THE FRENCH PLAN—BLUEPRINT FOR WORLD TRADE WITHOUT TEARS?

J. N. LEWIS

University of New England

1. SUMMARY

The French Plan proposes a series of international commodity agreements providing for price discrimination between economically advanced and backward countries. It was developed initially as a consequence of the particular set of price support measures adopted in the E.E.C.'s Common Agricultural Policy, but, after extension and modification, has been put forward as offering a solution to various problems of international trade in agricultural commodities including disposal of agricultural surpluses, the reconciliation of divergent interests in the United Kingdom's accession to the Common Market and the difficulties of underdeveloped countries arising from declining terms of trade and limited export opportunities for primary products. It must, however, also be viewed as an attempt to stave off the need for agricultural adjustment within the European Community and to provide common price levels for food in the Common Market's competitor countries.

There are some weaknesses in the conception of the Plan and its practicability is suspect at several points. The Plan could tend to substitute aid through food supplies for other possibly more useful forms of economic aid to underdeveloped countries. Moreover, it would have far reaching implications for efficiency of resource allocation in that it would introduce a wholly managed system of international trade in foodstuffs. Despite its superficial appeal it is therefore concluded that the Plan does not offer a workable solution to the problems of stagnating world trade in agriculture, aggravated as they will be by the Common Market's commitment to a rigid form and high level of agricultural protection.

2. BACKGROUND AND OUTLINE OF THE PLAN

Some Implications of the Common Agricultural Policy

The formulation of the Plan had its origins in the particular set of protective measures for agriculture favoured by the European Community. Under the Common Agricultural Policy (C.A.P.) adopted in January, 1962, the principal method of supporting agricultural prices within the Community is the use of variable import levies. Under this system a variable duty is to be imposed on imports equal to the difference between the c.i.f. price and the "threshhold" equivalent of the domestic support price for the commodity concerned. It will be noted that this is a particularly rigid form of protection since the quantities imported and consumption levels within the Community are not affected by changing "world" prices for agricultural products no matter how low these become.

C.A.P. provides that the proceeds of the variable import duties are to be devoted partly to subsidize exports of agricultural products from the Common Market countries, partly to finance market operations in order to stabilize internal prices and partly to finance measures to increase agricultural efficiency within the Community. This use of the revenue from the levies (which would otherwise have accrued to the government of the importing country) was, incidentally, one of the major sources of contention (the other being the level of the C.A.P. prices) between France and Western Germany in the prolonged negotiations before C.A.P. was adopted. The prospect of a deadlock on these issues temporarily threw the future of the Common Market into doubt. However a compromise was reached providing that, for the first year of the transition period, the levies will not be paid into the common fund, which will be financed instead by national contributions according to the budgetary scale of the Treaty of Rome.[1]

The Kojeve Proposals

One possible consequence of the use of variable import levies as the main instrument of price support policy was foreseen even while the outlines of C.A.P. were being formulated. Clearly the system invites collusion by food exporting countries to maintain prices of food products sold to the Community, at a level which would avoid or minimize the payment of import levies. In view of the declared intention of E.E.C. to devote the proceeds of such levies to expansion of agricultural output and export subsidies, such collective action by exporters outside the Common Market would represent a simple act of self defence. Moreover, faced by the prospect of shrinking markets for agricultural exports to Europe together with increased pressure of supplies upon the remaining markets, outside food exporters would have a strong incentive to organize themselves to receive at least the consolation of higher prices for as much as remained of their former exports to Europe.

With this possibility in mind, the Kojeve proposals called for establishment of an international fund into which should be paid the difference between the Common Market's fixed import price and ruling prices in "world" trade. This fund would be used to finance concessional sales or grants of surplus agricultural commodities to underdeveloped countries.

[1] *Australian Financial Review*, Tuesday, January 16, 1962, pp. 1 and 5.

Not surprisingly these proposals aroused little enthusiasm amongst agricultural exporting countries outside the E.E.C., who were offered thereby no reduction of any kind in the difficulties likely to follow the application of the Common Agricultural Policy. Indeed to the extent that surplus disposals, financed from the fund, displaced normal commercial purchases, downward pressure on prices in the residual "world" market could lead to a further deterioration in the export returns received by non-members of E.E.C.

Moreover, if other exporting contries wished to establish an international surplus disposals programme along these lines, they could more advantageously operate it without European participation. In this case none of the differential between "world" and C.A.P. prices would be devoted to concessional sales of surplus products from Common Market countries. Accordingly, provision was made in modified proposals for a cash contribution by France equal to the amount she was at present spending on export subsidies.

