

# U.S. farm economy tied to world trade

[Continued from Page 14]

provisions of the Export Administration Act

Under the law, the President cannot stop grain exports unless the Secretary of Agriculture certifies there is a shortage of the commodities involved, or unless the President certifies the action as necessary for national security.

"The action depressed U.S. and world grain prices, and both the Soviet Union and Poland bought grain elsewhere at lower prices"

Export controls, the Federation president said, are contrary to the interests of farmers and the broader interests of all citizens in our balance of payments position.

Farm exports, he said, enabled the United States to attain an overall trade balance of \$2.4 billion in fiscal 1974 and a \$1.8 billion in fiscal 1975.

"Export markets are essential to a prosperous agriculture as our productive capacity far exceeds domestic requirements.

"The need to maintain a high level of agricultural exports is even greater now due to the increased price of imported foreign oil.

"Instead of succumbing to the folly of trying to manage agriculture with higher target prices, larger government payments, government reserves and various types of controls, we should seek ways of improving the market system.

"This approach may involve such things as the increased use of advance contracts to assure the availability of needed

supplies, the increased use of futures markets including the development of longer term futures contracts, and other innovations.

"The interests of the United States in international trade cannot be advanced by participation in politically determined international commodity agreements.

"International allocation of markets and determination of prices by government would (1) seriously restrict farmers' opportunity to expand markets and (2) substantially reduce net farm income.

"U.S. agriculture must be allowed to compete in world markets without impairment by international commodity agreements.

"Farm Bureau vigorously opposes efforts to inhibit market expansion and limit exports to a specified amount or a stipulated share based on some arbitrary base period politically determined in international negotiations.

"Market sharing, or international supply management, penalizes efficient producers and encourages uneconomic production. It bases future opportunity to expand markets on political negotiations rather than on our economic ability to compete.

"The International Trade Commission in its recent report to the Senate Finance Committee supports Farm Bureau's contentions and labels international commodity agreements wasteful and inefficient.

"The ITC report points out that the restrictive provisions of commodity agreements, such as quotas and contracts, causes various degrees of waste and inefficiency.

"The ITC further stated that export quotas - a basic feature of most commodity pacts - promote resource misallocation, because quota share often reward inefficient producers and penalize efficient ones.

"The important fact to be emphasized is that the market system is a more effective mechanism for the solution of economic problems than any system of government intervention," Kuhfuss said.

Kuhfuss, who was recently named to President Ford's Advisory Committee for Trade Negotiations, said that in the current multilateral trade talks now taking place in Geneva, agricultural and industrial trade issues must be conducted jointly, not separately.

"Failure to adhere to this overall negotiating objective could be disastrous to the expansion of our agricultural exports and ultimately to the entire economy," he said.

The establishment of government - held grain reserves was cited by Kuhfuss as another impediment to the achievement of a market - oriented agriculture.

"The costs of a grain reserve operated by the U.S. government - either independently or as a part of an international program -

almost certainly would exceed the benefits.

"The costs include adverse effects on U.S. farmers as well tax dollars. A government reserve inevitably becomes a part of the supply-demand equation, regardless of the efforts made to insulate such stocks from the market. Buyers know that rules established to protect market prices are always subject to change due to political and other pressures. Thus, reserves tend to depress average farm prices.

"Farmers and the trade will maintain larger reserves if the government does not take over this function. Domestic consumers have a great deal of protection in the productivity, diversity, and flexibility of American agriculture. Domestic processors and foreign buyers can protest their needs through advance contracts. Importing

counties are free to maintain their own reserves.

"Food aid can be made available to less developing countries without adopting an approach that inevitably would lead to a government-managed agriculture.

"Consideration should be given to the establishment of an international monetary fund to be used for purchase of food only in the amounts, and when, needed. Such a fund should be supported by all nations of the world. To meet disaster needs, such as starvation, malnutrition, and other emergencies, funds could be withdrawn from the international monetary fund to purchase needed food from any nation where it is available.

"Any national or international food aid program should be administered with care to avoid discouraging needed increases in production in the recipient countries.

"The really serious aspects of the world food situation involve - overpopulation and inadequate incentives for economic development. The United States can, and should help the poorer nations of the world, but this should be done in ways that will not affect domestic producers adversely.

