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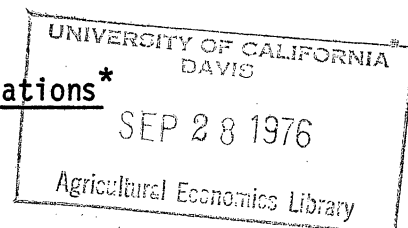
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International  
Agricultural  
Cooperation

1976

Agriculture in International Economic Relations\*

T.K. Warley\*\*



The systematic study of international economic relations has commanded increased attention in recent years amongst both economists and political scientists as the economic relations between nation states and groups of countries have intensified, changed in character, and generated a weighty set of new and complex problems. Matters pertaining to food-stuffs and other primary commodities are the subject of both unparalleled cooperation and dangerous frictions between members of the international community. Those involved in the conduct and the study of international affairs attach great weight to commodity policy issues in international economic relationships. Equally, a range of "external" considerations have been elevated in importance in national policy formulation for the agricultural and food sector. Thus it is appropriate and timely that this Association address the subject of agriculture in international economic relations.

In an address of tolerable length one can touch on only some of the more salient features of a subject of enormous scope and infinite complexity. I shall omit entirely any comments on the topics of world hunger and food insecurity, on the manifold interdependencies between energy pricing and world agriculture, and on the subject of "food power". My purpose is modest. First, I provide a short inventory of some of the more prominent characteristics of contemporary international economic relations. This serves as an introduction for some observations on the agricultural matters which are of importance in

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\* Invited address to the Annual Meeting of the American Agricultural Economics Association and the North Eastern Agricultural Economics Council, State College, Pennsylvania State University, 17 August 1976.

\*\* Professor of Agricultural Economics, University of Guelph.

the economic and political relations between major groups of countries. Finally, I want to share with you some concerns I have about the participation of members of our profession in international commodity policy formulation and in conducting research and teaching in this area.

### The Changing Character of International Economic Relations

Even the most casual observer of international affairs must have a sense that the world is in the midst of a vast historical transformation in security, diplomatic and economic relations. Five characteristics of the changes which are afoot seem to have particular import for understanding the place of agriculture in international economic affairs.

First, as Cooper has noted whereas strategic balance, territorial integrity and ideological competition once constituted the main stuff of higher foreign policy now foreign economic policy is the core of foreign policy. The world problematique is increasingly defined in terms of the economic relations between states, and its content is heavily weighted with such specific matters as trade and monetary arrangements, economic development and stability, supplies of food stuffs and raw materials, transnational production, claims on the resources of oceans, and the like.

Second, there is a markedly greater degree of pluralism in world political and economic relationships than hitherto. It was once appropriate to view the world as a bipolar system dominated by the two nuclear super powers. Now the world is shaped by the actions of a larger number of actors, including the European Community, Japan, OPEC, the Group of 77, multinational corporations, transnational elites, and the secretariats of intergovernmental organizations. Power itself is no longer primarily military. New sources and types of political power can be found for instance in command over key resources such as food and energy, and in voting coalitions in multilateral

institutions. The use of power however has become more complex in a multi-polar world of shifting alliances in which different coalitions of countries face each other on different issues [Hoffman].

Thirdly, the influence of the United States on international economic affairs has diminished. The "architecture" of the post-war international economic order was conceived by the United States and the operation of its monetary, trade and development sub-systems was secured and nurtured by this country. Now the Bretton Woods monetary system has been discarded; the tenets of the GATT-centred trade system (liberalism, non-discrimination, observance of a multilateral code of fair commercial practice) are under assault; and the developing countries have rejected the core assumptions upon which the old economic order was founded. International economic relations must be reconstructed, but the U.S. does not now have the hegemonic power to shape international relations according to its philosophy and preferences. Indeed, the impulse of the U.S. to recoil from a leadership role is strengthened by its past experience of having had to bear a disproportionate share of the costs of sustaining the old economic system -- money, trade, aid and world food security -- and by the lack of appeal it now encounters internationally for its conception of a liberal world economic order.

