Conscience money, popularly known as "foreign aid," cannot undo the harm that is done to developing countries by the trade and agricultural policies of industrialized nations. While millions of people are starving across Africa, it is not uncommon to read about tons of food being stored or destroyed in the United States, Western Europe, and Japan. These reports seem as if they were coming from different planets: an impoverished Third World suffers while a prosperous First World disposes of surplus food.

The food being destroyed is not just the accumulated discard from schoolchildren's lunch plates. Instead, the great destruction of food is the result of an official agricultural program to keep food off the domestic market in order to raise farm prices.

PLANNED WASTE

Not long ago Japanese officials announced plans to destroy 8,600 tons of cabbages and radishes because their prices slumped below "acceptable" levels. West European officials are reported to have socked away mountains of butter and lakes of milk for the same reason. And U.S. officials ordered 3.5 billion oranges, two-fifths of all production, to be removed from the California market in order to raise prices.

One farmer in California, Carl Pescosolido, faced hefty fines because he chose to give 2 million oranges to the poor people of San Francisco rather than let them rot in the field. The authorities do not always look kindly on charity, unless it fits their own assistance plans.

Emergency assistance in the form of famine relief grabs the headlines, but these paltry sums are dwarfed by the massive government programs that created the conditions of poverty in the first place.

Nearly $100 billion is spent annually by governments to subsidize farmers in the developed countries. Over the long run, these massive subsidies to First World Farmers have had a deleterious effect on the ability of Third World Nations to develop a sound agricultural base and to become economically self-sufficient. This occurs in two important ways.

BAN TRADE — GIVE AID

In order to maintain high domestic food prices, First World nations usually use one, or both, of these techniques:

1. Prohibit the importation of many agricultural products from the developing countries and/or
2. Dump crops abroad under the guise of "foreign aid." Such policies serve to obstruct or ruin farm investment and production where it is needed most.

It is no accident that, while First World nations restrict access to their markets, they like to boast of helping their desperate neighbors with generous shipments of aid. The Japanese government will herald its new ties with Southeast Asia by offering economic assistance, but will curtail the importation of rice and boneless chicken. The U.S. government will fortify its Caribbean allies with military and economic aid, but will restrict the importation of sugar and tomatoes. And Western European governments will offer similar policies to their former colonies in Africa.

This apparently inconsistent behavior, banning trade while giving aid, is frequently part of the same agricultural policy. Politicians, especially in the U.S. and the European Common Market, are always in the awkward position of having to dispose of the vast quantities of "surplus" food that their domestic subsidies have generated. This must be done with finesse so that these "surpluses", or subsidy crops, won't reach the domestic consumer and reduce local food prices.

Thus Americans and Europeans must pay five to seven times as much for sugar as they would have to pay on the world market. And the Japanese must buy domestic rice at five to seven times the price of rice which is produced by farmers in Thailand.

Since Third World nations are prevented from selling these products to the First World, they are not able to earn much of the foreign exchange which is necessary to repay development loans or to purchase vital fertilizers, tractors, petroleum, and education. As the opportunities for self-generated earnings are diminished, developing nations remain eternally dependent on their benefactors.

THE MAKING OF SUBSIDY CROPS

In America, this agricultural policy began in 1929. Under the Farm Stabilization Act, the Hoover administration first bought up and stored 257 million bushels of wheat in order to please the farm bloc.

During the Great Depression, while the hungry and unemployed were lining up at soup kitchens, the Roosevelt administration tried to save on storage costs by paying farmers to plant fewer crops, to plow under millions of acres of cotton, and to slaughter several million pigs and cows.

It has been an expanding bi-partisan boondoggle ever since. In 1983, U.S. government subsidies nearly equalled the total of net farm income.

In 1984, the U.S. government succeeded in removing 82 million acres of prime land from cultivation. This idled 36% of the land devoted to corn, wheat, cotton, sorghum, and rice. Still, new subsidies always brought on new surpluses.

While the U.S. Department of Agriculture (USDA) was holding land and commodities off the market, various branches of government were simultaneously increasing the farm yield and opening virgin territories to even more subsidized farming.

With truckloads of pesticides and fertilizers at hand, the USDA conducted research and training programs to help farmers increase their crop yields. The Farmers Home Administration provided low-interest loans and the U.S. Congress underwrote the construction of mammoth pork-barrel irrigation projects in the desert. Disaster insurance even induced farming in drought-prone and flood-prone areas.

So the embarrassing surpluses continued to mount. There was, however, one last option for the disposal of subsidy crops: What couldn't be stored or destroyed could be sent abroad.

WHAT HELPS FARMERS AT HOME CAN HURT FARMERS ABROAD

The Food For Peace program was established in the 1950s to get rid of unwanted farm surpluses, to build new markets for American products, and to reward favored Third World regimes. With a bizarre twist, this "food for peace" even included millions of dollars worth of tobacco.

Logic suggests that if American farmers benefit when the U.S. government purchases their crop, then small, marginal farmers in developing countries can be devastated when those crops are unloaded on Third World markets. In a report from the British magazine, *THE ECONOMIST* (Feb 2, 1985), "This dumping has allowed shortsighted local governments to keep the price of foodstuffs for the urban proletariat so cheap that native farmers are ruined, and dependence on imported foods becomes a drag on development."

Farmers in many Third World nations don't always have the clout that farmers have in developed nations. Many repressive Third World regimes, along with some international bureaucracies and political lobbies, owe their continued existence more to aid programs than to indigenous popular support.

Autocratic rulers can more easily hold on to the reins of power when there is an abundance of wealth to distribute among corrupt power brokers. In this sense, foreign aid is more likely to retard development. Over the decades of Eastern and Western programs, Ethiopia has virtually become a textbook case.

It is simply not enough to measure a nation's concern for the poor, as many analysts are prone to do, by examining the annual increase in foreign aid. As economist Thomas Sowell reveals in his book *The Economics and Politics of Race: An International Perspective*, Tanzania has received more foreign aid per capita than any other nation, yet its output per worker has declined 50% over the period of a decade and it has turned from an exporter of corn to an importer. In fact, food production all across Africa has been declining in the past decade despite continued aid programs.

MATCHING PRACTICE WITH IDEALS

Japan, Western Europe, and the United States have more to offer the world than restrictive trade barriers and the persistent custom of protecting the domestic farm at all costs. As a lesson from their own history, the First World nations know that an export potential is crucial to developing economies. They could foster greater investment and growth in the Third World by simply living up to their frequently espoused ideals of free trade.

The citizens of the First World nations should be proud to be able to feed the impoverished Third World, and much of the communist Second World, but they must recognize that this abundance is not due to the competitive strength of the agricultural sector as much as it is from those businesses, workers, consumers, and taxpayers who must shoulder the burden of subsidies and high prices. This represents a tremendous misallocation of resources and lost productivity for both the developed and underdeveloped nations. The poor in all nations, First and Third, suffer as a result.

It is time that the United States, Western Europe, and Japan set a better, more consistent model for the Third World to emulate.

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Feast and Famine: an Age of Irony

The Disaster of International Foreign Aid Programs

By Ken Schoolland