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*International Trade Policies and Agriculture**

DANIEL G. SISLER

Department of Agricultural Economics, Cornell University, U.S.A.

In most industrial nations, a complex web of forces, often both domestic and international, have contributed to the formation of well-developed farm programs. The vagaries of nature with their attendant income uncertainty, the pivotal political power of farmers, the loss of overseas markets, general economic depressions, and a desire to be self-sufficient in the production of food have all influenced the timing and format of agricultural policies. It is an interesting paradox that if countries are arrayed from those where national income and employment are most dependent upon farming to those where agriculture is relatively less important, we have a continuum of nations with progressively higher levels of living and increasingly well defined agricultural programs. The range is from countries having no viable farm programs or measures which are exploitive of agriculture, to countries which provide massive assistance to their farmers.

Historically, farm programs have been initiated only when countries were at a relatively advanced stage of economic development. It is much easier to seek equality of farm and non-farm income when farmers constitute a small proportion of the labor force. It appears that conditions are changing. Nations are introducing price and income support programs at earlier stages of economic development. Several countries with per capita income levels below \$200 and with more than 60.0 per cent of their population dependent upon agriculture, have established price supports not only on food grains but for other commodities as well.

The policy measures now being introduced by developing nations are in response to two powerful sets of forces: first, the impact of programs operated by developed countries on international trade in agricultural commodities; and second, the 'green revolution' and the hope it provides for countries which have for generations stood on the threshold of hunger. Most industrial countries have attempted to support farm income by holding the prices of farm products above equilibrium levels. The sequence of events is known to us all—the imposition of tariffs and quotas to insulate the domestic market, the accumulation of costly surplus stocks, subsidized exports, and finally, attempts to control farm inputs. These measures have provided developing nations with food in times of crisis. They have also disrupted international trade and usurped markets formerly held by the less developed countries (LDCs).¹

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¹ LDCs or developing countries, include Latin America, Africa (excluding the Union of South Africa), Asia (excluding Japan and Communist China), the Middle East (excluding Israel), and Oceania (excluding Australia and New Zealand). Eastern European countries are not included.

With an increasing awareness that their farmers are price-responsive, the leaders of developing nations are augmenting the dramatic technological advancements in agriculture with economic incentives. They are placing increased reliance on the agricultural sector not only to earn vital foreign exchange, but also to conserve it through import substitution. There are fundamental differences in the farm programs of developed and developing nations. In industrial nations the basic objective of farm programs is to bolster the income of farm families; in the case of developing nations, the objective is to increase output.

Developed countries can afford the luxury of inefficient measures to enhance farm income. In low-income countries, a poorly conceived farm program may seriously hinder developmental efforts. In many developing countries, while farmers may not be politically powerful, their cause certainly is. The level of price supports and other forms of aid to farmers can be a politically potent tool.

As new farm programs unfold in developing countries and as those of industrial nations are modified, it is imperative that policy makers be aware of the linkage between the cost and success of domestic programs and the international market for major farm products.

Projected Trade Gap of Developing Nations

Recently UNCTAD published a careful and comprehensive study which projected the level of savings, investment, exports, and imports for developing countries through 1975.² The projections were made assuming high and low target rates of growth for both developing and developed countries.

Table 1 summarizes the 1975 projections. These estimates are an average of the high and low target rates of growth. The export-import gap indicates the divergence between import requirements and export earnings. The estimated export-import gap for 1975 is \$6.7 billion, of which \$5.6 billion is

TABLE 1 *Projected Trade Gap of Developing Countries, 1975**

	Billions of U.S. \$
Exports of goods and services	\$70.5
Commodities	59.3
Invisibles	11.2
Imports of goods and services	77.2
Commodities	64.9
Invisibles	12.3
Export-import gap	6.7
Net factor income payments	13.1
Trade Gap	19.8

*Sources: *Ibid.*, Table 22, p. 43.

² United Nations Conference on Trade Development, *Trade Prospects and Capital Needs of Developing Countries*, United Nations, New York, 1968.

the result of commodity trade while the balance is attributable to invisibles such as tourism, insurance and freight. In addition to the export-import gap, there is a net capital outflow from the developing countries as the result of interest, profits and dividends due on past and expected loans, and investments. These are referred to as net factor income payments. The trade gap is the sum of the export-import gap and net factor income payments. The projected trade gap of \$19.8 billion represents a significant deterrent to the developing countries as they strive to reach the target growth rates.

These projections are based on data from the 1950-65 period. I would like to examine the estimated trade gap and explore possibilities for bridging it, in the light of more current information. A trade gap of nearly \$20.0 billion in 1975 quantifies the policy adjustments which would be necessary if developing countries as a whole were to achieve an annual growth in per capita income of approximately 3.2 per cent. A wide range of policy measures is available to fill the trade gap, but let us concentrate on three: (a) prospects for increased LDC exports; (b) prospects for import substitution, particularly through the agricultural sector; and (c) prospects for an increased flow of public aid and private capital from the developed countries.

Expanded Export Earnings

Rapidly expanding exports of wood and wood products may be attributable to the strong demand for paper created by those who write about the prospects of primary product exports from developing countries. My contribution to this demand shift will be approximately one-quarter kilogram of sawdust.

Based on the thesis of a stagnant world demand for primary products and protectionist practices by industrial countries, most have taken a gloomy view concerning the export potential of developing nations. This bleak outlook appeared justified. As most know export earnings of developing countries grew by less than 3.0 per cent per annum during the 1950s. If the major petroleum-exporting countries are excluded, export earnings rose by less than 2.0 per cent yearly. Few seem to realize that during the 1960s, export earnings of developing countries grew by a compound rate of more than 6.4 per cent annually. This rate of growth does not appear to be slowing. In

TABLE 2 *Exports of Developing Countries and the World, 1951-52 to 1967-68**

	Annual average billions of U.S. \$			Annual % change	
	1951-52	1959-60	1967-68	1950s	1960s
LDCs	20.9	25.3	41.5	2.8	6.4
Oil producing LDCs ¹	3.8	6.6	11.6	7.1	7.3
Other LDCs	17.1	18.7	29.9	1.3	6.0
World	73.6	106.3	201.7	5.4	8.3

¹Brunei, Iran, Iraq, Kuwait, Libya, Netherlands Antilles, Saudi Arabia, Trinidad and Venezuela.

*Source: *International Financial Statistics*, 1951-69.

1968, the most recent year for which data are available, exports of developing countries, excluding major petroleum producers, grew by 9.1 per cent.

If the exports of developing countries continue to grow at the rate of 6.4 per cent yearly, total exports will be \$64.0 billion in 1975. This would be \$4.7 billion above the projections of the UNCTAD study and could contribute a corresponding amount to erasing the estimated trade gap.

