with monitoring and publicly reporting upon nutritional well-being within countries. Rural modernization in the Third World requires planning global strategy and mobilizing global resources. In this effort, international development institutions should be the engines and vehicles for these planning and mobilizing tasks. But, prior to all of this, what is urgently required is a global consensus that supports multilateral procedures and permits international authority and regulation. In other words, the principle of multilateralization must precede the norms and practices it promises to allow, and this principle is fundamental to a new and stable global food regime.

### *Moving toward the future*

Some readers might construe our attempt to promote new priorities and changed norms for the global food regime as largely an exercise in writing clichés. Reformers, of course, have a penchant for clichés. The issues our proposed principles raise, however, are not lofty or unreal considerations; recent events have placed most of them squarely on the international agenda where they are competing for a place in a new regime for managing the international food system.<sup>13</sup>

Increasingly, Third World coalitions, claiming to speak for the "majority of mankind," are deliberately attempting to institutionalize their values and their priorities as global norms. For instance, the urgency of increasing food production has been stressed by FAO Director-General Saouma, while UNCTAD has pressed the need to get more earnings from poor country agricultural exports. This latter aim would benefit unfortunately only a limited number of countries.<sup>14</sup> Issues of rural

<sup>13</sup>See, for instance, Roger Hansen, "Major U.S. Options on North-South Relations: A Letter to President Carter," in John W. Sewell, ed., *The United Nations and World Development* (New York: Praeger, 1977), pp. 21-84. Debate and reformulation of United States food policy in the Carter administration has been explicitly addressed to many of the issues we have raised in the summary.

<sup>14</sup>See International Food Policy Research Institute, *Potentials of Agricultural Exports to Finance Increased Food Imports in Selected Developing Countries*, Occasional Paper #2 (Washington: IFPRI, August, 1977).

modernization are embodied in both the Third World spokesmen's calls for a New International Economic Order and in some industrialized countries' diplomats' call for a "basic human needs" strategy. A growing priority to rural modernization may be evidenced by the funding shifts of aid institutions, suggesting that this principle may be becoming institutionalized in the global food regime.<sup>15</sup>

In addition, some of the other principles we have urged such as the food aid for insurance (security) and greater investment are hardly new. They were the unanimous recommendation of the 1974 World Food Conference. Food aid remains eminently legitimate in contemporary affairs, and both bilateral and multilateral flows have increased since the nadir of 1973-74. Developments since 1975 suggest that international financing of agricultural modernization has been elevated in priority. Evidence includes the formal operations of the International Fund for Agricultural Development in 1977, the redirecting of World Bank programs and the research efforts of international food research centers toward aiding small farmers in Third World countries; and the newly conceived U.S. Title XII program for international agricultural education and research. The direction of a number of USAID and FAO field programs, as in the Sahel and the Senegal River Basin, also supports this conclusion.<sup>16</sup>

Such principles as international famine relief and the free flow of information are already accepted by most as desirable norms of the global food regime. Attempts to establish formal rules to secure market stability are at the heart of ongoing discussions concerning food reserves. In preparation for renewing the International Wheat Agreement in 1978, American unilateral grain reserves have been increasing with over eight million tons in place by the end of 1977 and 30 million tons forecast to be held privately by the summer of 1978. The principle of an international reserve is largely accepted. Multilateralization of resources, however, is not yet supported by norms of the global food regime, for most countries are reluctant to accept international regulation of their international grain trade, and are even less willing to allow external decisions to penetrate into their domestic farm policies. Still, the necessity of increased multilateral communication, coordination and collaboration in food affairs is more widely recognized, at least as evidenced by the agreement on many issues displayed at the World Food Council meetings in June 1977, where even the Soviet Union supported Council recommendations, as long as no new costs to the Soviets were entailed.<sup>17</sup> Whether any of the new agencies, such as the WFC, can or will evolve into effective international authorities remains to be seen.

Of course other elements of our preferred global food regime are not in place. International attention to questions of nutrition remains slim, and, when raised,

<sup>15</sup>According to CGFPI figures, however, international public investment in agriculture hit a plateau in 1976, after rapid rises after 1973.

<sup>16</sup>Martin Kriesberg, *International Organization and Agricultural Development*, U.S. Department of Agriculture, Economic Research Service, Foreign Agricultural Economic Report #131 (Washington: USDA, May, 1977).

<sup>17</sup>See United Nations, World Food Council, *Report of the World Food Council on the Work of the Third Session*, WFC/5-, June 28, 1977, supplement No. 19 to *Official Records of the General Assembly*, 33rd Session, A/32/19.

these questions tend to be pushed aside by assertions either that quantitative scarcities must be treated first or that these are income problems, not food problems. Equity in internal food distribution has not yet reached the serious diplomatic agenda, mainly, we suspect, because the total costs of malnutrition are seldom calculated, and malnutrition is seldom directly detrimental to elites of Third World governments. Not surprisingly, they seldom want it discussed. Aid as insurance has not yet found its time, not least because of internal debates in the United States surrounding the aims and utility of programs under Public Law 480. The older principle of aid priorities established on the basis of recipients' strategic importance has been partially de-emphasized in the American system, though there remains a connection between United States concerns for certain countries' political stability and food aid allocations (and this connection remains primary in the programs of some other donor countries). Still, there is currently emerging in both American and Canadian policy-making a recognition that food aid and Third World economic development must be more firmly linked. But, there are now no generally accepted priorities among the norms guiding concessional food transfers, so that building a consensus around the principle of food aid as insurance presents an immediate and urgent task for diplomacy.

Clearly, much remains to be done before the changes in the global food regime we propose could be fully institutionalized. Food problems are persistent and steps taken now may be decisive five or ten years hence. However, thanks to the return to market surpluses in the mid-1970s trends toward longer-run global scarcity again seem academic in the thinking of policy-makers. Selective memory has already begun to set in, and some are even saying that the food system actually performed rather well during the crisis years at the beginning of the decade, and that reform of market norms and priorities for nutrition and development are unnecessary or even undesirable. In other words, the urgency in reforming the food regime has diminished with the shift in attention to other problems. Most of the steps toward reform noted here were initiated in the immediate aftermath of the 1972-74 crisis. Steps toward translating general principles into working rules and norms progressed markedly at first. But more recently, with both physical urgency and public pressures diminished, movement has slowed, and perhaps stopped.

In light of these observations, our recommendation to participants in food diplomacy is that they support those new regime principles tentatively in place, and help to institute those that have not yet been established. We believe that catastrophe can be avoided through the development of the rural areas of the Third World, in the context of a stabilized international market in foodstuffs, and in an ethical environment that emphasizes collective international action to enhance mankind's nutritional well-being. Action consistent with the principles presented here, and backed by the initiative and support of United States elites (still the most powerful force in food affairs), can bring solutions to the complex and interconnected problems of world agriculture, can further Third World Development, and can hedge against hunger.