The lack of appeal of the initial Kojeve proposals led to their further development. A more far-reaching plan for international commodity agreements to raise prices in developed countries while lowering them to underdeveloped countries, was presented by the French Finance Minister, M. Baumgartner, to the GATT Ministerial meeting in November, 1961. This plan was further discussed by the Cereals Committee of GATT in February, 1962.

Variants and Main Features of the French Plan

Two main variants of the plan have been circulated, differing principally in the source of finance for concessional sales. One proposes simply a series of international agreements embodying multiple prices for selected agricultural commodities. The alternative proposal is for the establishment of an international fund to finance food sales to underdeveloped countries at concessional prices.

(i) International Multiple Price Schemes

This proposal envisages a series of international commodity agreements for price discrimination on the basis of the differing levels of economic development in importing countries. To developed countries the agricultural commodities concerned would be sold at a high price, possibly related to the C.A.P. price or to United States support levels. On the other hand, there would be a lower price or set of prices to a declared list of less developed or needy countries.

The most rudimentary form of the Plan provides that returns to individual exporting countries would be simply the average of their respective sales in high and low prices markets. This would give rise to one major difficulty. The benefits from the multiple price programme would not necessarily be distributed equitably between participating exporting countries. If an agreement of this form were applied to world trade in wheat, for example, Canada, which sells a lot of hard wheat to Western Europe, could gain substantially from the higher price fixed for sales to developed countries. On the other hand, Australia would very likely not benefit sufficiently from the increased price in these markets to offset reduced

returns from other outlets, especially if the United Kingdom's accession to the Common Market necessitated termination of her undertaking under the 1957 Anglo-Australian Trade Agreement, to use her best endeavours to purchase 750,000 tons of Australian f.a.q. wheat annually.

Without some kind of market-sharing or price equalization arrangement, therefore, it would be unlikely that international agreement could be reached upon a plan for multiple pricing of agricultural commodities.

(ii) A Common Fund to Finance Concessional Sales to Underdeveloped Countries

To overcome this difficulty, the alternative set of proposals apparently discussed by the Cereals Committee of GATT in February, 1962,[2] provided for an international organization to purchase commodities for concessional sales and grants to underdeveloped countries. The purchase price would be the same as received for sales to developed countries. This seems to be the currently favoured version of the French Plan. Essentially it proposes a series of international commodity agreements, each with the following main features:—

(*a*) There would be an increase in international prices of the commodities covered (the new level has sometimes been identified in discussions with United States support prices) ;

(*b*) Whatever price level is determined under the agreement would be adopted as the price support level inside E.E.C. (This envisages a modified C.A.P., in which the system of import levies would be inoperative, although retained as a stand-by protective measure, and in which internal prices to Common Market producers would be related to the international price except as necessary to increase farm incomes in depressed areas.)

(*c*) Surplus agricultural commodities would be sold to less developed countries at concessional prices (or donated free), the deficiency between acquisition costs and returns being made up from a Common Fund.

(*d*) The Common Fund would be financed either—

(i) from contributions by agricultural exporting countries of half (or some other agreed proportion of) the increase in price received on sales to developed countries, with the French contributing a sum at least equal to present expenditure on export subsidies, or

(ii) from contributions from participating countries in proportion to their gross national product or based upon the scale of national contributions to United Nations agencies.

(*e*) Measures to prevent the stimulation of additional output by the higher prices received by agricultural exporters would be necessary. These could take the form of agreed production quotas although the method seemingly favoured by the French is for

[2] An outline of the principal features of this plan, as summarized by a correspondent of the London *Financial Times* was reported in the *Sydney Morning Herald,* February 13, 1962.

governments simply to impound the increased proceeds by applying an export tax. (The French view is that industrial development in backward countries will be furthered if the temptation to use part of the proceeds to increase levels of living for agricultural producers is resisted.)

The application of the scheme to wheat and coarse grains was discussed by a committee of officials at GATT in February, 1962, the countries represented comprising Australia, Canada, the United States, Argentina, the United Kingdom and the E.E.C. It was hoped that if an international agreement could be achieved for wheat along the lines described, this would serve as a pattern for other agricultural commodities. A series of separate but similar agreements is envisaged with the division of importing countries into high and low-priced markets not necessarily the same for each commodity. A country could thus be classified as needy or underdeveloped for purposes of international transactions in wheat but be designated ineligible for concessional sales of, say, dairy products or rice.

