

Payments Problem: Agriculture Helps To Restore A Balance

American agriculture has been helping to right the balance of payments. Last year, at a time when commercial exports of other commodities lagged behind the value of imports, and the outflow of dollars accelerated, agricultural trade brought nearly \$1 billion into the United States.

Money on the Move

Farm trade is not the only activity affecting the payments balance.

The balance of payments is an accounting of all money entering or leaving the country for any reason: money paid for imports, foreign spending by U.S. firms, tourists, or the government and investment abroad; money received for our exports, or for loan repayments from tourists visiting America, or from foreign investment here. There are thus many reasons why dollars change hands internationally outside of the customary commodity trading channels.

When dollar income exceeds outflow, the balance is deemed favorable. When the reverse is true, as in recent years, the bal-

ance is in the favor of foreign holders who can demand gold or build up future claims on our goods.

The balance-of-payments deficit, which had been diminishing gradually for several years, jumped again last year to the highest level since 1960. This turnaround caused widespread concern because it came at a time when other currencies were being devalued.

The deficit last year more than doubled from the 1966 level and amounted to \$3.6 billion. But without the net contribution of agricultural trade, including dollar returns on Government program (noncommercial) exports, the deficit would have mounted to \$4.6 billion.

Where did the billion-dollar agricultural contribution come from? To answer that, it's necessary to distinguish agricultural trade from nonagricultural, and commercial exports from those financed by the Government.

Commercial Trade

Last year, the value of all ex-

ports sold commercially was \$26,999 million. This was a slim \$19 million more than what we paid for imported goods. So our net commercial trade added \$19 million to the plus side of the payments account. But exports of commodities other than farm goods ran behind what we paid for similar type imports. All of the net dollar income from our trade thus came from agriculture.

In 1960, the commercial agricultural trade balance was a deficit. In that year, there was a total of \$435 million on the minus side. By 1963 exports and imports were about equal. The balance then became favorable and peaked at \$984 million in 1966. In 1967, it was favorable by \$660 million.

On the nonagricultural side, imported goods have become increasingly attractive to Americans. In 1960 we paid nearly \$11 billion for nonagricultural imports, but by last year, our import bill hit \$22.5 billion. Up to 1965, other countries

were buying substantially more of our non-agricultural goods than we were buying of theirs. Between 1960 and 1964, for example, the balance of nonagricultural trade was favorable, earning \$2 billion or better each year. By 1965, however, the margin slipped to \$1 billion. And for the past 2 years the balance between exports and imports was negative. The deficit in 1967 totaled \$641 million.

Thus, the \$660 million favorable balance of commercial agricultural trade last year was just large enough to offset losses from other trade and leave a surplus of \$19 million.

Public Law 480 Programs Pay

Money earned last year from Public Law 480 dollar credit sales and sales for foreign currencies also contributed favorably to the balance of payments. They affected the balance two ways:

—Countries who bought our food on credit in earlier years agreed to pay us in annual dollar installments. Last year these countries paid \$59 million principal and interest on earlier credit sales.

—Exports paid for in local currencies don't help our balance of payments, since we cannot con-

vert the currencies into dollars. However, each year our Government can draw on this reserve when it needs to spend money abroad, avoiding an outlay of dollars. In 1967, Government agencies abroad spent \$222 million worth of local currencies, reducing the dollar drain by that amount.

In addition to these sources our Government's Export Import Bank, which also extends credit to finance farm product exports, received \$47 million interest and principal repayments on agricultural commodity loans.

All these items amounted to a total contribution of \$328 million in money earned or saved as a result of noncommercial commodity exports.

Added to the \$660 million favorable commercial agricultural trade balance, farming's net contribution to the plus side of the payments balance totaled \$988 million in 1967.

Poultry Committee Meets June 18-19 In Washington

The 22-member Poultry Advisory Committee named recently to counsel with the Packers and Stockyards Administration (P&SA) will hold its first meeting June 18-19 in Washington, the U. S. Department of Agriculture said today.

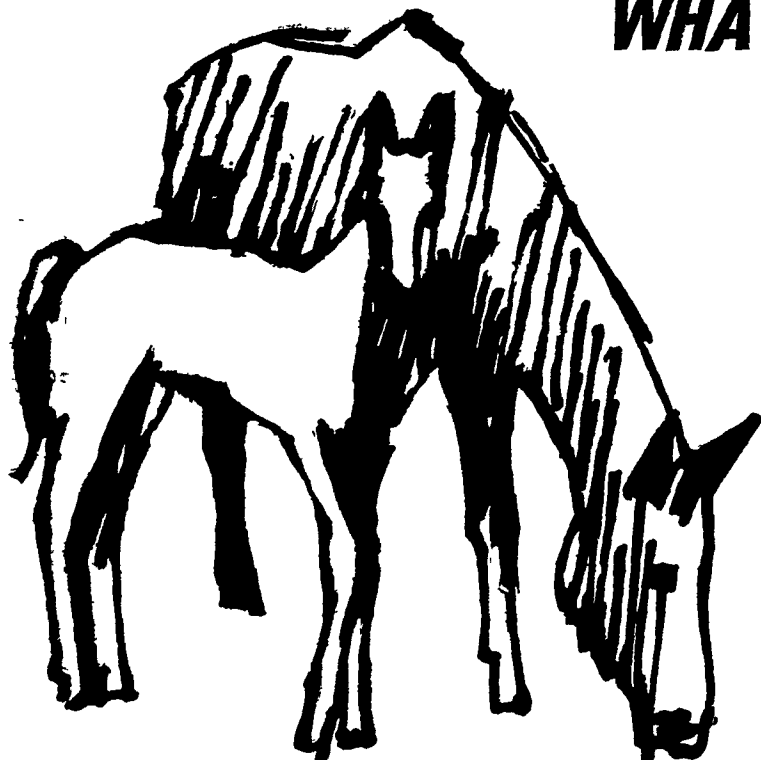
Donald A. Campbell, P&SA Administrator, said meetings will begin at 9 15 a m in Room 218 A USDA Administration Building.

'We are anticipating a productive session in discussing the complicated problems of the poultry industry with these industry leaders,' Campbell said. Committee members representing every segment of the industry will provide valuable scope and experience to our discussions."

USDA officials said the committee is needed to help meet the extensive marketing structure changes which have taken place in the poultry industry during recent years.

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Policyholder Questions Answered by the Health Insurance Institute 277 Park Ave., N. Y., N. Y., 10017

Q. I just had my eyes checked by a doctor and luckily I don't need glasses. The doctor said however that it is possible that in a few years I may have to start wearing them. Is there any kind of health insurance that I can buy which will help me pay for eye examination and glasses when I need them?

A. Probably not. There are some group insurance programs which provide some benefits toward vision care, but this type of coverage as such is not general. Insurance companies have been experimenting with vision care coverage. Until sufficient experience in this area of insurance is gathered by insurers, it isn't likely that it will be generally available.

Q. Do you have any information on how many people have to enter a hospital in a year's time?

A. In 1966, the figure was about 27 million patients. That means that during the year an average of 73,694 persons entered the nation's non-federal, short-term general hospitals



daily. The 27-million figure represents an increase of about 500,000 admissions over 1965.