Fourthly, international economic problems have increased in scale and complexity and the linkages between them have multiplied. This has had two important consequences. There is a growing lack of congruence between the span of problems which afflict nations and the reach of the authority and the competence of the nation state. Further, interdependencies between problems have proliferated to the point where it is increasingly difficult to identify discrete problems and apply discrete solutions to them. Neces-

sary conditions for accommodating to this aspect of international economic relations include the willingness of nations to pool their sovereignty in the attack on shared problems; agreement on the nature of solutions and modes of cooperation; and the creation of intergovernmental institutions which are structured and equipped to address present-day issues of common concern. Reality is somewhat different. Nation states are loath to surrender their autonomy. Sharp differences in the analysis of the causes of problems and in preferred solutions are the essence of international economic disharmony. Most of our postwar multilateral institutions are vertically structured, narrowly compartmentalized, and provided with mandates which are not coincident with either discrete contemporary problems or clusters of interrelated issues. And their membership spans countries at such disparate stages of economic development and with such divergent economic and political ideologies and objectives as to impede their effective functioning.

It is now commonplace to observe that functional economic interdependence is an important part of our material prosperity and that this interdependence is leading to a genuine world economy and an embryonic global polity. However a fifth characteristic of evolving international economic relationships is a growing perception that economic interdependence has its costs as well as its benefits. For instance, whilst U.S. advocacy of an open world economy is partially posited on the conviction that economic interdependence will foster peaceful political relations between nations, it is quite clear that deepening economic interactions breed political frictions and resented asymmetries as well as amity. Additionally, the corollary of international interdependence is increased national vulnerability to instabilities and dislocations of external origin. And multiplication of transnational attachments erodes the authority of sovereign states by widening the area of

conflict between national objectives and international obligations, and by narrowing the range of national policy choices. Awareness of the fact that few countries see interdependence as a goal and most are sensitive to its costs can help clarify our understanding of the economic behaviour of nations. Thus, the concept that states seek an optimum degree of interdependence which is normally less than the maximum is helpful in accounting for the tenacity of economically irrational protectionist policies with respect to agriculture and other sensitive industries. Further, the enduring conflict between those who advocate a "market oriented" regime for trade in farm products and those who counter with a demand for a "market organization" approach to commodity production and trade through international agreements is really a clash between a prescription for a degree of interdependence which knows no bounds other than the uncertain dictates of market forces on the one hand, and a determination that the degree of interdependence should be limited, codified and collectively managed on the other.

I am persuaded that these characteristics of international economic relations are to be found in the agricultural issues which currently lie between groups of states, and further, that these issues can be better understood if they are viewed against this conceptual backdrop.

### Inter-regional Relations in Agriculture

#### Developed Country Relations

Discussions on the future shape of trading arrangements for temperate zone agricultural products amongst the advanced countries are centred in the multilateral trade negotiations currently in progress under the GATT. The matter of establishing an internationally coordinated system of nationally held grain reserves now being explored in the International Wheat Council in

London will likely move to Geneva if anything of substance can be agreed on that nettlesome subject.

The trade negotiations are concerned with the traditional objective of securing freer access to international markets by further lowering tariff and non-tariff trade barriers. But, in addition, the current negotiations are distinguished from the six previous GATT rounds insofar as an important part of their purpose is to strengthen the rules on fair trade by extending the articles of the Agreement on such matters as national subsidy practices, access to supplies, and the use of safeguard procedures.

The United States has insisted that the negotiations must yield both freer and fairer trade conditions for her agricultural exports. The reasons are well understood. As a study by the Congressional Budget Office concluded, multilateral liberalization of trading arrangements for farm products is an optimum trade strategy for the U.S. in terms of the attainment of a mix of goals including enhancing domestic price and income stability; maximising farm income; sustaining balance in external payments; and minimizing the need for government intervention in and budgetary expenditures on the agricultural sector. Improved access to foreign markets for U.S. farm products will be crucial if the recent gains in export earnings, farm incomes and farm asset values should prove to be due to the congruence of unusual and transient events. But beyond the immediate national economic interest is a broader purpose. Agricultural trade arrangements are characterized by neo-mercantilist national policies, discriminatory regionalism and bilateralism, and the widespread use of national interventions which distort trade but which are largely unfettered by the international rules of commercial practice embodied in the GATT. Hence bringing this aberrant sector more

surely within the framework of an open non-discriminatory trading system governed by rules of acceptable conduct has implications for the continuing viability of the liberal international economic order which the U.S. has sought so long to create and sustain.