3. THE THINKING BEHIND THE PLAN

The French Plan has been presented variously as a solution to some of the agricultural consequences of C.A.P. and as the only practicable way of reconciling divergent interests in the United Kingdom's accession to the Common Market, enabling her to join without the need for permanent special arrangements to safeguard the trade of Commonwealth countries and hence without affront to the United States or disruption of the Community's basic structure. It has also been seen as a means of extending the advantages of C.A.P. to all and as affording the opportunity for a major political victory, demonstrating unmistakably to the underdeveloped countries that food is the Communist Bloc's weakness but the Western World's strength. To others its appeal is that it could provide a greatly enlarged "Food for Peace" and "Food for Development" programme in which the burden of providing economic aid through surplus agricultural commodities, hitherto largely borne by the United States, would be more equitably shared between all economically advanced countries. The Plan has even been presented as a method of achieving the abolition of all agricultural subsidies, internal and external, and of freeing public funds for other purposes.[3]

The Case for Higher Prices

As we have seen, the level of protection and the particular form of protective measures proposed for C.A.P. gave rise to some fears that the relative stagnation in world agricultural trade levels since the war might well be worsened. Faced with shrinking markets for foodstuffs in Western Europe and increased pressure of surplus production in remaining markets, agricultural exporting countries might be quick to see the advantages of collective action to avoid the imposition of variable import taxes. Moreover, C.A.P. means high prices for foodstuffs inside E.E.C. Lower food

[3] For example, statement by Rt. Hon. J. McEwen, Minister for Trade, reported in the *Sydney Morning Herald*, February 5, 1962.

prices are enjoyed by the United Kingdom, because of her employment of deficiency payments as the main instrument of agricultural price support, and other countries exporting manufactured goods could do likewise. This would confer a cost advantage upon the Common Market's competitors—a fact unlikely to have escaped the French but which they have not over-emphasized. Instead, the argument is put in the form that developed countries, in which prices of food imports are allowed to find their own market level, thereby derive unfair gains from agricultural exporters. World prices are regarded as "unrealistic" because they are depressed as a result of widespread agricultural protectionism and disruptive trade practices. This argument presents countries using deficiency payments systems for their domestic price support programmes (e.g. the United Kingdom) in the role of exploiters of the countries dependent on exports of primary products, ignoring the fact that greater interference with the levels and stability of international trade results from price support measures which directly restrict imports and stimulate exports, such as the system of variable import levies and export subsidies adopted by the Common Market.

Other arguments presented are that higher prices are essential for improved incomes in the agricultural sector and that, for political reasons, economically advanced countries should pay more for food imports.

The first of these views reflects the widespread belief amongst European officials, that no solution to the farm problem is to be found in increased productivity or in resource transfers out of agriculture. This belief is accompanied by the valuation that prices paid to farmers should be so fixed as to transfer to agriculture some of the fruits of economic progress. This line of argument has a superficial resemblance to, but should not be confused with, Schultz's recent proposals for compensating farmers for economic losses incurred as a result of the unbalanced growth of supply and demand for agricultural products associated with economic progress.[4] Schultz certainly would not regard price supports as a suitable re-distributive measure.

The second claim to the effect that it is politically desirable for wealthy developed countries to pay more for food imports, may have some basis in so far as food exported from underdeveloped countries is concerned. Improved terms of trade would certainly assist developmental programmes for these countries. The argument is more questionable when applied to temperate food products exported principally from high income countries such as the United States, Canada, Australia and the Common Market members.

Some supporters of the Plan have claimed that, with rising levels of living in wealthy countries, nobody would be seriously incommoded by higher prices for food and that, as demand is very inelastic, consumption levels will be little affected. This view tends to overlook important income inequalities and involuntary malnutrition amongst sections of the population in even the most economically advanced countries. It would, however, be possible by the use of food stamp plans along the lines of the pilot

[4] T. W. Schultz, "A Policy to Re-distribute Losses From Economic Progress", *Journal of Farm Economics*, Vol. 43, No. 3 (August, 1961), pp. 554-565.

programme being operated in the U.S.A.[5] to shelter low-income families from the effects of a higher general level of food prices resulting from the French Plan.

