

Policy Pennings by Dr. Daryll E. Ray

95 percent of food consumers outside the U.S. but also 99 percent of farm population

When farm policy and trade negotiations are discussed, U.S. crop farmers are often told to look to export markets for future demand expansion because, after all, more than 95% of the world's consumers are outside the U.S. borders. What is not said is that a larger percentage of the world's farm population and thus agricultural producers is also outside the U.S. It is not 99 and 44/100% like the old Ivory Soap commercial. It is greater than that. According to the United Nations Food and Agricultural Organization (FAO) database, FAOSTAT, 99 and 75/100% of the world farm population is outside the U.S.

Alejandro Dellachiesa, one of our Agricultural Economics graduate students has uncovered some additional very interesting agricultural statistics concerning the two largest countries in the world: China and India. Using FAO data he found that, in 2000, China, with its population of 1.3 billion, has an agricultural population of 854 million people. Similarly, India's agricultural population totals 546 million of its slightly more than 1 billion inhabitants.

Between them their agricultural population is 1.4 billion compared to the U.S.'s agricultural population of 6 million. To look at it another way, over 54% of the world's agricultural population lives and works in China and India, while less than ¼ of 1% of the world's agricultural population lives and works in the U.S.

Thus, when it comes to trade negotiations, the potential impact on their rural population is a central concern of China and India. This is especially true when it comes to the importing of foodstuffs. As Devinder Sharma has said, "once a developing country starts to import food, it is also importing unemployment and promoting the exodus of rural people into the cities." Ditto when crop prices are driven far below their cost of production by developed countries. These factors contribute to the growth of the large squatter settlements that surround many of the major cities in developing countries.

In addition to food security reasons for limiting imports in general, many developing countries can't afford to have massive abrupt changes in their agriculture, whether caused by large increases in imports or externally-caused depressed crop prices.

Daryll E. Ray holds the Blasingame Chair of Excellence in Agricultural Policy, Institute of Agriculture, University of Tennessee, and is the Director of the UT's Agricultural Policy Analysis Center. (865) 974-7407; Fax: (865) 974-7298; dray@utk.edu; <http://agpolicy.org>. Daryll Ray's column is written with the research and assistance of Harwood D. Schaffer, Research Associate with APAC.

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Originally published in *MidAmerica Farmer Grower*, Vol. 21, No. 29, July 16, 2004