

Agricultural export production and malnutrition revisited

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Agriculture's role in economic development is diverse and varies among countries. Besides providing food, feed, fibre and fuel alcohol for the domestic market, agricultural commodities may account for a very large share of total exports for most developing countries, and thereby serve as a principal source of foreign exchange. Ironically, nutritional deficiencies—caused at least partially, by inadequate intake of calories—are also common in many of these same countries. Hence, it is sometimes argued in the literature that, to improve the precarious nutritional situation, scarce resources such as land and labour, should be lifted out of export crop production into the production of food for domestic consumption.

Much as there is some soundness in the foregoing argument, it fails to address the potential nutrition gains from exchange among nations. In theory, if an exporting country has comparative advantage in the production of export commodities, then benefits from trade will be more than enough to compensate for the loss of domestic food production through imports. Thus, while agricultural export may reduce domestic food production, it need not reduce domestic food availability.

The inability of governments to exploit comparative advantage in order to alleviate malnutrition has been ascribed to inappropriate domestic policies, and/or inequitable distribution of the gains from trade—among others. The present paper looks beyond these claims and apports blame to the way international trade is currently organised.