By contrast, the conviction of the member countries of the European Community is that the creation of further opportunities for expansion of trade in agricultural products must occur within the framework of a regulated international trading regime. The Community has therefore proposed that international agreements be negotiated for a range of commodities, with the specific provisions of such agreements being tailored to the needs of each product. In the all-important grains sector the Community has proposed that there be established an international commodity agreement providing for minimum and maximum prices, implemented by the manipulation of reserve stock levels, and with reciprocal supply and purchase commitments. Japan, whilst exhibiting its characteristic passivity in international fora, is known also to favour trade arrangements for agricultural products which would assure her access to supplies at stable prices such as might be provided by formal intergovernmental commodity agreements, multilateral stocking arrangements, and tighter rules governing the national use of export controls.

It has been customary in the U.S. to describe the E.C.'s and Japan's stance on agricultural trade arrangements in both the Kennedy Round and the current negotiations as camouflage for an unwillingness to expose their inefficient agricultural industries to international competition. Certainly, the political influence of the farm lobbies in Europe and Japan is real enough, and the importance of the French-German bargain and of the Common Agricultural Policy as foundation and cement respectively of the union are still central



political equations in the European experiment. However, the conventional "protectionist" argument does not, I think, sufficiently explain the gulf which separates the U.S. and other advanced countries on agricultural trade policies. The impasse on agricultural trade policy is deeply rooted in differing national economic systems and contrasting derivative views of the appropriate configurations of international economic relations.

In the United States the ascendent assumption about the national economy is that economic activity should be governed to the maximum degree possible by market mechanisms. As Shonfield has pointed out, this economic philosophy carries over directly into international economic affairs. U.S. commercial diplomacy is primarily motivated by the desire to expand the area of influence of competitive markets and aimed at securing changes in the domestic economic policies and frontier measures of other governments which distort international production and trade. Additionally, the U.S. regards detailed commercial codes as important because they enshrine the rules of fair trade practice, provide an objective basis for determining when the rules have been transgressed, and provide a quasi-judicial process for dealing out measured penalties for infractions.

This mixture of laissez faire and legalism does not mould the behaviour of other countries. Both the EC and Japan conduct their national economic affairs with a much greater degree of dirigisme than does the U.S. More especially to our purpose, they regard their domestic agricultural policies as components of a set of integrated industrial, regional and social policies designed to secure, at a measured pace, and by government guidance, the kinds of societies they are trying to build. This philosophy and practice carries over into their international economic relations also. External

relationships must be managed in such a way as not to jeopardize the attainment of broad national sectoral and regional development goals, or force an intolerable pace of industrial restructuring and social adjustment on particular groups, or lead to an unplanned degree of dependence on external sources or excessive exposure to externally generated instabilities. Furthermore, since internal goals are constantly being redefined, the preferred style of conducting commercial relations with other countries favours pragmatic marginal adjustment through continuous negotiations and conciliation of disputes by mediation rather than the satisfaction of judicial rights embodied in binding international codes.

With such profound differences in economic philosophies and diplomatic styles it is small wonder that exchanges between the U.S. and Europe and Japan on that most sensitive of areas, agriculture, oft-times appear to be a dialogue of the deaf.

One looks to the future with some pessimism. The time has long since passed when the U.S. could impose its preferences on its friends let alone its antagonists, and the drift of the times seems to be away from both the unmanaged interdependence characteristic of open systems and the codification of interdependence in enforceable laws. Further, forecasts of a sharply rising supply price for U.S. agricultural output [Schuh, 1976] and the instabilities experienced in world agriculture in the past few years have manifestly not disposed Europe and Japan to either accept a lower degree of agricultural self-sufficiency or to further expose their economies to the vicissitudes of unregulated world food markets.

One fears that the response of the U.S. to a failure to have its way on agricultural trade matters might be a refusal to complete the negotiations, vigorous use of the retaliatory provisions of the 1974 Trade Act, and a dis-

inclination to cooperate in other areas of economic policy. Such a reaction would be a grievous disproportion, and perverse. Within the MTNs there are important mutual gains to be had in liberalizing trade in manufactures and in selective strengthening of the GATT code. Beyond that, there is a host of intra-group matters requiring attention; great urgency in coordinating the developed countries' response to the demands of the Third World and working out how best to conduct economic exchanges with Socialist countries; and a variety of global systems problems which will only yield to cooperative solutions initiated by the advanced countries.