In an attempt to gain insight into what products and markets contributed most to the rapid acceleration in LDC export earnings, Appendix Tables A through E were prepared. Average 1967-1968 imports from LDC's by the United States, the United Kingdom, members of the European Economic Community, the Soviet Union and Japan amounted to \$31.2 billion or 75.2 per cent of total LDC exports.³ For brevity of expression, trends in imports by these developed nations will be assumed to represent all industrial countries. Between 1959-60 and 1967-68, LDC sales of agricultural products to industrial countries rose from \$9,446 million to \$10,933 million. This modest increase amounts to 1.6 per cent per year, only about one-quarter of the growth rate of total LDC exports to all destinations. At the beginning of the decade, agricultural products accounted for 46.2 percent of total imports from LDCs. By the close of the decade this percentage had fallen to 34.9. The Soviet Union increased its agricultural imports from LDCs by 6.3 per cent per year and in 1967-68 they were \$378 million higher than in 1959-60. Agricultural imports by the U.K. from developing countries fell by \$283 million in the same period. U.S. imports of agricultural commodities from LDCs rose by \$380 million. Despite increased levels of protection by the EEC and higher levels of internal production, the Community increased its agricultural imports from LDCs by more than \$658 million. Japan has emerged as a major market for the agricultural exports of developing nations. At the close of the 1960s, Japan was importing more than \$1.0 billion of agricultural products annually from LDCs, a \$354 million increase from 1959-60.

There were gratifying increases in LDC export earnings of particular commodities. Perhaps the best performance was registered by sales of fruits and vegetables. In all of the industrial countries imports of fruits and vegetables grew by more than 5.0 per cent annually, and in many by more than 8.0 per cent. LDCs' sales of fruits and vegetables to industrial countries rose by over \$744 million during the decade.

Some feel that the export potential of tropical beverages (coffee, tea and cocoa) is limited by the fact that both price and income elasticities are low at high levels of per capita income. U.S. imports of tropical beverages have been stagnant; however, the imports of other industrial countries have increased. The most notable was the \$184 million rise in EEC coffee imports. With rising levels of living, per capita consumption of both red and poultry meat increased in the EEC. LDC exports of meat and live animals to the EEC more

³ Imports by the U.S. and the Soviet Union are on an f.o.b. basis while those of the U.K., EEC, and Japan are c.i.f. Since the analysis deals mainly with trends, no adjustment was made for this discrepancy. There is some distortion where absolute values are cited.

than doubled during the decade. In addition, their exports of corn and feeding stuff to the Community rose sharply. Consumption of meat in the EEC should continue to rise; however, the recently initiated subsidies to encourage the feeding of wheat have already dampened EEC imports of feed grain from both developed and developing countries.

Traditional trading ties and lower transportation costs make the Japanese market more accessible than Europe or North America to the developing nations of Asia. Japanese imports of meat, tropical beverages, corn, fruits and vegetables from LDCs all grew by more than 10.0 per cent annually during the decade. On the negative side of the ledger, Japan imported rice valued at more than \$27 million in 1959–60. Appendix Table E indicates that rice imports have increased slightly; however, in 1969 Japan had significant surpluses of rice, and imports had fallen to a negligible amount.

The increased use of synthetics is one of the factors most frequently cited as contributing to the slow growth in demand for LDC exports. The data indicate that imports of both cotton and wool by industrial countries declined during the 1960s, although, surprisingly, imports of jute and jute fabrics rose. Imports of rubber declined in all of the industrial countries examined, and annual LDC sales of rubber fell by more than \$423 million during the decade.

The discussion to this point indicates that the slow growth of LDC export earnings is in large measure due to sluggish demand on the part of the industrial countries. Some have voiced the opinion that the inability of developing countries to produce an exportable surplus is also responsible. The data provide some evidence concerning this question. During the 1960s industrial countries increased their imports of agricultural commodities from the world far more rapidly than they increased these imports from developing countries. If the LDCs had retained their 1959–60 share of U.S. agricultural imports, their 1967–68 export earnings would have been \$132 million higher than the actual amount. They sustained a similar loss of \$401 million in the U.K. market and \$945 million in the EEC market. In the U.S. and U.K. these losses in annual revenue represent the usurpation of a part of the LDC market share by imports from other industrial countries. For example, the U.K. increased its imports of fruits and vegetables from LDCs by 5.0 per cent annually; however, imports from the world increased by 10.7 per cent. This translates into a loss of more than \$112 million. Losses by not retaining market shares in the EEC cannot be interpreted in this way since most of the erosion of market shares held by LDCs in the early part of the decade is attributable to increased intra-EEC trade.⁴

In the case of coffee, tea, cocoa, and rubber, there is little room for increased market penetration, but it seems clear that in some commodities, for example, fruit, vegetables, meat and livestock, developing countries have not kept pace with the import demand of industrial nations. The constraint is a combination of production capabilities and in some instances the ability to

4 Note: in Appendix Table C the column labelled 'Imports from the World' is misleading, for it includes intra-EEC trade.

organize an efficient marketing system and maintain competitive quality. Policies pursued by developing countries have also stymied the flow of their export earnings. Over-valued exchange rates, heavy export taxes, duties on vital agricultural inputs, and a preoccupation with industrialization have been harmful to the agricultural sector and its ability to export.

Statistics on intra-LDC trade in agricultural commodities are extremely sketchy.⁵ A rough calculation would indicate that movements of agricultural commodities between developing countries may have risen from \$2,158 million in 1959 to \$2,820 million by 1967. This would imply an annual growth rate of 3.4 per cent. While this is considerable higher than the rate of increase in trade between the developing and developed countries, the growth rate may taper off as developing countries strive for self-sufficiency in food grains.

A variety of factors contributes to the stagnant nature of export earnings for many commodities. To developing countries the most onerous are the agricultural policies adopted by the industrial countries and the resultant barriers to international trade.

It is extremely difficult to quantify the impact of protectionist practices of the industrial countries on the export earnings of developing nations. One must have the intestinal fortitude to calculate the level of equilibrium prices of a large number of commodities, if barriers were eliminated, and in turn, the production and consumption response to the new prices in a number of important trading nations. Sugar is the commodity most frequently cited when reference is made to the way in which trade barriers distort the operation of comparative advantage. Recently, Raquibuzzaman estimated that if there were completely free trade in sugar, the export earnings of developing countries would increase by \$947 million annually.⁶

It may be argued that, with the exception of sugar, the products enjoying the highest levels of protection are not major exports of developing countries. This is not entirely true; several developing countries export tobacco, cereal grains, meat, wool, copra and palm oil, all of which meet significant trade barriers. In several cases products are allowed to enter at relatively low rates; however, the imposition of excise taxes curtails demand. Also, tariff restrictions often are high on processed or semi-processed agricultural commodities, thereby denying developing countries the opportunity to earn the value added by initial processing.

