



## Speaker Summary Note

**Session:** High-Income Countries

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**Title:** The Role of Public Policy in Shaping Agricultural and, by Extension Health and Nutritional, Outcome

### **Agricultural policy can be designed to have any number of desired outcomes**

- Governments typically adopt policies that enable low food prices at home, maximize export value of crops and optimize resource and environmental constraints.
- Oftentimes, these objectives are competing and require a prioritization based on local needs and constraints.

### **In the United States during the Nixon Administration, a decision was made to pursue a “cheap food” policy**

- Previously, the USDA helped maintain farm incomes by limiting production. In other words, some farmers were paid not to farm.
- However under Nixon’s Ag Secretary, Earl Butz, this policy was reversed. Now, farmers would be given direct payments, subsidies and price supports to encourage more production. The goal was to grow more food, and pay less for it in the supermarket.
- Earl Butz’s “Get Big or Get Out” mandate in agriculture led to productivity gains from increased consolidation and specialization. With increased output, prices fell.

### **By pursuing “cheap food,” U.S. farm policies achieved their desired outcome, but also introduced new and unexpected consequences**

- Since the focus on “cheap food,” the percentage of income spent on food in the US has fallen by nearly 50%.
- However while food prices were falling, the amount spent on health care has more than tripled (from 5% in 1960 to 16% today). Much of this increase is tied to dietary disease.
- Additional challenges have also resulted in food safety (traceability), as well as the environmental toll of agricultural production.

**Applying this lesson to the developing world, care must be taken to ensure that agricultural policies align with national objectives**

- There is no “one-size-fits-all” approach.
- Agricultural policies should be tied with national health, nutrition, environmental, economic, developmental and political goals.

**As demonstrated in recent client engagements, many countries struggle with finding the right balance**

- In many parts of the world, agricultural output remains a legacy of colonization.
- A huge opportunity exists in modernizing agricultural systems in these areas.