Meantime, Diebold's judgment seems sound when he suggests that the way agricultural trade issues between the developed countries will be resolved is not by a "catching up" to the more liberal arrangements achieved for other products "but a leap into a kind of cooperation which has not yet been established in other fields". However Miriam Camps' observation that ". . . the advanced countries are not yet ready -- intellectually, psychologically, bureaucratically -- for the radical course of far more integration of their economies, far more coordination of policy, and far more collective management" seems a fortiori and ominously true of their relations on matters pertaining to agriculture.

### East-West Relations

Only the most mindless optimist would suppose that military security and ideological competition will soon cease to dominate the relationship between the Western democracies and the Socialist countries. Nonetheless, expanding economic exchanges offer immediate and mutual economic gains, and one hopes that expanding economic interdependencies will raise the economic cost of a retreat from the process of mutual restraint we term detente.

There are a number of enduring lessons about the character of international economic relations between capitalist and centrally planned economies to be learned from the experience of selling grains to the U.S.S.R. over the past few years. I should like to identify four of these.

First, the very method by which centrally planned economies conduct their economic transactions with market economies poses problems. In particular, the skillful exploitation of unequal access to information between monopolistic procurement agencies and uncoordinated sellers can result in an asymmetrical distribution of the benefits of economic exchanges. Indeed, it may be the case that because central planners can consider the totality of the implications of their external transactions whilst externalities and secondary effects are not perceived in advance -- or cannot readily be internalized -- in market economies there is an inherent propensity for socialist countries to capture a disproportionate share of the gains from foreign commerce. This view has been disputed [CIEP, p.53] but I am not persuaded that it is without substance.

Secondly, permitting Russia free access to Western food supplies impedes the smooth functioning of the food system in the rest of the world. In particular, so long as the Russians gear their production and consumption targets for livestock products to the peaks of their variable indigenous grain supplies, prevent rationing of consumption and resource reallocation by price variation, and make up their deficits by sporadic forays into world grain markets, they are bound to be a significant destabilizing influence. As we have witnessed, the variability of Russian import demand for grains can dislocate livestock production and consumption, destabilize prices, redistribute incomes, and complicate commercial relations between exporters and regular

customers, and further, that these disturbances reach into the furthest corners of national societies and the world economy.

The U.S.S.R. is not, of course, the only source of variation in export demand. As Robert Paalberg has noted, what distinguishes this component of world trade is that whilst imposing substantial burdens on other parties by their incursions into foreign markets the Russians have been able to avoid sharing the costs of improving the performance of the world food system -- improving information, creating security and stabilization reserves, and providing balance of payment support, food aid and agricultural development assistance to developing countries facing inflated bills for food imports. The "free-rider" feature is objectionable enough. What is worse is that the U.S.S.R.'s non-participation may impede the attainment of improvements which those who are willing to work together are seeking to create. For instance, it is questionable whether a durable multilateral system of grain reserves could be effectively operated -- and hence negotiated -- in the absence of a major trader and a prime source of the instabilities the reserves are designed to attenuate.

Finally, ad hoc accommodations to the problems caused by unstable and unpredictable export demand can force international economic relations in directions which lead away from preferred goals. Thus, whilst the political necessity and the economic advantages of the 1975 US-USSR agreement on grains are well understood, still and all, its extended bilateralism, discrimination and government intervention in international transactions, which are precisely the features of trade in agricultural products which U.S. commercial diplomacy has long been bent on eliminating. Indeed, the fourth conclusion I would wish to draw is that whereas the reshaping of international

economic relations between advanced countries with predominantly market economies may well be directed towards expanding the scope for market forces and reducing the influence of government interventions, this is unlikely to be feasible in dealings between groups of countries with radically different economic systems. This trade is in part politically motivated and it would appear that its conduct will require a high degree of political direction too. This requirement in turn may necessitate changes in domestic marketing institutions, and demand a multilateral code of trade rules which differ substantially from those embodied in the GATT.