Putting Agricultural Surpluses to Work

A further important consideration motivating the French Plan is that an aggravation of the problem of agricultural surpluses could threaten the continued existence of C.A.P. The E.E.C. is, as Cornish and Hempel have pointed out, already in 1957-59, 92 to 100 per cent self sufficient in wheat, 80 per cent self sufficient in coarse grains and 100 to 102 per cent sufficient in milk and dairy products.[6]

A further upsurge in agricultural output under the stimulus of high C.A.P. prices and the proposed measures to improve agricultural productivity could mean considerable export surpluses. If these proved unsaleable even with substantial export subsidies, pressures could develop inside the Community for a more liberal agricultural policy involving drastic modification of C.A.P. The French Plan, it has been suggested, would eliminate the dangers of a breakdown of C.A.P. arising from the emergence of such burdensome surpluses.

At the same time, it is held, a framework would be provided for international action towards the disposal of world agricultural surpluses. It could, this argument runs, be a major achievement of the French Plan that it would make cheap food available to developing countries. Food imports of underdeveloped countries have often absorbed a large part of available overseas currencies and diverted funds from badly needed imports of developmental equipment and producer materials. The experience of India under the second five-year plan is a case in point. Moreover, it is argued that the FAO principles of surplus disposal, in which the aim of ensuring that consumption of surplus products is additional to and not a substitute for normal commercial trade is pursued through bilateral consultations, are becoming more unworkable and, if rigidly adhered to, would so limit transactions as to make it impossible to move surpluses into consumption.

Furthermore the U.S. has often complained that other countries were not contributing enough to economic aid including aid through disposal programmes for surplus agricultural commodities.

The French Plan, its authors suggest, makes sense in these conditions and would enable massive surplus disposals without adverse consequences for the normal commercial trade of other exporters. At the same time a major political triumph would be achieved in the cold war and a large stride made towards the objective of freedom from hunger. The West would capitalize on the current agricultural difficulties of the Soviet Bloc, by heightening the contrast between their failures and food output in the West. Full bellies would, it is pointed out, reduce the blandishments of Communism amongst the seriously underfed half of the world's population.

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[5] See F. V. Waugh and Howard P. Davis, "Some Economic Aspects of Food Stamp Programs", *Agricultural Economics Research,* Vol. 13, No. 3, (July, 1961), pp. 74-8.

[6] R. J. Cornish and J. A. Hempel, "The Agricultural Policy of the European Economic Community", *Quarterly Review of Agricultural Economics,* Vol. 14, No. 2, (April, 1961), pp. 64-79.

Easing Britain's Entry to the Common Market

The French Plan is also offered as a solution to the dilemma facing the United Kingdom on the question of joining the Common Market. Strong opposition from the Six and the United States is apparent to any form of trade preferences for Commonwealth countries.

The E.E.C. countries consider such special arrangements would seriously disrupt the structure of the Common Market while the U.S.A. has expressed inexorable opposition to the perpetuation of discriminatory trade arrangements. On the other hand without special arrangements, Commonwealth countries would suffer new United Kingdom preferences in favour of Common Market supplies, superimposed upon the loss of their traditional preferences and contracted outlets in the United Kingdom. This would pose for them severe problems of adjustment in particular industries as well as seriously affecting their external payments positions and their capacity to maintain imports essential for economic growth.

The only practicable means of reconciling these conflicting interests, it is held by the Plan's proponents, lies in international agreements along the lines of the French Plan. Commonwealth countries would be compensated for the loss of preferential trade outlets in the United Kingdom by receiving higher prices for food exports under the international arrangements.

4. SOME PRACTICAL QUERIES AND GENERAL IMPLICATIONS

A number of questions concerning operating details of the Plan need to be resolved. These include the number and level of prices and the criteria for varying prices over the life of the Plan.

A further important question concerns the basis upon which the grouping of countries into high and low-prices markets would be determined. Many criteria for assessing need can, of course, be suggested—national income per head, balance of payments situation, deficits in average food supplies per head relative to nutritional standards and so on. Many of the possible criteria are subject to considerable fluctuations from year to year; some are at present measured only very imperfectly in many countries; some, such as external solvency, might be more a yardstick of monetary mismanagement than of need.