Within the framework of a myriad of heroic assumptions, which I will not present here in the interest of brevity and professional self-preservation, I have made some rough calculations concerning the cost to developing

5 Perhaps the best source is G.A.T.T., *International Trade 1968*, Geneva, 1969.

6 Raquibuzzaman, M., *An Economic Appraisal of the Sugar Policies of Developed Countries and the Implications of these Policies to Developing Nations*, unpublished Ph.D. dissertation, Cornell University, 1970.

countries of current trade barriers imposed by industrial countries.⁷ Consideration was given only to protectionist policies of the United States, the United Kingdom, the EEC and other Western European countries whose 1967-68 agricultural imports exceeded \$500 million. I calculate that export earnings of LDCs would rise \$1.6 billion above the 1967-68 average if all trade restrictions were eliminated. This may be translated into an approximate protection level of 13.8 per cent on an *ad valorem* basis. I would have no quarrel with anyone who contends that this estimate is 20.0 per cent in error on either side, nor with those who suggest the whole exercise nonsense.

In striking contrast to farm products, a variety of non-agricultural LDC exports to industrial countries has grown rapidly during the decade. Very noticeable increases were registered by wood, veneer and fabricated metals. Considering the recent proposal for temporary reductions in tariffs on manufactured goods from LDCs, it is of interest to look at imports of clothing and footwear. In the absence of tariff preferences, export earnings from clothing and footwear more than tripled during the decade. By 1967-68 they were over \$650 million and exceeded the value of such traditional LDC exports as rubber, cocoa, tea and iron ore.

Some have argued that exports of manufactured products are restricted to a small number of countries, and hence cannot offset the lagging demand for primary products which most developing countries rely on for foreign exchange. Concentration ratios indicate that exports of manufactured products are more broadly distributed than cocoa, tea, coffee, rubber, wheat, cotton, or meat.

Import Substitution

The UNCTAD study projected imports of goods and services by LDCs to rise at an annual rate in excess of 6.0 per cent, increasing from \$44.8 billion in 1968 to approximately \$65.0 billion in 1975. The expected growth rate of imports exceeds that projected for gross domestic product.

There is increasing evidence that in a large number of developing nations a significant part of foreign exchange earnings is being used to purchase agricultural products, thus limiting the funds available for basic development goods.⁹ Trade statistics of thirty-three developing countries in Asia, Africa

7 In the case of non-competing products such as coffee, tea and cocoa, gains were estimated from actual quantities imported and the level of existing tariffs. For major competing commodities, estimates were made as to prices and production adjustments within important producing countries. No consideration was given to the possible impact of lowered prices on consumption. For estimates of the current level of tariffs and quotas, the author is indebted to Mr. Joseph Barse, Economic Research Service, U.S.D.A., and the Office of the Special Representative for Trade Negotiations, Executive Office of the President, Washington, D.C.

8 The five most important LDC exporters of manufactured goods (Hong Kong, India, Taiwan, Pakistan and Mexico) accounted for 52.5% of total LDC exports of manufactured products. Similar concentration ratios for other commodities are: cocoa, 82.9%; tea, 77.9%; coffee, 60.4%; rubber, 83.6%; wheat, 96.8%; cotton, 54.8% and meat, 90.2%.

9 See, for example, Ojala, E.M., 'The Pattern and Potential of Asian Agricultural Trade,' *Monthly Bulletin of Agricultural Economics and Statistics*, September, 1969.

and Latin America were examined to determine the importance and growth rate of agricultural imports. Table 3 presents data for five of the most populous, non-centrally planned countries, and estimates for the developing countries as a whole. In all but eight of the countries studied, imports of agricultural products accounted for more than 20.0 per cent of total imports in the 1964-66 period. Among the countries studied, the rate of growth in imports of agricultural products ranged from 1.6 per cent per year in Indonesia to over 10.0 per cent in the U.A.R., Taiwan, Thailand and Iran. For the countries as a whole, the growth rate approximated 6.1 per cent per year. It is of interest to note that average 1964-66 agricultural imports for the thirty-three countries were \$5.1 billion or 64.2 per cent of the value of agricultural exports in the same time period.

It would appear that there is considerable latitude for substantial gains from import substitution in the agricultural sector. Before we can be definitive on this point, it is as well to examine the composition of agricultural imports by developing countries. Food grains were the most important category of agricultural imports in most of the countries studied. Imports of wheat and wheat flour, rice and rye accounted for 33.0 per cent of all agricultural imports of the Asian countries, 24.0 per cent in the African countries and over 20.0 per cent in Latin America. Food grain imports accounted for more than 50.0 per cent of total agricultural imports in each of the five most populous countries. Between 1964 and 1968 the value of food imported by LDCs from industrial countries averaged \$3.7 billion. A large proportion of this total was grain imported at concessional prices under the provisions of the United States P.L. 480 program and the food aid programs

TABLE 3 *Imports of Agricultural Commodities
by Selected Developing Countries, 1964-66 average**

Country	Agricultural Imports Millions of U.S. \$	Total Imports	Agricultural Imports as % of Total	Annual % Increase in Agricultural Imports, 1957-59 to 1964-66	Foodgrain as % of Agricultural Imports
India ¹	945	2,864	33	9.9	62
Pakistan ¹	212	964	22	8.7	56
Indonesia ¹	145	690	21	1.6	57
Brazil	313	1,380	23	6.1	67
United Arab Republic	332	1,012	32	12.1	52
Total LDC	8,868 ²	38,500	23 ²	6.1 ²	31 ²

¹Data from Ojala, *op. cit.*, Table 6.

²Estimated from the imports of 33 developing countries whose imports constitute 53 per cent of total LDC imports.

*Source: *United Nations Yearbook of International Trade Statistics*.

of other developed nations. This ameliorated greatly the cost of food imports and the resultant drain on foreign exchange earnings. In the future this option of obtaining U.S. food aid for local currency will not be available. By 1970 sales will be made for dollars on a long-term credit basis, and food purchases will represent a greater loss of foreign exchange.

It is clear that the seed-fertilizer revolution and favorable weather have greatly increased food grain production in many developing countries. If the 1970 crop meets expectations, many of the major LDC importers of wheat and rice will be approaching self-sufficiency in these grains. Some nations which had significant deficits in food grain production only a few years ago are currently planning to earn foreign exchange by exporting wheat and rice. Becoming self-sufficient in food grains is quite different from gearing to enter the world market. For example, the grading standards for rice moving in international trade are far more exacting than those within most domestic markets. A traditional rice-exporting nation such as Thailand has the capacity to meet world grade specifications. The situation in Pakistan and the Philippines is distinctly different. In these nations there would need to be substantial investments in milling equipment, graders, and storage facilities prior to exporting graded rice. If these investments are not made, and a large volume of low-grade rice enters the world market, the price of lower grades of rice could drop precipitously, seriously disrupting traditional price relationships between grades. There will undoubtedly be a net saving in foreign exchange as a result of reduced LDC imports of food grains, but the future of the world food grain market is too uncertain to quantify the savings.

