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Agricultural Trade and the Big Bang

The International Politics of Agricultural Trade: Canadian-American Relations in a Global Agricultural Context. *By Theodore H Cohn Vancouver, B C , Canada University of British Columbia Press, 1990, 280 pages, $36 95*

Reviewed by William R. Wilson

Paraphrasing, albeit loosely, the sometimes prophetic Andy Warhol—everything has its brief period of public exposure Agricultural trade is experiencing its period of exposure Recently, the Uruguay Round of the General Agreement on Tariffs and Trade produced global visibility for agricultural trade and the limitations of existing international institutions An impressive effort among technocrats and bureaucrats across many nations continues the pursuit of an international regime to encourage an economically rational allocation of the agricultural factors of production Cohn's book is a case study of how the North American agricultural market and related institutions responded to binational and international pressures during 1950-90

The book is almost entirely descriptive Quantitative techniques are limited to value, volume, and trend figures for trade flows, and although this may prove to be initially disconcerting to many economists trained in the past two decades, the wealth of well-documented information should assuage the anxiety and reward the reader amply This Galbraithian-type of book harkens back to the political economy bent of the discipline

The author structures the examination of 40 years of Canada-U S agricultural trade within a paradigm of four dependent variables—conflict, cooperation, trade strategies, and market power—and a collection of environmental and agricultural explanatory variables For example, Cohn musters historical evidence to support the hypothesis that Canada-U S cooperation and conflict in marketing wheat was influenced by global supply, competition, the U S trade balance, relative economic size and agricultural economies, national security objectives, and the strength of existing trade institutions Cohn says that the asymmetrical interdependence of the Canada-U S trading relationship, factoring in the prevailing U S national objectives, often led to unilateral U S action Canada, with its dependence on access to the U S market and limited fiscal capabilities, was typically seeking U S or multilateral cooperation The analysis emphasizes Canada-U S wheat-marketing competition through international pricing, surplus disposal, export subsidy, and credit vehicles Except for the expanded commodity discussion on agricultural trade barriers, wheat is used as a proxy for all agricultural commodities While the proxy serves to accommodate a comprehensible product, the representativeness of wheat is problematic due to fundamental differences in North American marketing of other major products such as oilseeds and meats

The book briefly discusses the Canada-U S Trade Agreement signed in January 1989, after previous attempts at bilateral trade arrangements in 1911 and 1948 were aborted by Canada Cohn notes that Canada was again seeking assured access to the U S market but that " some Canadian policy makers were rather naive since the U S would not relinquish the right to retaliate with trade relief actions and other measures [where believed warranted] ' Indeed, the amendments to U S trade law immediately preceding the bilateral agreement with Canada strengthened U S market protection from identified export practices, including those of Canada Cohn contends that the U S rationale for the bilateral trade deal and the inclusion of agriculture was largely to generate multilateral visibility for reduced agricultural trade barriers No mention is made of assured future access to Canada's freshwater resources, an issue which threatened to derail Canadian support for the agreement Some researchers maintain that U S access to Canadian water remains unsettled and unsettling

There are numerous bits of information throughout the book which will spark the interest of the reader For example, the early U S contribution to agricultural protectionism is interesting The U S insistence on special GATT treatment for agricultural trade is reflected in Article XI GATT calls for the elimination of quantitative import restrictions, but includes provision for the implementation of such restrictions against agricultural imports as a complement to a domestic program intended to restrict production or remove a surplus The import restriction capability was strengthened by a 1955 waiver allowing U S farm import quotas in the absence of concomitant domestic supply measures The ability of trade negotiators to challenge the restrictive policies of Japan and the European Community is greatly influenced by these same provisions

Cohn concludes that the abundance of controversy over the agricultural provisions included within the Canada-U S Trade Agreement demonstrates the difficulty of reforming world agriculture in the GATT Considering the magnitude of agricultural transfers, as estimated in the form of producer subsidy equivalents by the Organization for Economic Cooperation and Development—$62 billion in the EC, $39 billion in the United States, $37 billion in Japan, and $7 billion in Canada—agricultural trade liberalization may be limited to hard-fought, small-caliber pops, like the 1960's expiration of the Canada-U S wheat duopoly, rather than a big bang

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