Certainly agreement could fairly readily be reached on the appropriate classification for many countries, which are needy and underdeveloped by any standards likely to be adopted. However there are bound to be borderline cases and it is here that there could be a danger of political considerations intruding unduly and blurring the lines of division between groups. Moreover if, as has been suggested, the groupings are different for individual commodities to which the Plan is applied, wrangling over the status of particular countries could easily arise. One can imagine a country, classed as wealthy and advanced for purposes of, say, imports of non-fat milk powder, asking why it is not, as a needy, economically backward wheat importer, also eligible for concessional prices for milk powder. Failure to discriminate consistently in favour of a country might even be regarded as discrimination against it. Furthermore pressures for granting concessional-price treatment to countries because they are about to embrace or might be induced to reject communism, are not beyond the bounds of

possibility. All things considered, price discrimination between countries could easily lead to as much heat and lasting ill-feeling as patently accompanies tariff discrimination.

Even after concessional-price markets have been delineated, there still remains the problem of maintaining their separation from high-priced markets. The problem of preventing substitution between markets is inherent in any multiple price programme. Frequently an essential adjunct of programmes for price discrimination between domestic and export markets, for example, is a tariff or quantitative barrier to discourage re-imports and to nullify the inducement to imports which the higher home consumption price would otherwise provide. Unfortunately such trade barriers have a habit of outlasting the price programmes that bring them into existence. Furthermore they contribute to the general tone of trade policy. The fact that they represent what Galbraith has termed "an unfortunate compensation rather than an original onslaught on liberal trade policy"[8] does not necessarily dispel all uneasiness about the proliferation of such measures, which is involved in the French Plan.

Moreover, the practical difficulties of keeping markets separate—of effectively policing prohibitions on the resale of commodities in higher-priced markets or in non-participating countries (or sale of equivalent quantities produced domestically)—would be even more formidable in the case of multilateral commodity arrangements, such as the French Plan, than for bilateral surplus disposal transactions such as those conducted under U.S. Public Law 480, for which the problem has by no means been satisfactorily resolved.

The fact that Cuba was able to oversell its quota by several million tons during the few years preceding the recent breakdown of the International Sugar Agreement and able to do so apparently without the knowledge of the International Sugar Council, adds a further "element of dubiety" to the question whether large-scale leakages of low-priced commodities back into high-priced markets can be avoided.

Three further immediate questions about the practicability of international price discrimination concern the arrangements for market-sharing, production controls and contributions to the common fund for financing concessional sales. A multiple price programme tends to fall apart if there is no built-in provision for sharing equitably the benefits amongst all suppliers. This is amply demonstrated by the history of the Sapiro movement and other experience with voluntary co-operatives as a device for influencing price through the control or diversion of supply. Arrangements for market quotas or for price equalization are thus indispensable to a workable programme. Moreover production or export controls will usually be necessary, to prevent the progressive erosion of benefits by expansion of output and the burden of such controls must be distributed fairly amongst participating countries.

This requirement is violated by the French suggestion for avoiding the necessity of production controls by using export taxes to skim off from producer returns the additional export proceeds received under the Plan. If adopted, this would mean that Common Market producers would continue to

[8] J. K. Galbraith, "Economic Preconceptions and the Farm Policy", *American Economic Review*, Vol. 44, No. 1 (March, 1954).

receive the full modified C.A.P. prices while producers in other countries would receive somewhat less. In consequence, restraint of production increases would not operate to the same degree within the Common Market, which could, therefore, be expected to increase its share of world exports. In any case, export taxes of the kind used in Ghana for cocoa and coffee might be impracticable or unacceptable in many countries, especially where labour earnings in agriculture are depressed relatively to those in urban occupations.

The Common Fund version of the Plan, together with formal arrangements for production or export quotas, could satisfy the foregoing conditions because all supplies would be purchased by an international body at the modified C.A.P. price (or, if a self-financing programme proved necessary, at a price intermediate between that for sales to developed countries and the concessional price to underdeveloped countries). However, it would do so only if all exporting countries participated on equal terms in the international agreement. If non-participating exporters had access to higher-priced markets but escaped the obligations of member countries to contribute to the fund and to restrain production increases, clearly the viability of the agreement would be destroyed. The future role as food exporters of the Soviet Bloc countries could have a bearing on this aspect of the Plan.

Australian experience with quotas obtained in successive international wheat agreements is not conducive to faith in the lasting efficacy of any market sharing arrangements made to guarantee to Commonwealth countries equivalent outlets for their food exports after Britain joins the Common Market. Our quota in the 1949 I.W.A. was 85 million bushels. In the 1956 agreement our quota was 29 million bushels. In part, this stemmed from a decline in the amount of world wheat trade covered by the Agreement but more importantly it was because our quota had been cut to make room for heavily subsidized exports from France and Sweden.

