

Discussion

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Dr. Hjort's paper is divided generally into two parts. First, there is a factual part which data are presented on world economic growth, levels and composition of U.S. and world agricultural trade, and the importance of agricultural exports to the United States. The second part deals with political and economic factors related to the export potential of the United States. Though Dr. Hjort's narrative is not so explicitly divided, my commentary will treat the paper in two separate segments.

U.S. AND WORLD AGRICULTURAL TRADE

The data and information are well organized and are presented in a useful fashion. The enormous growth and change in composition in U.S. and world agricultural trade are rightly noted. Washington just announced (May 18, 1978) an expected record value of U.S. agricultural exports of about \$25.5 billion for fiscal 1977-78. One must remember, however, that this figure, like many others on value, carries with it much price inflation. While the value of our exports over the past two decades has increased approximately sixfold, the physical volume has increased only between three to fourfold. Even so, that volume increase is still impressive.

Not shown so explicitly in these data and in those on composition are the trends over time in U.S. and world trade in processed farm products. Increasingly, agricultural and raw materials producing nations want to process their products to the extent possible for reasons of employment. Here is where real battles over protectionism will continue to build. Farm producers want to sell anywhere and to anyone. Processors want to transform products, *then* export. A good example is the fed beef industry. Cattle feeders want to utilize our cheap feed grains and high technology to produce high-priced beef for export. Also for export are hides and skins, and tallow. The famous "Chicken War" of the early 1960's is illustrative of such conflicting interests.

Pure statistics, however representative, can never answer the more fundamental economic, social, and political questions which revolve around: comparative advantage, self-sufficiency, cheap food, and national security. Yet, Dr. Hjort's data demonstrate the significant changes which have taken place in U.S.

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trade of cotton, soybeans, and many other products. Also he has pointed out the multiplier effects of agricultural exports on the total U.S. economy.

Perhaps the most important question that might be raised about all such data relates to the "gains" and "losses" which result from international trade. Is a continued growth of trade good for all farmers, all sections of the economy, and the U.S. society in general? What might be the economic limits of U.S. exports — and imports? Or should there be limits? Must agriculture "bear the cross" continually for U.S. trade imbalances? Is there an optimum level and mix of farm exports which are superior to all other levels and mixes for national security, for income and employment, and for the general welfare? These are questions which we must work at.

U.S. Export Potential

The material in what I call Part Two is less well organized and more subject to economic and political dispute. The issues might have been more clearly presented if national (domestic) agricultural policies had been kept separate and analyzed distinctly from national agricultural trade policies. In short, I don't think Dr. Hjort has singled out national agricultural policies as the real culprits, the real barriers, that they in fact are to international trade. Agricultural trade policies become secondary to agricultural policies; i.e., trade is, in part, determined politically by what can be negotiated from national production and related farm policies. The market for U.S. farm products depends not only on economic growth but on agricultural policies abroad. For example, Japan, a good market for us, could be a better market with changes in its internal agricultural policies.

Some of Dr. Hjort's treatment in the section, "U.S. Farm Policy in Transition," tends to distort political reality. Agricultural and trade policies have not changed all that dramatically since January 1977. The 1977 farm bill is a continuation of thrusts already underway, with a few specific titles added. The perception of the problem by some might have been new — after political responsibility fell on their shoulders! I do not mean to imply that there were no political differences before and after 1977.

The real changes, however, in U.S. and world agricultural and trade policies have arisen — one could say almost of necessity, as well as by design — out of structural forces already at work. Some changes were already underway in 1970 and 1973 farm legislation, and in other legislative and administrative actions to improve matters for producers and consumers. Many of these actions were taken as a result of demands for change in farm programs which were increasingly costly but which were not solving the so-called *farm problem*. What the farm problem was had been well identified by the Report of the President's National Advisory Commission on Food and Fiber, issued in 1967, and by an internal study commissioned by Secretary Hardin upon his taking office in 1969.

There is another point of view to some of the points outlined by Hjort. For example, didn't the United States always meet its food aid commitments during the 1973-75 price **runup**; should we imply that food was the principal cause of the inflation; should the **1973-75** livestock fiasco (caused principally by a numbers buildup) be laid at the door of grain exports; and was the U.S. reputation as a dependable supplier so badly tarnished?

Some real problems arise in the sections entitled "U.S. Export Policy" and "Provide Stability." The discussions on stimulating foreign demand, foreign food assistance, and credit arrangements all sound like a creeping reapproachment to a large-scale P.L. 480. Obvious contradictions arise between what is already being done regarding reserves and the statement "we will not be the storehouse for the world." Also, it is wishful thinking under current conditions of U.S. excess supplies to hope for cost sharing from Europeans and Japan. I doubt if either would look with favor on helping us pay for land set-aside program costs.

To end on a positive note, the reserve numbers mentioned in the text appear about right. Some continued work on market development by the USDA is in the public interest. And some long time planning and research on foreign agricultural trade policy is to be applauded. As yet, however, I see far too little of the research.