Vegetable oils and plant fibers are large import items in several of the developing countries, and, in some cases, sugar and coarse grains. The rate of increase in imports of livestock, meat, dairy products, fruits and vegetables is surprising, particularly among the higher income developing countries. If the 3.2 per cent annual growth rate in per capita income on which the projections are based is realized, the demand for these 'luxury foods' will climb dramatically. Developing countries which are now pre-occupied with the basic food grains should be carefully considering the food/feedgrain price relationships and other steps to meet this potential demand if they are to be successful in curbing expenditures for imported food. If an efficient increase in domestic production could lower the rate of increase in agricultural imports from the 6.1 per cent of recent years to 5.0 per cent, the savings in foreign exchange would amount to approximately \$1.4 billion annually by 1975.

Increased Aid from Developed Countries

As a working hypothesis, the UNCTAD study assumed that \$13.0 billion of the 1975 trade gap would be filled by multilateral and bilateral grants and loans from developed countries. The Pearson Commission Report established an aid target of \$16.2 billion for 1975.¹⁰ This level of aid could be reached if

¹⁰ Pearson Commission, *Partners in Development*, Praeger Publishers, New York, 1968, p. 150.

developed countries implemented the .7 per cent¹¹ assistance guideline; however, in light of historic evidence and the present level of aid, the target seems unrealistic. Total aid from Development Association Committee countries rose modestly from \$4.7 billion in 1960 to approximately \$6.4 billion in 1968.¹² The U.S. Goal for 1975 was set at \$8.2 billion even though actual U.S. aid fell from \$3.6 billion in 1963 to \$3.3 billion in 1968. Changes in provisions of P.L. 480 coupled with increased self-sufficiency on the part of recipient nations could reduce U.S. aid by more than \$1.0 billion by 1971. The United States has cut other forms of assistance and the tone of Congress does not seem conducive to increased aid appropriations. France has recently announced an absolute reduction in aid while the U.K. and several other major donor nations are vacillating as to aid commitments. Among the largest donors, only Germany and Japan have declared that they will increase aid over the next few years.

Delivery of equipment, material and technical assistance by the Soviet Union to developing countries rose from less than \$10.0 million per year in 1955-56 to over \$400.0 million per year in 1965-67.¹³ Soviet data are not exactly comparable. Published statistics apparently exclude material presented as gifts. In my judgment, aid from the developed countries is unlikely to contribute more than \$8.0 or \$9.0 billion to the elimination of the anticipated 1975 trade gap. The level of private transfers to developing countries is extremely difficult to predict. Underdeveloped countries are selling bonds in the European and North American markets, and private firms are investing in many developing nations. UNCTAD estimates that private transfers may rise to \$5.0 billion by 1975. This estimate is as valid as any which can be made.

The original projections for the 1975 trade gap were \$19.8 billion. If we assume that \$8.0 billion of this gap will be filled by public transfers, and \$5.0 billion by private transfers, we have a residual deficit of \$6.8 billion. If LDC exports expand at the rate of the 1960s, they will contribute about \$4.7 billion to alleviation of the trade gap. In my judgment it is feasible to expect that import substitution through the agricultural sector, and a somewhat higher rate of internal saving which may accompany improved agricultural productivity, can breach the remaining gap of \$2.1 billion.

Concluding Remarks

This paper has consciously concentrated on the international trade of developing nations. The farm programs and resultant barriers to trade in agricultural commodities initiated by industrial countries have had serious repercussions on trade between developed nations, but it is felt that these wealthy countries can afford to live with the monsters they have created.

11 The frequently cited 1.0 per cent target is composed of .7 per cent from public sources and 3 per cent from private funds.

12 Pearson Commission, *op. cit.*, p. 380.

13 *Vneshniaia Torgovlia SSR* (The Foreign Trade of the U.S.S.R.), Ministry of Foreign Trade of the U.S.S.R., p. 205.

The following observations are meant to be provocative rather than definitive. At the beginning of the 1960s, agricultural exports accounted for 46.2 per cent of total LDC export earnings. By the close of the decade, this proportion had fallen to 34.9 per cent. During the past ten years the agricultural exports of developing countries grew by less than 1.7 per cent annually, and there are no indications that this performance will improve.

In my judgment, there is little likelihood that export earnings of developing countries will increase as the result of industrial nations' reducing the level of protection afforded farm products. Developed countries are committed to farm programs which are directly dependent upon control of international trade. As broadly based social scientists, we must recognize that meaningful reductions in trade barriers are possible only if nations are willing to alter their farm programs from an emphasis on price supports to income transfer measures which are not tied to agricultural production. Estimates of the cost of protectionist practices such as the one made in this paper and negotiations to lower tariffs and quotas are both exercises in futility if the developed countries are unwilling to overhaul their farm programs completely.

A fundamental question to be answered in this decade will be: who has the comparative advantage in the production of wheat and rice. While this puzzle unravels, the world food grain market is likely to be chaotic. Developing countries will have to keep farm programs flexible and in harmony with world supply and demand conditions. Failure to do so may leave some in the backwash of rapid technical change with costly price support programs and inefficient production the residue of grandiose plans to expand export earnings.

It is clear that in many developing nations the farm sector is not keeping pace with domestic demand, and valuable foreign exchange is being spent on imported farm products. As per capita income rises in developing countries, demand for meat, eggs, dairy products, fruits and vegetables will increase. It is possible that tariff protection might be justified as domestic capacity to produce and distribute these 'luxury' foods is developed.

Developing countries increased their exports of manufactured goods by more than 13.0 per cent annually during the 1960s. At present, LDC sales of manufactured goods total approximately \$10.0 billion per year, nearly two-thirds the value of agricultural exports. Continued expansion in the exports of manufactured goods by developing nations requires that they maintain low food prices and wage rates. Hopefully, the development process is self-generating. As employment in the non-farm sector rises, the demand for food and other consumer goods expands. Meeting this demand further broadens the employment base and improves income distribution. For the first time, agricultural technology makes it possible for export earnings to be broadly distributed rather than locked in a small enclave.

It is entirely possible that price supports for important commodities will be necessary to aid in the transition from subsistence to commercial agriculture. A very delicate touch will be required to determine a support price which at the same time provides farmers with the incentive to produce a

marketable surplus and also insures low-cost food to consumers. It is more realistic to establish target prices than an absolute level of support. The target prices must take into account inflation, the rate of technical change in agriculture and funds available for farm programs. If price supports are initiated and then discontinued as the result of inadequate funding, the farm program will only aggravate price uncertainty.

