



CHAPTER 10

World Agricultural Development: India's Experience with Technologies, Markets, Management, and Trade

Address by the Laureate of the 1989 World Food Prize

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Ladies and Gentlemen:

I am deeply honored to be the recipient of the third World Food Prize, an award distinguished by its inspiration, Dr. Norman Borlaug.

The honor is further enhanced by my joining the company of such accomplished scientists as Dr. M.S. Swaminathan and Dr. Robert F. Chandler, Jr. Let me, however, warn you that you cannot expect from me—a milkman from a little town—the erudition and eloquence of my predecessors. Let me also share my fear that this prize for past achievements will only serve to set even greater standards for the future. If we are to live in a world without hunger, we face a challenge of such importance and magnitude that when our meager abilities are measured against it, we must all stand humbled before such an awesome task.

As gratifying as it is personally to receive such an award, the World Food Prize recognizes not so much what I may have accomplished as an individual, but the achievements of so many who have contributed to the work with which I have been privileged to be associated.

When I first came to Anand many years ago, I was inspired and guided by several Gandhian leaders—men of great ability, integrity, and commitment to a cause. One of these men, Mr. Tribhuvandas Patel, devoted the greater part of his life to building the dairy cooperatives of Kaira District. To him, my country, our farmers, and I owe a great deal. He was my “guru.”

The officers of the institutions where I have worked, and which I have been fortunate enough to serve, have been men and women of courage, of ability, and integrity. Many have sacrificed more lucrative careers to work

with our farmers. Some have even sacrificed their lives for their beliefs. This award recognizes all that they have given.

Our work has received support from several international and national aid agencies. This has come in the form of commodities, financing, and a shared belief in our vision. They have helped make our achievements possible.

Over the last forty years I have also been privileged to have received total support at the highest level from my government, and particularly from our prime ministers.

I would not be standing before you today had it not been for the support and encouragement I have always received from my wife. A husband who works in a small town as an employee of farmers is considered neither fashionable nor prestigious. She has shared my commitment with unflagging courage and grace.

Above all, this award recognizes the Indian farmer, whose courage in the face of adversity, whose skill as a farmer, and whose wisdom as a human being have transformed dairying in India. Our farmers have proven that, given command over the resources they create, they can and will produce miracles. The remarks I make today are an attempt to speak to you on behalf of more than six million dairy cooperative members in India, whose elected chairman I am. It is from them and their families that I have drawn my strength.

Operation Flood, the program that has transformed India's dairy industry, is not a story of the triumph of science and technology: there have been no such miracles. How then was our dairy revolution made possible? I would submit that one very important reason is that we have created structures that give our farmers control over the resources they create.

Over the last two decades, more than six million dairy farmers have joined 60,000 milk producers' cooperatives spread throughout every part of my country. Imagine, if you will, every morning and evening, six million farmers pouring milk at their cooperative—milk that will travel from remote villages to towns and cities throughout India. Today these farmers earn more than one billion dollars annually and own some of the largest, most successful businesses in India.

These structures have, first and foremost, returned a greater share of the consumer's rupee to the farmer. They have built markets, supplied inputs, created value-added processing and products. All this has happened because our farmers' productive capacity has been linked with professional management in cooperative organizations that have staked out a place in the market. Put bluntly, these structures have forced others in the dairy business to compete fairly, and they have helped turn the terms of trade in favor of the rural producer.

When producers have such structures at their command, we know that

they have the means — and the will — to ensure that the results of science and technology reach all those who will benefit. It is only when such structures exist that confidence in a remunerative price stimulates investment in productivity. It is only when such structures exist that farmers can demand the delivery of the services and inputs they need to realize returns on that investment. And, if I may hazard a prediction about the future, it is only such structures that can educate farmers around the world about the fragile nature of our environment and the need to exercise the greatest care in exploiting our limited resources and in controlling our population.

The great lesson we have learned is that we must respect and trust our farmers. They represent 74 percent of India's population. They may not be educated, or even literate, but they possess uncommon sense and even uncommon wisdom. Time and again they have shown the ability to rise above narrow self-interest and parochial concerns to act together in pursuit of longer-term goals and a greater common good. Programs and projects that are designed and managed from the top down, that treat farmers as "targets" and that ignore this untapped capacity of rural producers to manage their own affairs, such programs invariably fall short of their goals. Those which respect the right of the farmer to manage his own affairs cannot fail.

We have learned, however, that even producer-controlled structures are not enough to ensure progress. For these structures exist in a social, economic, and political environment that may extend well beyond national boundaries.

How, for example, can milk production increase in a country if other nations with well-established dairy industries are allowed to simply dump their surplus at whatever price they can get? Until two or three years ago, world supplies of dairy commodities were in great surplus. Governments — the same governments that urge us to "liberalize" our economic policies — competed to subsidize exports. And a great many countries with fledgling dairy industries succumbed to the temptation of those low-priced products. Subsequently, herd buy-outs, new policies, and unexpected events such as Chernobyl have combined to reduce surplus commodities drastically. World prices of dairy commodities have now more than doubled. Imagine the plight of those countries that relied on the productivity of other nations' dairy farmers and the generous subsidies of those governments.

