

Protectionism' could hurt U.S. farmers

ITHACA, NY — Congressional efforts to protect U.S. industries from foreign competition could backfire on American farmers, particularly those in the Midwest, two Cornell University agricultural economists are warning.

Kenneth L. Robinson and David Blandford agree that major grain and soybean importing countries such as Japan, Korea, and Taiwan, as well as the European Economic Community, probably would retaliate against strong U.S. trade protectionist measures by importing more agricultural products from competing exporters, such as Canada, Argentina, Australia, and Brazil.

Robinson and Blandford are members of the faculty of the New York State College of Agriculture and Life Sciences at Cornell.

"We would like to reduce our trade deficit with Japan and other countries," Robinson says. "However, if other countries retaliate against us, this could pose a major problem for our farmers."

Countries such as Japan, Taiwan, and Korea now account for a substantial volume of agricultural exports. Japan alone is the biggest customer for U.S. agricultural products.

When it convened for its fall session this year, Congress faced more than 500 bills dealing with trade protection. Trade protection measures that are being considered are varied; they include the imposition of stiff import tariffs or quotas, export subsidies, and new health or labeling standards, among other measures. To date, no strong protection measures have been enacted because of opposition from the White House.

Many people argue that proposed protection measures would give embattled American industries a boost, Blandford points out. Such measures, however, could trigger foreign retaliation, much like the "trade wars" of the 1930s.

One of the principal targets of the trade protectionist movement

is Japan, whose \$37 billion trade surplus with the U.S. in 1984 was the largest among the U.S. trading partners.

In 1984, for example, Japan bought \$6.8 billion worth of U.S. agricultural goods, representing 18 percent of this nation's agricultural export market. A boycott of U.S. agricultural products by Japan alone would have a major impact on American farmers, Blandford says.

Both Blandford and Robinson agree that the effectiveness of a boycott of U.S. agricultural products depends on the availability of similar products from other exporters.

"It depends on whether or not adequate supplies are available from competing grain exporting countries, and I think there are," Robinson says.

If such a retaliation did take place, farmers in regions such as the Midwest and South would be hurt the most, because these regions produce the bulk of American agricultural export

products, such as grains, soybeans, and cotton, Robinson explains.

In regions such as the Northeast, farmers would not be hit as hard because only a small proportion of their production is exported, Robinson says. New York farmers, for example, are major producers of dairy products, vegetables, and fruits.

"Agriculture in New York State is less export-oriented, so it's less vulnerable to protectionist measures than crops in the South or Midwest," Robinson notes.

U.S. grain is already being displaced in the world market by exports from other countries, whose agricultural outputs are increasing as they adopt modern farming technologies.

"We're losing our share of the world grain markets," Robinson points out.

For example, in 1979, U.S. grain accounted for about 59 percent of the world market. In 1982, that market share dropped to 42 percent, and is expected to drop below 40 percent in 1985-1986, according to Robinson.

At the same time, grain production in other countries has increased dramatically in recent years.

"The European Economic Community has more wheat than they know what to do with," Robinson notes. "As a result, they are cutting prices on world markets. And of course, the strong U.S. dollar makes our commodities more expensive than those from other countries."

Both Blandford and Robinson doubt that strong protectionist measures in Congress will ever appear on the law books, because President Reagan has vowed to veto them.

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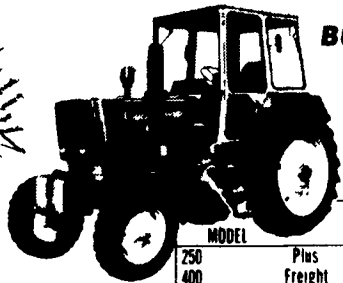
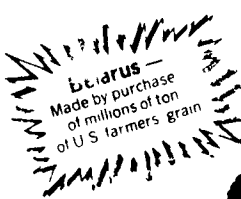
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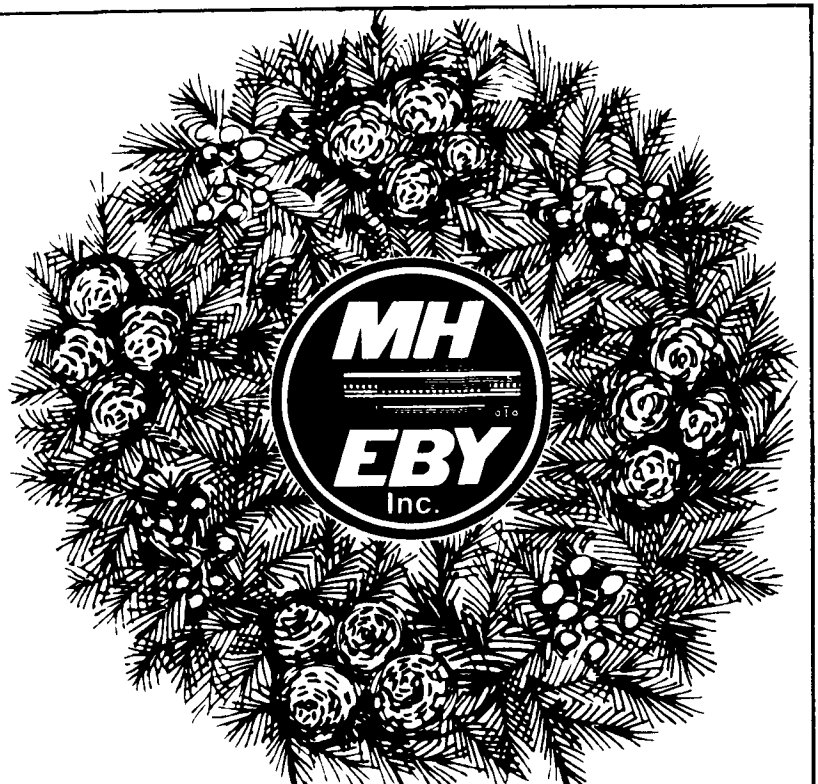
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