The traditional role of agricultural exports as the primary source of development capital has altered dramatically. Previously, the contribution of farmers to foreign exchange earnings was limited to exports of traditional crops. Now their role in the development process is two-fold: the direct earning of foreign exchange, and catalyzing the rapidly growing potential to export manufactured goods.

APPENDIX TABLE A

*United States Imports (f.o.b.) from Developing Countries and the World,
1959-60 through 1967-68**
(in millions of U.S. dollars)

Commodity	1959-60 Imports from		1967-68 Imports from		Annual Percentage Change 1959-60 : 1967-68	
	World	LDC	World	LDC	World	LDC
<i>Food & Beverages</i>						
Meat	361.1	75.6	695.8	146.5	8.5	8.6
Dairy products	33.4	1.6	74.7	2.3	10.6	4.6
Livestock *	72.5	33.7	96.8	51.6	3.7	4.9
Wheat	12.2	--	1.0	--	-27.0	--
Rice	1.7	--	--	--	-30.1	--
Fruit & vegetables	304.8	206.9	604.2	435.6	8.9	9.7
Vegetable oil	77.1	51.0	122.3	94.5	5.3	8.0
Sugar	545.4	535.7	666.0	611.9	2.5	1.7
Beverages	264.4	2.7	577.4	6.7	10.3	12.0
Coffee	1,058.9	1,058.3	1,080.0	1,072.0	0.2	0.2
Tea	54.2	49.1	59.4	50.4	1.2	0.3
Cocoa	178.6	163.0	168.9	153.0	-0.7	-0.8
Total	2,964.3	2,177.6	4,146.6	2,624.7	4.3	2.4
<i>Other Agricultural</i>						
Rubber	360.7	354.5	211.2	186.2	-6.5	-7.7
Wool	191.1	83.8	136.0	28.8	-4.1	-12.5
Cotton	34.4	28.9	31.2	28.8	-5.8	-0.1
Jute & jute fabrics	101.0	88.9	193.6	187.9	8.5	9.9
Hides	78.9	40.0	69.9	37.0	-1.5	-1.0
Corn	1.8	1.7	2.2	1.4	2.5	-2.4
Feeding stuff ¹	32.6	14.1	103.2	65.1	15.5	21.0
Oilseeds	72.7	68.7	66.3	59.6	-1.2	-1.8
Crude animal & vegetable ² materials	114.4	53.7	180.1	79.0	5.8	4.9
Tobacco	113.7	31.9	155.1	25.1	4.0	-2.9
<i>Total Agricultural</i>	4,065.6	2,943.8	5,285.4	3,323.6	3.3	1.5
<i>Non-Agricultural</i>						
Wood	370.2	35.9	509.6	43.3	4.1	2.1
Veneer	140.5	23.3	252.2	118.4	7.6	23.0
Clothing	272.9	83.9	748.0	335.4	13.5	18.9
Footwear	117.7	8.6	325.7	33.5	13.6	18.5
Cotton fabrics	80.9	19.7	143.3	68.1	7.4	16.8
<i>Other imports</i>	9,771.8	2,829.6	22,700.6	4,452.0	11.1	5.8
Grand Total	14,819.6	5,944.8	29,964.8	8,374.3	9.2	4.3

*Source: Various Issues of *Statistics of Foreign Trade, O.E.C.D.*, Series C.

Notes: ¹Mainly bran; oilseed cake and meal; and meat and fish meal.

²Mainly horns, bone, vegetable dyes, gum and plaiting materials.

--Indicates less than \$1 million.

APPENDIX TABLE B

United Kingdom Imports (c.i.f.) from Developing Countries and the World,
1959-60 through 1967-68*
(in millions of U.S. dollars)

Commodity	1959-60 Imports from		1967-68 Imports from		Annual Percentage Change 1959-60 : 1967-8	
	World	LDC	World	LDC	World	LDC
<i>Food & Beverages</i>						
Meat	929.2	204.5	992.4	136.7	0.8	-4.9
Dairy products	509.3	14.9	524.8	4.1	0.4	-14.7
Livestock	88.6	--	137.8	--	5.7	
Wheat	298.5	23.9	285.7	9.5	-0.6	-10.9
Rice	11.1	2.7	21.4	2.6	8.5	-0.5
Fruit & vegetables	386.2	143.6	870.1	211.2	10.7	5.0
Vegetable oil	97.4	80.3	109.8	72.9	1.5	-1.2
Sugar	231.3	133.0	264.3	184.0	1.9	4.7
Beverages	110.8	3.2	179.6	12.1	6.2	18.1
Coffee	41.7	37.2	68.8	56.4	6.5	5.3
Tea	320.9	312.7	278.7	270.2	-1.8	-1.8
Cocoa	100.6	79.6	81.7	63.1	-2.5	-3.3
Total	3,125.6	1,035.6	3,815.1	1,023.0	2.5	-0.2
<i>Other Agricultural</i>						
Rubber	199.0	164.9	119.6	82.1	-6.2	-8.3
Wool	394.5	58.1	256.7	70.1	-5.2	2.4
Cotton	198.6	110.9	129.1	73.5	-5.2	-5.0
Jute & jute fabrics	56.9	55.9	56.5	52.3	-0.1	-0.8
Hides	60.7	17.2	44.8	10.3	-3.8	-6.3
Corn	178.3	21.3	223.3	17.0	2.9	-2.8
Feeding stuff ¹	175.6	116.9	187.3	73.7	0.8	-5.6
Oilseeds	159.0	101.9	100.3	41.2	-5.6	-10.7
Crude animal & vegetable ² materials	105.9	36.3	128.0	35.1	2.4	-0.4
Tobacco	259.5	97.8	252.2	56.0	-0.3	-6.7
Total Agricultural	4,913.6	1,816.8	5,312.9	1,534.3	1.0	-2.1
<i>Non-Agricultural</i>						
Wood	460.7	62.9	541.4	76.9	2.0	2.5
Veneer	121.4	10.6	182.2	22.8	1.8	10.0
Clothing	43.3	37.0	240.9	110.8	23.9	14.7
Footwear	43.1	10.6	76.3	22.0	7.4	9.6
Cotton fabrics	139.9	63.6	157.9	77.4	1.5	2.5
Other Imports	6,243.2	1,978.1	11,825.4	2,751.7	8.3	4.2
Grand Total	11,965.2	3,979.6	18,337.0	4,595.9	5.5	1.8

*Source: Various issues of *Statistics of Foreign Trade, O.E.C.D.*, Series C.

Notes: ¹Mainly bran; oilseed cake and meal; and meat and fish meal.