#### North-South Relations

One of the more dramatic changes which has occurred in world economic and political relationships in the past two years is the success of the developing countries in shifting the subject of their poverty from the periphery of world affairs to the centre. Their accomplishment has many causes including the use of their numerical preponderance and voting solidarity to ensure that their cause heads the agenda of all intergovernmental meetings; the success of OPEC as an exemplar of their expectations and supporter of their objectives; and the growing awareness of the advanced societies that economic growth and political stability in the world is dependent upon reaching an accommodation with the two-thirds of mankind who now constitute the "down-and-ins".

The objective of the LDCs is to crown their political freedom with their economic emancipation. They are seeking to achieve the latter by having international economic relations changed in ways which will place a floor under their present poverty and assure their accelerated economic development for the future.

Those who have followed the debates in the sixth and seventh special sessions of the U.N. General Assembly, the North-South dialogue in the Conference on International Economic Cooperation, and the course of the fourth United Nations Conference on Trade and Development will be aware that the concept of "a new international economic order" which the LDCs have demanded encompasses every facet of the relationship between the industrialized countries and the developing world -- aid; trade; monetary arrangements; private foreign investment; control over resources; access to technology; the location of production activities; shared responsibility in decision making; and adaptations in the structure and functions of multilateral institutions. In each of these areas the LDCs are demanding not marginal tinkering but fundamental changes, the cumulative result of which would be to make their accelerated development a prime purpose of international economic relationships.

More especially to our purpose, the new international economic order calls for the establishment of a comprehensive global policy for commodities [UN 1974]. The so-called "integrated program for commodities" as articulated by the UNCTAD secretariat [UN 1976] has seven principal elements: an expanding set of intergovernmental commodity agreements for an open-ended list of products; a common financing facility for those agreements with provisions for buffer stocks; a network of intergovernmental purchase and supply commitments; index-linking of the prices of LDC commodity exports to the prices of their imports; compensatory financial arrangements to guarantee the total value of their exports in real terms; improved conditions of access to advanced country markets; and the deliberate transfer of primary processing activities from rich to poor countries.

These measures are designed to serve two ends. The first is to improve the performance of commodity markets in economic terms, for instance, by enhancing market stability and thereby the allocative function of prices and by allowing greater scope for comparative advantage to determine the location of production and processing activities. The second goal is to improve the performance of world commodity systems in political terms by effecting an international redistribution of income in favour of the poorer countries via a comprehensive, politically directed, regulatory regime governing commodity production, pricing and trade.

These proposals constitute a truly revolutionary challenge to the existing economic order and to at least three of its central assumptions. Amongst these assumptions were, first, that with temporary derogations and special assistance, the less developed countries would progressively adopt the predominantly marketed orientated system of international exchanges employed by the advanced countries and characterized by "arms length" trading by private individuals responding to market signals. Second, there was an assumption that trade in commodities would fit for the most part into the same kind of international economic regime as trade in manufactured products. Selective concerted interventions by governments in commodity markets might be necessary on occasion but these were to be regarded as aberrant and transient, to be contemplated only where exceptional economic wastes could be demonstrated, and implemented only when very favourable ratios between the benefits and costs of interventions were assured. A third assumption was that the international trading system was agnostic with regard to income distribution. Its central concern was efficiency in resource use and thereby the growth of world product, not



its distribution. If the international distribution of income resulting from competitive trade was politically unacceptable there was a presumption that redistribution should be effected by direct transfers and not by the manipulation of the terms of trade and market output and shares, since such manipulations were prone to widen international inequalities in income and cause inefficiencies in world resource use.

It will be apparent that the demands of the LDCs for the creation of a comprehensive, continuous, regulatory regime for commodities, in which income redistribution would be a prime goal, and in which the levels, shares and directions of production and trade, and the terms of trade, would be established by political decision rather than market mechanisms, are a profoundly important development in international economic relations.