We are now in the midst of a new round of GATT negotiations, a round in which agriculture has become a central subject of discussion. Those with surpluses are trying to find ways to keep the other fellow from subsidizing production while they continue subsidies themselves. The economists who serve these interests provide a great many fancy arguments about why we should do this and not do that. What it boils down to is an agreement that you should produce, and I should buy — in perpetuity.

Well, I, for one, will have none of it. We shall not hand over India's markets to the dairy farmers of New Zealand or to the soybean producers of Iowa simply because, today, they enjoy a temporary comparative advantage.

Where it makes sense to do so — and only where it makes sense — we intend to ensure that tomorrow we, too, will have a comparative advantage.

What is far more important, however, is that we must all work together to increase trade — in all directions — to mutual benefit and with mutual respect. Not by taking a short-term view and erecting direct and more subtle trade barriers, but by sitting down together to determine how — together — we can feed, clothe, and provide shelter to our fellow man.

When we look at what we have achieved in India with Operation Flood in milk — and now with oilseeds — we are not looking simply at the application of science and technology, though both have played a role; we are not looking simply at the creation of farmer-owned structures — though such structures have been necessary to success; what we are looking at is all of this, combined with the orchestration of all the policies and programs that affect production to ensure — to the extent possible — that these support and strengthen our efforts, rather than standing as obstacles, which all too often is the case.

There has been one last, and critically important, ingredient in our success: food itself.

For those of you who may not be familiar with Operation Flood and how it works, let me provide a brief background.

Twenty-five years ago we set about to replicate Anand's very successful dairy cooperatives. We believed we knew something about structures and something about the science and technology of dairying. But we had few resources. Those resources that were available were in the hands of government departments that did not feel inclined to share them with us.

Now, at the same time, mountains of butter and milk powder were growing in Europe. It was only a matter of time before those responsible for those mountains looked at India and decided that it was just the place to sell that butter and powder. And we knew if they did sell it — or worse still, if they gave it to us as a gift — our dairy industry, already weak, would be destroyed.

What we devised was a way in which to use those commodities, but to do so in a manner that strengthened, rather than undermined, our own dairy industry. With the help of the World Food Program, and then the European Economic Community, we arranged for the donation of some of that mountain. These donated commodities were then used to create a market that our own increased domestic production would later fill. The donated products were sold at prices that did not undercut our own farmers. The funds generated were used to finance our own infra-

structure—dairy plants, feed factories, training, education. This financing was largely in the form of loans, so that the funds were recycled again and again.

Subsequently, we have used a similar approach with our oilseed projects. The governments of Canada and the United States, through their cooperatives, have donated edible oil, which we have used for this purpose. We are now even looking at a nonfood commodity—paper pulp—as a way to finance a project to “green India.”

I must frankly say that in trying to get Operation Flood implemented, and later with the oilseed project, we did face severe practical difficulties. In the early years of Operation Flood, we received mouldy milk powder and rancid butter oil. When we complained, we were told, in effect, that beggars could not be choosers. Finally I had to intervene and reject the milk powder to make it quite clear that India would not be a dumping ground for commodities unfit for human consumption. Surely this should not have been necessary.

A little later, in fact just as our Operation Flood investment was getting into high gear, there was a temporary decline in world dairy surpluses. Our supplies of donated commodities were virtually cut off. A similar situation occurred with our oilseed project when donations were shipped to meet the donors' convenience. Again, we had to take a stand to make clear that we could not accept food aid on a stop-and-go basis.

The relationship between the person who gives and the one who receives is an uneasy one. It must be remembered that we who receive are not beggars and those who give are not doing us a favor. In undertaking such collaborations, both the donors and recipients are recognizing and acting on a mutual interest. The recipient must learn to receive with dignity, the donor to give with grace.

I have mentioned this because although we have experienced some problems with food aid, we have also benefitted greatly from it. It is a benefit that we firmly believe can and should be more widely shared.

“Food aid” has three important uses. The first is as emergency relief in the case of natural disasters. Such food aid may be vitally important to the survival of those affected. Second, and perhaps more commonly, food aid is used for the medium- and long-term alleviation of hunger. Third, food aid can be used as an investment in the production, processing, and marketing of food, thereby helping to eliminate the future need for such aid.

If I may, I would like to suggest that there has been too much use of food aid for the alleviation of hunger, and too little use of food aid as an investment. Food aid has been too often used to alleviate the symptoms, and not often enough to cure the disease.

Feeding programs have played a useful role—and can continue to do so in a limited and carefully planned way. However, all too often, such use of food creates dependency, alters food consumption patterns, and de-

presses demand for local production. I regret to note that such “humanitarian” use of food has also led to abuses. In some instances donated food is sold, benefitting the sellers but not the intended recipients. In other instances this food has been used to promote political or religious interests. This, I hope you will agree, is improper and immoral.