²Mainly horns, bone, vegetable dyes, gum and plaiting materials.

--Indicates less than \$1 million.

APPENDIX TABLE C

*European Economic Community Imports (c.i.f.) from Developing Countries
and the World, 1959-60 through 1967-68**
(in million of U.S. dollars)

Commodity	1959-60 Imports from		1967-8 Imports from		Annual Percentage Change 1959-60 : 1967-8	
	World	LDC	World	LDC	World	LDC
<i>Food & Beverages</i>						
Meat	403.9	75.7	1,150.3	155.5	14.0	9.4
Dairy products	450.1	24.9	612.6	3.4	4.0	-22.1
Livestock	227.7	0.6	475.0	1.2	9.6	9.1
Wheat	285.4	42.9	400.7	40.3	4.3	-0.8
Rice	43.4	22.6	68.7	17.3	5.9	-3.3
Fruit & vegetables	1,185.9	429.1	2,227.4	747.4	8.2	7.2
Vegetable oil	417.9	190.7	369.5	196.6	-1.5	0.4
Sugar	127.9	106.5	156.4	88.4	2.6	-2.3
Beverages	471.4	261.5	376.4	95.9	-2.9	-13.4
Coffee	507.1	494.1	715.8	678.3	4.4	4.0
Tea	26.3	24.3	44.2	37.0	6.7	5.4
Cocoa	226.1	211.3	275.5	248.4	2.5	2.0
Total	4,373.4	1,884.2	6,872.5	2,309.7	5.8	2.6
<i>Other Agricultural</i>						
Rubber	397.9	286.5	349.0	174.1	-1.7	-6.0
Wool	604.5	74.7	507.8	54.6	-2.2	-3.8
Cotton	675.5	326.7	613.3	388.4	-1.4	2.2
Jute & jute fabrics	69.5	64.5	110.0	82.0	5.9	3.0
Hides	277.0	93.1	337.9	89.8	2.5	-0.5
Corn	242.2	129.1	660.2	212.9	13.4	6.5
Feeding stuff ¹	281.9	146.0	801.9	309.2	14.0	9.8
Oilseeds	529.6	313.0	768.2	311.8	4.8	-0.1
Crude animal & vegetable ² materials	248.6	62.3	493.8	96.3	8.9	5.6
Tobacco	216.5	61.7	346.0	71.2	6.1	1.8
Total Agricultural	7,916.6	3,441.8	11,860.6	4,100.0	5.2	2.2
<i>Non-Agricultural</i>						
Wood	713.6	164.5	1,061.9	307.0	5.1	8.1
Veneer	68.1	3.6	153.9	14.5	10.7	19.0
Clothing	224.2	15.2	1,099.4	88.1	22.0	24.5
Footwear	63.6	2.1	293.2	11.0	21.0	23.0
Cotton fabrics	142.9	2.8	230.9	13.7	6.2	22.0
Other Imports	18,829.0	4,494.6	43,746.9	7,495.8	11.1	6.6
Grand Total	27,958.0	8,124.6	58,446.8	12,030.1	9.7	5.0

*Source: Various issues of *Statistics of Foreign Trade, O.E.C.D.*, Series C.

Notes: ¹ Mainly bran; oilseed cake and meal; and meat and fish meal.

² Mainly horns, bone, vegetable dyes, gum and plaiting materials.

APPENDIX TABLE D

*Soviet Union Imports (f.o.b.) from Developing Countries and the World,
1959-60 through 1967-68**
(in millions of U.S. dollars)

Commodity	1959-60 Imports from		1967-68 Imports from		Annual Percentage Change 1959-60 : 1967-68	
	World	LDC	World	LDC	World	LDC
<i>Food & Beverages</i>						
Meat	42.9	1.0	38.0	--	-1.5	-2.2
Dairy products	2.9	2.9	1.9	--	-14.7	-13.3
Livestock	25.5	20.3	22.4	21.2	-1.6	0.6
Wheat	11.4	1.9	112.5	1.6	33.0	-1.6
Rice	75.5	6.6	56.8	51.9	-3.5	29.5
Fruit & vegetables	84.3	21.6	219.5	71.0	12.7	16.0
Vegetable oil	30.4	4.2	20.3	16.2	5.2	18.0
Sugar	55.6	55.6	286.3	286.3	19.5	19.5
Beverages	19.4	--	145.0	15.6	28.5	--
Coffee	13.1	11.7	22.5	22.5	7.1	8.5
Tea	35.0	18.7	29.9	29.9	-2.0	6.1
Cocoa	33.5	32.8	51.8	50.4	5.6	5.5
Total	429.4	177.4	1,006.9	568.4	11.2	15.6
<i>Other Agricultural</i>						
Rubber	162.5	147.9	117.9	117.9	-3.9	-2.8
Wool	109.4	58.4	98.9	52.5	-1.3	-1.3
Cotton	171.9	127.7	115.8	110.8	-4.9	-1.8
Jute & jute fabrics ¹	4.7	4.7	9.4	9.4	8.9	8.9
Hides	58.9	36.3	91.4	49.7	5.7	4.0
Corn	--	--	17.0	9.6	--	--
Feeding stuff	N.A.	N.A.	N.A.	N.A.	--	--
Oilseeds	64.4	3.0	10.0	9.6	-20.6	15.5
Crude animal vegetable materials	21.3	4.0	14.6	5.2	-4.6	3.4
Tobacco	70.2	3.2	81.8	7.2	1.9	10.7
Total Agricultural	1,092.8	562.5	1,563.7	940.3	4.6	6.6
<i>Non-Agricultural</i>						
Wood	39.4	--	25.8	4.1	-5.1	26.0
Veneer	6.2	0.2	1.2	--	9.1	-16.5
Clothing	310.2	8.8	603.0	30.6	8.7	16.9
Footwear	133.5	3.3	298.6	11.7	10.6	17.0
Cotton fabrics	60.2	--	44.1	11.9	-3.8	--
Other Imports	3,709.3	118.3	6,437.7	299.8	7.1	12.3
Grand Total	5,351.5	693.1	8,974.1	1,298.4	6.7	-8.2

*Source: *Vneshniaia Torgovlia SSSR (The Foreign Trade of the USSR)*,
Ministry of Foreign Trade of the USSR.

Notes: ¹Includes only raw jute.
--Indicates less than \$1 million.