Characteristically, the main burden of making a response to these far-reaching proposals has fallen to the United States. The U.S.' initial position was to maintain that the old economic order had served advanced and developing countries well; to deny that a new economic order was in the making; to stress that the primary concern must be with ensuring the growth of world output rather than with its distribution; and to emphasize that adjustments in economic relations must confer mutual benefits on both rich and poor countries to be acceptable. Subsequently however, the U.S. has advanced some 40 specific proposals for changes in world economic systems which would favour the developing countries and particularly the poorest amongst them (Kissinger 1975, 1976). All of these proposals are consistent with a liberal and a more just economic order. Many of them are coincident with the LDC's aspirations e.g. expanded aid, easier access to Western capital and technology; accelerated trade liberalization; more

liberal compensatory finance provisions; and a willingness to consider on a case-by-case basis the merits of commodity arrangements with short-run stabilization objectives. Other U.S. proposals offer constructive alternatives to LDC positions. However, to the elements which the LDCs regard as central - the use of commodity policy to transfer resources to the LDCs; agreement that intergovernment commodity arrangements should be a permanent and widespread feature of world commodity systems; a prior commitment to common funding of buffer stocks; indexation of commodity prices and export receipts; and the contrived redistribution of production and processing activities - the U.S. has been resolute in its opposition.

How these matters will be resolved cannot be known at this time. What is certain is that the first real dialogue of mankind has now been joined and that international commodity policy is its focal point.

If we accept that relieving the present plight and improving the future prospects of poor people in poor countries is important to the kind of world our children will inherit then the technical task is to find efficient means by which a more equitable distribution of a growing world product can be effected. There is much in this area to engage and test our profession. However, it may well be that a yet sterner test is to decide whether our sense of belonging to a global society is sufficiently well developed to convince us that the concept of social equity should extend beyond national boundaries and exist between nations as within them.

#### Implications for National Policy Making

Policy making in an open economy is infinitely more complex and difficult than in one which is closed. As Tumlir has observed the very

concepts which have traditionally guided policy making - national sovereignty, national interest and national power - are not easily defined for a country deeply involved in an interdependent world of interrelated issues. National policy makers in such a setting need to give systematic and simultaneous consideration to the domestic effects of changes in the external environment and to the external effects of changes in national policies. And in a situation where "everything is related to everything else" the numbers of groups with a claim to participate in the policy formulation process multiplies and so too, it would appear, does the scope for disputes over priorities and authority.

All this is obvious enough. The substantive point I wish to make is that the fractionated existing structure of government may not be well suited to decision making, and the conduct of supportive research, in a situation where domestic and international issues are increasingly intertwined. Jaenke has noted that we are experiencing serious difficulties in making the adaptations in governmental structures necessitated by the perceived need to reach beyond "farm" policies to consideration of the issues of national "food" policy i.e. a movement towards adapting sectoral policies to the wider needs of macro-economic policy. The problems are even more complex when our decision processes must find an accommodation between domestic agricultural policy requirements and goals in the wider areas of foreign trade policy, foreign economic policy and foreign policy. The structural response to date - adding "internationalists" to the Department of Agriculture and bringing people with some knowledge of agricultural matters into other branches of government; creating a mess of coordinating committees, councils and boards; and shifting final decision

authority to higher levels - may not be functionally or politically the best solution. Manning has suggested that the problems of decision making on foreign economic policy issues in the U.S. have already grown to the point where a radical restructuring of government has become necessary.

### Implications for the Profession

International agricultural trade policy and the broader topic of international commodity policy is an area where our profession should be more heavily engaged than is presently the case. This is particularly true for a country like the U.S. which is pre-eminent in international exchanges in farm products and which will continue to play a decisive role in determining the arrangements and rules governing global interdependence in primary commodities.

Over the years individual members of our Association have made many distinguished contributions to the analysis of international agricultural trade issues. But, looking at the picture in the round, it is a cause for both surprise and concern that so few members of our profession have chosen to make a sustained commitment to the study of the international dimensions of national agricultural policy or of international commodity policy; that so much of the best work on international trade in agricultural products is being done by persons who would not claim to be agricultural economists; and that our profession at present is making such a minimal contribution to whole areas of the great contemporary debate on the future world order governing the production and exchange of primary commodities.