However, the arguments for food aid as an investment do not rest on problems associated with other uses of commodity assistance: they stand on their own merits.

First, food aid, used as an investment, is anti-inflationary. The food is sold, helping to mop up the consumers' money for investment in development.

Priced consistent with the local market, and imported in appropriate quantities, such food aid supplements food supplies without causing detriment to market prices or depressing domestic production.

Given a comparative advantage and selection of the appropriate commodities, a donor investment of one dollar can produce two dollars and more in local currency resources for development.

At a time when international debt is mounting, the least productive use of scarce foreign exchange is for food imports. To the extent that donations reduce that outflow, they free such funds for productive investment.

Funds generated from the sale of commodities and then loaned can finance the creation of structures to produce, process, and market commodities; as loan funds are repaid, they become available for investment in expansion and diversification. The resources can be recycled again, and again, and yet again.

In the last two years, a hungry world has witnessed some of its most productive member nations adopt policies and programs to reduce production. Commodities available for sale—and for donation—have diminished sharply. We understand that this has not only reduced world supplies, but has also caused hardship to producers and consumers in the very countries that have taken such steps.

What must be the effect on the farmer who is told not to achieve excellence, who is bribed to do less than his best? Knowing, as I do, the enormous benefits that result when food is used as an investment, I feel even more strongly that to constrain production in a world with hunger is wrong, even immoral.

Instead, let those nations that have—or that can produce—a surplus sit down together with those that are as yet unable to fully feed themselves, and let us evolve a plan in which surplus food will be used as an investment to increase the production and productivity of those presently in need.

Let our goal be the ability of each nation to feed itself. By that I don't mean that a nation need produce everything it consumes, but that it will produce enough to ensure that what is not available can be purchased. Nor do I mean that a nation is feeding itself when significant parts of its

population can afford only the barest minimum. A nation is feeding itself when the nutritional requirements of all its men, women, and children—especially its children—are fully met.

Let us plan, produce, and channel surplus to meet the requirements of countries in need, not haphazardly dispose of the occasional excess of surplus-producing nations.

Let us plan and commit resources over the span of a generation, sufficient time to build genuinely sustainable results.

Let us jointly examine and agree upon the types of policies and programs that serve a world in need, not the interests of the few. Let us agree that food aid investment is in the interest of both donors and recipients, and commit ourselves to the highest standards of quality, continuity of supplies, and integrity—not only in commodities, but in our efforts.

Let us pledge not to use food either as a political incentive or as a weapon, but rather to contribute to those who need such support and who are prepared to use it well.

Such a plan is one that serves all our interests. It is a cost to a nation to have people who suffer from hunger; it is equally a cost to constrain producers from pursuing the best they can achieve. If today's donation reduces tomorrow's market for one commodity, experience has shown that it will open new markets for other commodities tomorrow. By working together we can, I believe, bring some order, progress, and sustainable growth to our shrinking world.

The challenge we all face is far too important to leave to our politicians and bureaucrats. Let the leaders of genuine producers' organizations from around the world, from rich nations and poor, take the initiative to use food to our mutual and sustaining benefit. Just as cooperation has proved successful in individual countries around the world, let it prove successful on a far broader scale to solve the greatest problems of our time.

Only last week six countries of Asia at the ministerial level sat around a table at the National Dairy Development Board in Anand to discuss how the Anand pattern could be replicated, with suitable modifications, in their countries. These six countries were Vietnam, Indonesia, the Philippines, China, Pakistan, and India. The meeting concluded with a resolution to establish an international center in Anand for sharing our experiences in the field of dairy development with our neighbors.

That countries so vastly different in their social, political, and economic structures should so quickly come to a unanimous decision is a measure of what can be achieved if there is a will.

As this year's World Food Prize laureate, my colleagues and I are committing ourselves to set up such an international center, which we hope will serve not only Asian countries but those of Africa and Latin America as well. Let me express the hope that the advanced countries will join in the

support of this effort, particularly with food aid as an investment in dairy development.

We have enjoyed a decade of "almost enough," enough to cause complacency. If there is a touch of hunger in the Sahel, then we have tried to patch it up with a few concerts and shipments of food. However, we are now looking toward a much more difficult decade, one in which many will face a rude awakening. The world faces a grave agenda: poverty, hunger, a deteriorating environment, growing populations, new and dreadful diseases. These problems respect no artificial boundaries. Nor are these simply the problems of governments and international organizations. I firmly believe that it is only when people and their structures become directly involved, when responsibility is with those whose interests are genuinely at stake, that solutions are possible. We can no longer afford the luxury of leaving problems entirely to governments to solve. We must seize the initiative and involve ourselves and the people of the world in attacking hunger, disease, and poverty. The future of our world depends on it. Thank you.