APPENDIX TABLE E

*Japan Imports (c.i.f.) from Developing Countries and the World,
1959-60 through 1967-68**
(in millions of U.S. dollars)

Commodity	1959-60 Imports		1967-8 Imports		Annual Percentage Change	
	World	from LDC	World	from LDC	1959-60 : 1967-8	World LDC
<i>Food & Beverages</i>						
Meat	9.3	2.4	97.3	20.3	34.0	31.0
Dairy products	12.5	--	59.2	--	21.4	0
Livestock	4.7	--	10.9	1.2	11.1	
Wheat	168.7	--	298.5	--	7.4	
Rice	28.6	27.1	56.2	29.6	11.1	1.1
Fruit & vegetables	28.5	19.4	212.8	150.1	28.5	29.0
Vegetable oil	6.9	3.5	9.6	6.0	4.2	7.0
Sugar	117.2	106.5	194.2	117.8	6.2	1.3
Beverages	2.1	0.1	9.0		19.9	11.1
Coffee	8.3	8.0	32.5	27.4	18.6	16.6
Tea	2.1	2.1	7.7	6.3	17.6	14.7
Cocoa	9.7	6.8	40.5	29.5	19.6	20.0
Total	398.6	175.9	1,038.4	388.5	12.7	10.4
<i>Other Agricultural</i>						
Rubber	159.4	127.9	131.8	98.4	-2.4	-3.3
Wool	236.0	14.9	362.1	13.6	-5.5	-1.1
Cotton	393.4	233.9	476.8	281.9	2.5	2.4
Jute & jute fabrics	10.4	10.4	22.8	22.8	10.3	10.3
Hides	40.8	11.5	74.4	8.2	-7.8	-4.1
Corn	67.2	40.4	289.4	86.5	20.5	10.0
Feeding stuff ¹	13.2	5.4	82.0	27.3	25.4	19.7
Oilseeds	175.1	48.4	417.2	71.4	11.5	5.0
Crude animal & vegetable ² materials	19.8	12.5	63.8	30.3	15.8	11.7
Tobacco	13.9	0.3	53.8	6.1	18.4	39.0
Total Agricultural	1,527.9	681.4	3,012.5	1,035.0	8.9	5.4
<i>Non-Agricultural</i>						
Wood	155.1	111.6	1,052.2	452.2	27.1	19.1
Veneer	0.2	--	43.7	3.3		
Clothing	1.3	--	19.9	7.1	40.5	
Footwear	0.1	--	2.6	--		
Cotton fabrics	0.6	--	8.8	2.7	40.0	
Other Imports	2,360.5	886.9	8,185.5	3,412.6	16.6	18.3
Grand Total	4,045.6	1,679.9	12,325.2	4,913.2	15.0	14.4

*Source: Various Issues of *Japan: Annual Return of Foreign Trade*, The Ministry of Finance, Tokyo, and *Statistics of Foreign Trade, O.E.C.D. Series C*.

Notes: ¹Mainly bran; oilseed cake and meal; and meat and fish meal.

²Mainly horns, bone, vegetable dyes, gum and plaiting materials.

--Indicates less than \$1 million.

H. Kraal, *Netherlands*

I think in the first place we must be very sorry that Dr. Sisler is not with us; we miss the opportunity to renew our friendship or to make acquaintance with him. It is even more regrettable that his paper was not available for you beforehand as it is a paper which cannot effectively be delivered verbally, though Dr. Conneman did as well as anyone could. When you see this paper you will appreciate how Sisler has given in a nutshell more information, figures and ideas on international trade policies in agriculture than I ever thought a nutshell could contain. We should be grateful for all he has done.

Dr. Sisler has developed some opportunities to start the discussion, some of them, I think, on purpose. One nice opportunity, however, he has expressly discarded where he says with regard to his estimated rise of LDC export earnings: I would have no quarrel with anyone who contends that this estimate is out 20% on either side, rather than to suggest the whole exercise nonsense. Why did he undertake this exercise if he does not defend it against somebody who could call it nonsense? It is every author's right to limit his subject but he has to inform his readers why he limits it as he does.

I missed this information, too, where Sisler says that he wants to concentrate on only three of a wide range of policy measures available to bridge the estimated gap of LDCs. I want to ask which are the most promising of other policy measures, and why does he not want to introduce them for discussion? Why does he concentrate on the trade gap estimate for 1975? If Sisler is suggesting that bridging the trade gap in 1975 means that the crucial problems will have been solved, I would be glad, but it would need some supplementary information to convince me. If, as I believe, he does not want to suggest this, why concentrate on 1975? Does it mean that this year will be the earliest possible in which we may hope to bridge the gap, and does it contain a warning against too optimistic views?

Apart from the general remarks, I wish to make some comments on Sisler's analysis of the three points in connection with policy measures, namely the prospects of the LDC's with regard to exports; the prospect of the LDCs with regard to imports for substitution; and the prospects of the LDCs with regard to aid and private capital from DCs. Before we start these comments, it may be useful to point out that the trade gap of 20 billion dollars in 1965 is, in Sisler's paper, the keystone in the comparison of requirements of the gross national products, exports and imports of the aggregated LDCs. This assumption, is that if this gap cannot be bridged by international capital movements, it will not be possible to achieve an annual growth in per capita income of 3.2% for the combined LDCs. May we conclude that, if the gap is bridged, an annual growth of 3.2% will be achieved? I do not think so. And even if this happens to be true in 1975, what does it mean? It means that some LDCs have achieved a growth rate of more than 3.2% and others less. But even a growth rate of more than 3.2% in a certain LDC does not guarantee that the majority of the poorest groups in that country are better off. An aggregate trade gap of 20 billion dollars is undoubtedly a complication of the trade gaps of the individual LDCs. I would not be surprised if,

some of them, will show no trade gap at all in the estimation for 1975, and even a capacity to refund foreign capital. I am convinced that the ratios between the gross national products for the various LDC's and the individual trade gaps will vary greatly. It is not mere theory to think of the possibility that LDC's with a numerous population will show an ever-growing gap during a rather long period. If this is true, what consolation can we find in the belief that it is possible to bridge the estimated gap for the aggregated LDCs.

Sisler has shown us some statistics on the development of the export earnings of the LDCs. They are encouraging, he says. Whether the export development of a country is really encouraging, however, cannot be stated without information as to developments in the magnitude and the composition of the per capita production, and imports of the country concerned. And even that information is not enough to draw water-tight conclusions. When Sisler states that despite increasing levels of protection and higher levels of international production the Common Market increased agricultural imports from LDC's by 600 million dollars he does not tell us what part of the increase is coming from the former colonies of the EEC members. This is of interest, since the entry for these former colonies into the Common Market was easier in the Sixties than it was in the Fifties, but I do not think a debate on the remarks of this kind is very fruitful. I will not go into the details of his analysis and estimates, with regard to import substitution and aids from DC's. I do not want to quarrel with him when he concludes that it is feasible to expect that import substitution will grow through the agricultural sector, and the somewhat higher rate of internal savings can bridge the remaining gap of 2.1 billion dollars. I hope it will become true in 1975, but we have to realise that this does not mean that fundamental problems of the LDCs will have been solved. I think everybody agrees to this.