This is an unfortunate situation because we as a profession have so much to offer. I am not thinking only of our great tradition of address-

ing ourselves to practical problems; of our accomplishments in blending theory and empirical analysis; and of our skills in systems analysis and construction of the kinds of economic models which allow policy makers to ask the "what if" questions which permit exploration of policy needs in anticipation of future events and examination of the trade-offs between policy alternatives. These are durable strengths of the profession of agricultural economics which will be required as the debate on international economic relations in agricultural products and other commodities moves from ideological confrontation to the search for practical measures of wide political acceptability. Rather I have in mind that the course of world trade policy is beginning to move along paths we have already travelled. For instance, the subject of non-tariff trade barriers, which is one of the more vibrant fields of study in international commercial policy, is only a generalization of a problem with which we in agriculture have long experienced, i.e. the causal linkage between the growing involvement of national governments in industrial or sectoral policies and the adoption of neo-mercantilist trade policies. Further, agriculture provides 30 years of experience--little of it encouraging but all of it illuminating--of international attempts to attenuate the adverse trade effects of domestic policies by policy harmonization, multilateral codes and agreements, and a diverse array of ad hoc cooperative measures which others now see as important instrumentalities in the collective management of interdependence [Warley]. And there is absolutely nothing in the perceptions and analyses of the LDCs of the nature of their commodity problems - and in the limitations of the solutions they propose - which is not instantly familiar to anyone who has spent his time working on price and marketing policies for

farmers in advanced societies. Thus, our skills are required; the insights we have acquired in a domestic context are adaptable to a wider canvas; and our experimentation in international agricultural trade problem resolution contains lessons of wide applicability to international economic policy.

However, there are also some limitations on the ability of our profession to work effectively in the broad problems of agriculture in international economic relations. I mention but three items of what could be a lengthy bill of particulars.

First, I believe we are paying a price for our overwhelming pre-occupation with domestic agricultural affairs. It would seem that too many people for too long have thought about American agriculture as though it operated in a closed economy, with trade a marginal activity and even an optional extra. The result is that there does not appear to be a large number of people in the profession who are familiar with the content of the contemporary international dialogue on agricultural trade arrangements and future international commodity policy and the linkages between these matters and other aspects of international economic policy. This deficiency is magnified by the process whereby the centre of gravity of national decision making on agricultural trade and commodity policy matters seems to be shifting away from the Department of Agriculture in which many of our profession are employed, and which is the principal institutional channel by which the rest of us who work outside government maintain some contact with policy priorities and policy formulation. The issues of foreign economic policy with which agricultural matters are linked and which increasingly mould national "agricultural" decisions lie entirely outside the Department of Agriculture and are largely beyond our ken. Thus,

the narrowness of our interests, of our setting, and of our contacts is an inheritance which bears heavily upon us.

Secondly, even in our role as economists qua economists there are some weaknesses in the triad of our professional equipage of theory, methods and data, and also in our work habits which impede our effective functioning. Most economists have a solid training in micro economics and quantitative analysis. If we were exposed to macro-economics it was likely taught primarily in terms of a closed economy. If we took a course in international trade (normally an elective) it most probably did not deal with commercial policy nor was it integrated with international monetary economics or with the economics of growth and development. Thus our compartmentalized curricula prepare us but poorly for work on multi-faceted international economic issues. I suspect too that there is still truth to the ancient charge that we are "economic imperialists" in the sense that we define problems as being primarily economic when they are not, and unwitting ideologues to the degree that we elevate efficiency to the status of a goal of economic activity rather an instrumental variable. We are now less guilty than previously of neglecting to measure distributional effects of policy alternatives but, as Alice Rivlin has chided us, we are resolute in our conviction that we cannot say anything useful to policy makers about the welfare implications of alternative distributions of income. And our assumption that the redistribution of income (even if effected by the first-best method of direct transfers) necessarily entails some sacrifice of product is probably at variance with the truth. These matters are not unimportant, for the considerations of security, stability, autonomy, equity and status which are neglected in our received theory are the very mainsprings of national policy behaviour and the core issues of international

economic policy. On methods, the complaint of Krause & Nye about our reliance on comparative statics methodology is telling since the scale, pace and cost of adjustment necessitated by changes in trading arrangements are key matters for policy makers everywhere. The gaps in the data we need to adequately parameterize the external environment are so well known as to be scarcely worth remarking. But our inability to handle the realities of non-competitive market structures, disequilibria in exchange rates, and other factors which cause differences between market prices and social costs should be particularly worrisome to a profession which seems to venerate freer trade arrangements. As to our work habits, one notes the paucity of genuine multidisciplinary work (although all would agree that it is desirable) in a situation where the domain of problems is rarely purely economic. And Schuh has cautioned us against our professional proclivity for looking backwards in an attempt to understand the troubled present and foretell the perplexing future [Schuh 1975]. This is a particularly dangerous practice in studying agricultural trade and international commodity policy since in these areas of international economic relations the players, the rules and, indeed, the game itself have all changed.