Although the proponents of the French Plan are apt to brush aside questions of the effect of higher prices in developed countries and to aver that no one in the affluent societies of to-day will be seriously affected thereby, two important consequences of higher prices cannot be overlooked. One is the stimulus to further expansion of domestic production in importing countries; the other the encouragement given to substitute commodities. For example, an increase in prices of dairy products in the United Kingdom to levels ruling in Common Market countries would almost certainly lead to the large-scale substitution of margarine for butter. These effects throw considerable doubt on the long-run advantages of the French Plan, which at the best can be said not to offer equally satisfactory solutions to international trade problems for all food products.

A somewhat novel feature of the Plan is the proposal that the costs of price supports, hitherto regarded as the responsibility of the individual countries affording protection to their agricultural industries, be borne internationally by producing and importing countries alike. This change is involved in both principal versions of the Plan. With a Common Fund, financed by contributions according to a scale based on national income or similar criteria, importing countries would bear part of the cost of supporting prices even if they themselves were not significant producers of the commodity concerned. If the Common Fund were

financed by levies on sales to developed countries or in the absence of a Common Fund, economically advanced importing countries would still share the cost in the form of higher consumer prices for food. This is a brand new principle with rather far-reaching implications.

Since importing countries might baulk at paying the costs of supporting someone else's agriculture there are obvious tactical advantages in presenting the proposed international multiple-price schemes as programmes of economic aid rather than as methods of price support. Incidentally, the presentation of this particular image of the Plan is not impeded by the FAO Guiding Principles for Price Support Measures, for price discrimination is not amongst the methods discussed therein.[9]

However, if international multiple prices are to be put forward as essentially a form of aid rather than a measure for price support, then importing countries should ask whether they represent the greatest amount and most useful form of aid for the money. Untied forms of economic aid might well make a more welcome and less haphazardly distributed contribution to the development of needy countries than can be provided by surplus foodstuffs. For example, more effective use of given funds might well be achieved through direct grants of convertible currencies.

A further general consequence of the Plan is that it involves the replacement of competition in world agricultural trade by a wholly managed system. Decisions on how much of a commodity should be produced in each country for sale overseas would be taken out of the market place and determined over the international conference table. The trend towards an increasing role of governments in international trade in agricultural products, evident in recent years, would have reached its consummation.

This aspect focuses attention upon the consistency or otherwise of Australia's commodity policy. Our approach to the problem of stagnating world agricultural trade has been a dual, not to say divided, one. On the one hand we have sought an answer to the adverse effects of the protective policies for agriculture upon international trade opportunities, through efforts to obtain an accepted code of behaviour for national price support measures. This particular approach aimed at moderating disturbances in world agricultural trade and preserving some element of comparative advantage. On the other hand, we have also campaigned for international commodity agreements as a means of providing price stability. At the Commonwealth Trade and Economic Conference at Montreal in 1958 we pressed strongly for attempts to extend international arrangements to further commodities. There is a point where conflict between these two approaches develops and ardent championship of the French Plan by our trade negotiators, in my view, lies far beyond this point.

It is true, as Maiden[10] has pointed out, that Australia's international commodity policy is, of necessity, largely defensive in character. We often have to make the best of a world in which unneighbourly agricultural

[9] See J. N. Lewis and D. A. Muir, "A Note on the FAO Guiding Principles for Price Support Measures", this *Review*, Vol. 30, No. 2 (June, 1962).

[10] A. C. B. Maiden, "Some Aspects of Commodity Policy", *Australian Journal of Agricultural Economics*, Vol. 4, No. 1 (July, 1960).

policies, export subsidies and the deliberate production of surplus commodities for non-commercial disposal are factors not changeable in the short term. In these circumstances the French Plan has a superficial appeal as an internationally administered homoeopathic treatment. However, this may well prove ultimately disastrous as a prescription for the malady which afflicts world trade in agricultural commodities.

It could well imply resignation to and even tacit approval of those trade practices and methods of price support which are disrupting the level and stability of international trade in foodstuffs. Even if it were a practicable "second-best solution" in the sense of an optimal adjustment to these conditions, taking them as given, this tendency would occasion serious misgivings. The patent flaws and limitations in the practicability of the Plan make it doubly desirable for our trade negotiators to read carefully the fine print of the contract before committing us to arrangements which might well serve to perpetuate all the worst constraints and afflictions of international agricultural trade.