Another question, however, is whether we may believe that the policy directed towards bridging the trade gap of the aggregated LDCs is a condition of an optimal development of the LDC's. I do not think Sisler will say 'yes', but I could imagine that some people who read this paper have got this idea, and in that case a clarification will be useful. My last remarks concern the manner in which Sisler compares the concentration ratios of the exports of manufacturers' products of primary products. He has calculated that the five most important LDC exporters of manufactured goods accounted for 52% of total export, and that similar concentrational ratios are for wheat 97%; copra, 83; tea 78; and so on. With these figures, Sisler wants to tackle those who have argued that exports of manufactured products are restricted to a small number of countries, and thus cannot offset the lagging demand in primary products which most developing countries rely on for foreign exchange. This statement, however, is incorrect, since the concentration ratio for manufactured products is a concentration ratio for a highly heterogeneous group of products while the concentration ratios for wheat, tea, etc are for single products.

Though I do not think I need mention the many points where I agree with Sisler. I would want to make one exception, namely the fundamental ideas of

what he called in his concluding remarks, provocative rather than definitive observations. With this I agree wholly, and I think that is the main theme, you could say, of the paper. I hope that my questions and remarks will suffice to start a private exchange of thoughts with regard to Sisler's stimulating analysis of the international trade policies and agriculture in the context of the task of all nations and people to cooperate in striking the hunger and malnutrition of too many today, and generations to come.

May I end with expressing my great gratitude to Sisler for the excellent manner in which he has introduced in a comprehensive way such a difficult subject.

V. Martynov, *U.S.S.R.*

Mr. Sisler's report contains a fusion of valuable information on international trade in agricultural commodities. I had only a chance to run superficially across the pages of this report, but still I think that the data presented in this report attracts our attention. It is quite clear that modern tendency in the development of agricultural trade represents, to a considerable extent, a gloomy picture as far as the development of the developing countries are concerned. While the agricultural exports from 1965-1968 have grown by 12%, the growth of import in Europe made up 99%, in North America 92%, in our country and Lithuania 23%. In the developing countries the trade balance had been covered by means of the trade with socialist countries. While, according to the recent data, the growth of trade with the capitalist countries amounted to 1.7%, and, over the same period, the trade growth with the socialist countries amounted to 6%. What, then, are the difficulties of agricultural marketing for the developing countries? It is well known that capitalism in its time has converted their colonies into their agrarian backyard. They have specialised for the production of agricultural raw materials and food for the developed countries. Because of the technological developments in the developed countries there have been considerable changes in the international distribution of trade which has brought about rather unpleasant prospects for the developing countries. It is supplemented by deterrent barriers created around the developed capitalist countries. I would like to question Professor Sisler, or at least his colleague who presented the paper on what increase in the trade of the developing countries and what returns would we get, if the restriction barriers were to be eliminated? But Mr Sisler says that the elimination of the protection barriers cannot be made because it would be harmful for the policy within the developed countries. I would like to ask therefore: are there any calculations in the Western European countries which would have demonstrated the extent to which removal of tariffs on tropical produce would harm temperate products?

Sawaeng Kulthongkham, *Thailand*

I came to attend the I.A.A.E. Conference with the fact in mind that nobody could be left out; we are all of us, throughout the entire world, members of the human species, all of us are responsible for the optimum use of the

worlds' resources and responsible to the coming generation. All countries, both developed and under-developed, have now come to be interdependent so that all people, rich or poor, have to live or die together. We have to understand that all of us are living together in one country not in 100 countries when we come to attend this conference. International policy cannot abdicate these responsibilities, the trade in agricultural products is distorted by the concessional terms offered by well organized bodies which cause difficulty to the less developed exporting countries,—for example, Thailand. How to solve this problem of trade policy I leave to the international trade policy makers, but until it is solved we will have problems of international trade for the developing countries. I hope, however, that all of us agree that Prof. Sislers' paper will help us to see more clearly the issues in this area of international trade policy.

Kwatsdon Sabudiasih, Indonesia

One of the most significant phenomena the year 1969 has witnessed is the progress made by a growing number of developing countries in the application of new and improved technique, especially for food production. That is what we call the 'green revolution'. The example of this achievement has given encouragement and hope for the future. However, at the same time, we should be prepared for possible repercussions from this progress of high-yielding varieties in the near future, on international trade of agricultural commodities in general and for countries of the ECAFE region the inter-regional trade of rice in particular. In addition, other new problems are emerging with regard to agricultural activity, namely storage, processing, transport and marketing. In the absence of certain solutions to these problems internationally and inter-regionally the affects of increase in production will be radically limited. Another phenomena I would like to touch upon is the prospects of export of all agricultural commodities.

For countries like Indonesia, depending so critically on their foreign earnings from the exports of their agricultural products, the general downward trend in prices of some agricultural commodities is indeed the cause for deep concern. International efforts like this forum as well as other international meetings, like UNCTAD, E.C.A.F.E., F.A.O., etc. aimed at stabilising world market prices for agricultural commodities at reasonable levels have, to a certain extent, produced gratifying results, but of such a limited nature as not to give cause for great optimism so far. I felt more concern at the F.A.O. Committee of Commodity Problems about the growing practice of subsidising exports of agricultural commodities predominantly in the developed countries that has aggravated the widespread structural difficulties for a large number of the developing countries. Continued market restrictions in the form of tariffs and other trade policies applied by many of these industrial countries have further increased the complexity of the problems developing countries have to face.

G. Conneman, *U.S.A. replying in Dr. Sislers Absence.*

I intended not to make any comments, hoping that Prof. Westermarck would instead give the floor to other people, so that I might pass their comments back to Prof. Sisler. If any of you have any comments or questions which you would like answered, I would be glad to take them back to him and have him correspond with you. There were one or two points that were raised by our opening discussion that I thought deserved an answer.

Prof. Sisler made the point that there were certain policy measures that were available to bridge the trade gap. He indicated that they were the most promising. Now Prof. Kraal asked what were the other policy measures? I think that Prof. Sisler did what most of us do as economists, and that is to list what we believe are the most promising, but leave an opening in case anyone thinks of anything else; in other words, I think this is the way to cover any other thoughts that one might have.

The other important question that I would like to comment on is why Prof. Sisler concentrated on the trade gap estimated for 1975. I think, in discussing this with him, that he feels that this is the earliest possible time in which we might hope to bridge the gap, and he hoped, by this means, to give a warning to those who have rather optimistic views on whether or not this gap could be bridged earlier. Lastly, the point was made that even if the gap was bridged, that this did not guarantee the majority of the poorest groups in any country being better off. This is a very valid point; one of which Prof. Sisler is well aware; and I believe that he is looking at this particular area in a further paper that he is writing.