Third, the institutional settings in which most of us work are not well adapted to our functioning in this field. I have earlier suggested that the structure of government is not congruent with emerging problem areas, nor ideally suited to either decision making or the conduct of associated supportive research on linked issues. However, I am most particularly and personally aware of the constraints on the ability of agricultural economics faculty in the land grant colleges to make a contribution commensurate with our numbers and our talents. We have already been reminded by our President Elect that our research contribution is circum-



scribed by our being organized as a cottage industry; by too much of our work being episodic and non-cumulative; by our entrepreneurial style; and by the research apprenticeship requirements of our graduate students having too large an influence on the research we choose to do, the way in which we do it, and the time taken to bring our enquiries to fruition [Farrell]. In our teaching function, the learning environment we provide may also not be conducive to equipping our students to function as policy makers, researchers, and opinion moulders on the complex issues of agriculture in international economic relations. I have in mind that few of the land grant colleges having agricultural economists who specialize in international agricultural trade policy also have significant numbers of faculty in related disciplines who are concerned with other aspects of international economic relations and international affairs with whom breadth and synergism in training might be achieved.

### Conclusion

I have suggested in this address that the problems of evolving international economic relations in agriculture are important and complex and I have suggested further that there may be some obstacles to the successful participation of our profession in their resolution. I do not think I am required to provide a detailed plan for the cleansing of the Augean stable but let me end with three observations.

First, we need to re-examine the intellectual foundations which condition the way we think about international economic relations, mould the analytical work we do and - particularly in the U.S.-guide national commercial diplomacy. We need to disenthral ourselves of theories which distort our perception of reality. Might it be, for instance, that the

paradigm of the "objective optimality and moral neutrality of the perfectly competitive market" is less useful to us in looking at the world we live in than the alternative of the "stabilized mixed economy" in which, as in our national economies, international economic activity is part market-determined and part politically-directed and which is concerned simultaneously with efficiency, stability and equity. To illustrate my point I would venture that it is abundantly clear that in addressing the proposals of the less developed countries on international commodity policy the three are inseparably linked, for the LDCs will not cooperate in the reform of the international economic system unless the subjects of equity and stability are addressed and their cooperation is required if the world economy is to function effectively.

Secondly, our profession should be less tunnel-visioned and "isolationist" in its work on international agricultural and commodity policy issues. Of course, the problems of trade in primary commodities have their distinctive features but, for the most part, issues pertaining to agriculture in international economic relations do not constitute a discrete problem set and they are not so perceived by higher-level policy makers. I believe we have much to gain by consciously striving to meld our work into the broader stream of international economic studies, and much to offer by using our agricultural case material to illuminate the tasks, problems and possible solutions to managing the world's deepening economic interdependence.

Finally, I deem it important that this Association arrange for systematic consideration to be given to alternative institutional modalities by which the contribution of agricultural economists to the study and resolution of problems of agriculture in international economic relations can be extended and enhanced in value. The "mix" of institutional

arrangements through which we can function includes intergovernmental organizations; agencies of national governments; non-governmental agencies with large in-house research capabilities like the Brookings Institution; research catalysts such as the Atlantic Council in Washington and the Trade Policy Research Centre in London; universities with a commitment to international economic affairs and established multidisciplinary research and teaching programs in the area (e.g. John Hopkins, Chicago, Harvard, the Fletcher School of Law and Diplomacy); research networks with multi-agency involvement and central funding and direction; programs to foster professional mobility between the international organizations, government and academe; and, not least, the honoured institution of the isolated cerebrating scholar. What is the comparative advantage of each of these settings and arrangements in the conduct of what types of research? Are selective strengthening and improved coordination necessary, and if so how might these be wrought? I am not able to answer the questions I raise. But I do have a sense that the problems of agriculture in international economic relations are so important and pressing that muddling on will not necessarily ensure that we muddle through to new policies which will avert the dangers to the world economy and to world society that lurk in the unresolved issues of international agricultural trade and commodity policy.

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