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Congress of the United States
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AGRICULTURAL TRADE POLICY IS THE KEY TO U. S. FARMER PROSPERITY

As a member of the House Committee on Agriculture and the Special Republican Task Force on Agriculture, I am convinced the future growth of American agriculture depends largely upon how U. S. foreign agricultural policy is conducted. The extent to which the United States moves toward sound policy goals in this area will determine the extent to which domestic farm problems can be solved.

Much is being said these days about expanding East-West trade, particularly trade with Russia, at the very time Russia actively supports our enemy in North Viet Nam. The great debate now centers around the shipping restriction requiring that 50 percent of any grain sold to the Russians be carried on U. S. ships. This is an arbitrary requirement, but it represents the price exacted by the powerful Maritime Union before giving its approval to the first Russian wheat transaction in 1963. I would, therefore, urge removal of the shipping restriction, as it is being used to avoid confrontation with the real issue. Unquestionably, the real issue to be determined is the moral one of trading with a Communist country which has been directly and indirectly responsible for the deaths of young Americans who are fighting in Viet Nam to protect us and the Free World from Communism. In view of the circumstances, it is my feeling that all trade with Russia should be suspended and the entire trade policy reviewed, for, otherwise, American farm products are withheld from trade while American industrialists do a brisk business with Communist Russia.

Without going into the many other pros and cons of expanding East-West trade, I would emphasize there are many real opportunities to expand U. S. trade with countries which do not pose a threat to our national security.

SMALL YEARLY FARM SURPLUS

The large existing stocks of U. S. agricultural surpluses did not build up overnight. They accumulated as a result of relatively small year-by-year imbalances between production and utilization. The largest post-war change in our national stocks of farm commodities, for instance, occurred in 1948, when our farm production, combined with agricultural imports, amounted to 8.4 percent more than we could export or utilize domestically. The sum of U. S. farm production and agricultural imports from 1947 to

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1964 exceeded the total domestic use and farm exports by a yearly average of only 1.7 percent. During that same period, exports amounted to 10.9 percent of our total utilization, and imports were 11.6 percent. It is obvious then, that a small shift in the balance between our imports and our exports could change a farm surplus into a deficit.

TRADE POLICY GAPS PREVENT BALANCE

Our Republican Task Force on Agriculture has found, however, that the lack of an adequate overall U. S. foreign agricultural trade policy has effectively prevented any such balance from taking place. We found that serious shortcomings exist within this area of public policy -- shortcomings which have worked to undermine not only our vital agricultural export trade, but also our domestic farm economy as well. U. S. agricultural trade policy is being carried out in crazy-quilt fashion, with numerous vacuums and gaps, and a remarkable lack of coordination.

ADMINISTRATION'S POLICY FAILURE

These shortcomings in our agricultural trade policies result principally from: (1) the failure of the Administration to adopt a sound, positive agricultural trade policy that would resist the protectionist policies of other trading countries, and better serve this Nation's agriculture and economy, and (2) the Administration's failure to comply with the directive of Congress, as expressed in Section 22 of the Agricultural Adjustment Act to coordinate U. S. agricultural import policies with our domestic farm programs.

U. S. FARMER HURT BY FOREIGN PROTECTIONISM

Because of these failures, the U. S. farmer has been penalized by consistently inadequate prices and increasing government production restrictions. Other countries, displaying highly protectionist attitudes, close their trade doors to American agricultural commodities, while at the same time demanding and getting easy access to our valuable markets. These countries impose heavy taxes and levies on our exports to them, while we take on the burden of subsidizing their exports to us with our price-supported markets.

In the short space allotted, it is difficult to adequately discuss this important problem, but in conclusion, I would also make the following points:

- (1) The maintenance and expansion of U. S. agricultural export markets is vital

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to the farmer and to the national economy as a whole, from which he purchases yearly some \$40 billion worth of goods, and provides employment for 6 million non-agricultural laborers.

(2) Our export markets are threatened by the protectionist policies of other countries. The U. S. is a highly liberal trader in comparison, protecting only 26% of her domestic market by non-tariff barriers, in contrast to the United Kingdom, 37%; West Germany, 93%; Australia, 41%; and New Zealand, 100%.

(3) Recent U. S. actions in regard to the agricultural negotiations in the Kennedy round provide grave cause for concern that agriculture may be shortchanged at Geneva. The U. S. last year allowed industrial negotiations to proceed without first determining the rules for agriculture and just recently announced its decision to go ahead and submit agricultural trade proposals in September, even if the EEC does not. It is imperative that agriculture not be sacrificed in these negotiations. The United States must point out to her trading friends that world trade is a two-way street. We cannot expect to get something for nothing, but neither should we give indiscriminate access to our valuable U. S. markets without getting meaningful concessions in return.

(4) The Administration has failed to coordinate U. S. agricultural import policies with domestic price-support programs, and this has cost the American farmer and taxpayer millions of dollars. Last year alone, as a result of the recent excessive beef imports, the Government spent over \$220 million in purchases of surplus beef, but succeeded in sopping up an amount equal to only 10% of the imports.

(5) Congress authorized a coordinating mechanism - Section 22 of the Agricultural Adjustment Act, as Amended, which allows the President, pursuant to a U. S. Tariff Commission investigation, to impose fees or quantitative restrictions on agricultural imports which interfere with U. S. price-support programs. But, in the last four years, the Administration has repeatedly failed to use this effective coordinating device.

CONCLUSION

A realistic U. S. agricultural trade policy is badly needed if this Nation is ever to make any progress toward the solution of its domestic agricultural problems. I would recommend two steps to improve this situation: (1) expansion of agricultural exports for dollars through the adoption of a more realistic and positive U. S. bargaining position at the trade negotiation tables of the world, and (2) Congressional action to ensure Administration compliance with the Congressional directive expressed in Section 22 - the directive to coordinate agricultural import policy with domestic price support programs.

A realistic U. S. agricultural trade policy will contribute much to the solution of our domestic farm problems, and will afford the United States the opportunity to achieve equitable and truly reciprocal trade agreements which will be of mutual benefit to all nations.