"A long-run solution to world hunger requires effective measures to limit population growth, to increase production substantially in poorer countries, and to expand mutually advantageous international trade. No system of rationing short supplies will solve this problem" Kuhfuss said.

xxx

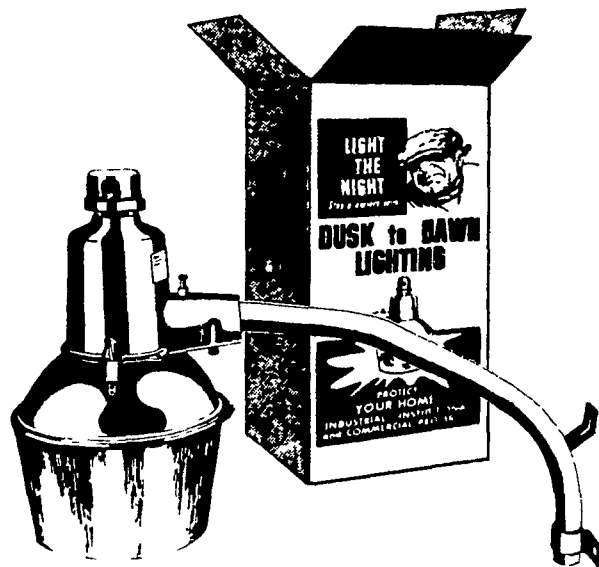
There are 15 million Americans whose daily lives are affected by birth defects, according to The National Foundation - March of Dimes.

**In Lancaster, Builders, Contractors, Homeowners Save Money at LBS...**

**LANCASTER BUILDING SUPPLY HOME CENTER**



**SAVE \$15 DUSK-TO-DAWN SECURITY LIGHT**



- Electric eye turns light on at dusk, off at dawn.
- Lights about 4500 square feet.
- Easy to mount.
- 175 watt lamp, fixture, arm and hardware included.

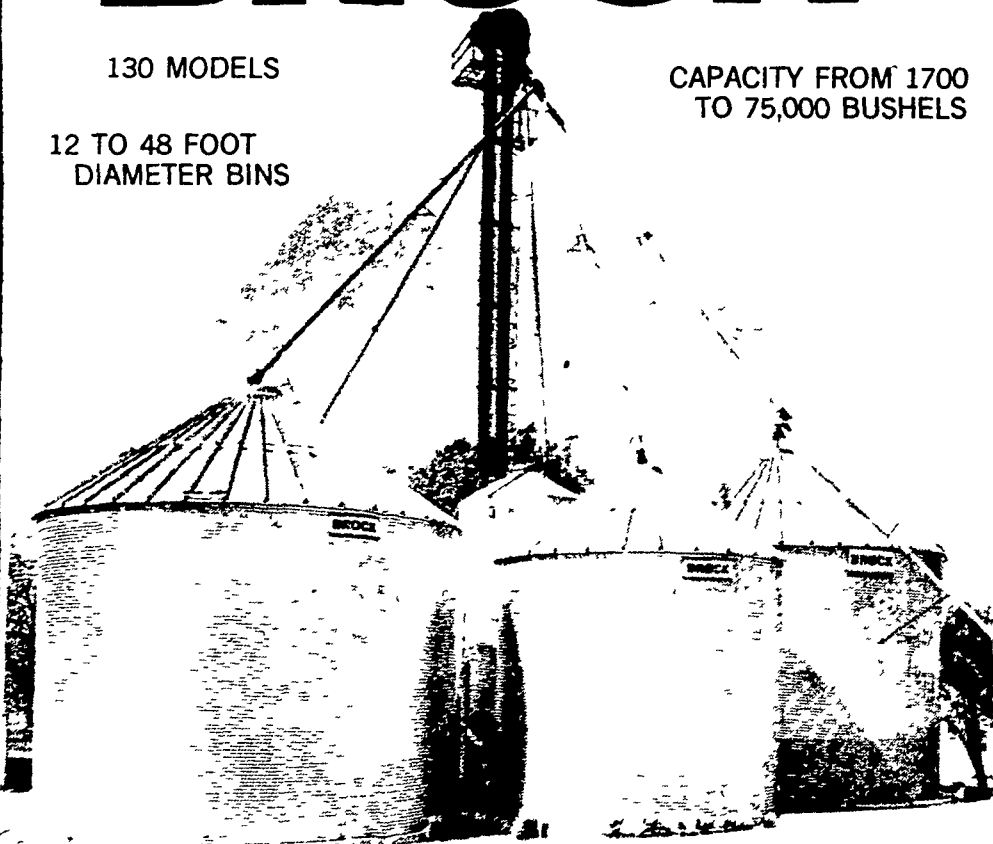
Regular \$49.95 **34.95**

**BROCK GRAIN BINS**

130 MODELS

12 TO 48 FOOT DIAMETER BINS

CAPACITY FROM 1700 TO 75,000 BUSHELS



**EARLY ORDER DISCOUNTS AVAILABLE IN JANUARY**

NOW IS THE TIME TO ORDER FOR NEXT YEAR'S CROP

WE SELL, SERVICE AND INSTALL

**E. M. HERR EQUIPMENT, INC.**

R.D.1, Willow Street

717-464-3321



**OPEN DAILY 8 A.M. to 5:30 P.M. SAT. 8 to 4:30 OPEN MON., WED. & FRI. EVE. TO 8:30 P.M.**

