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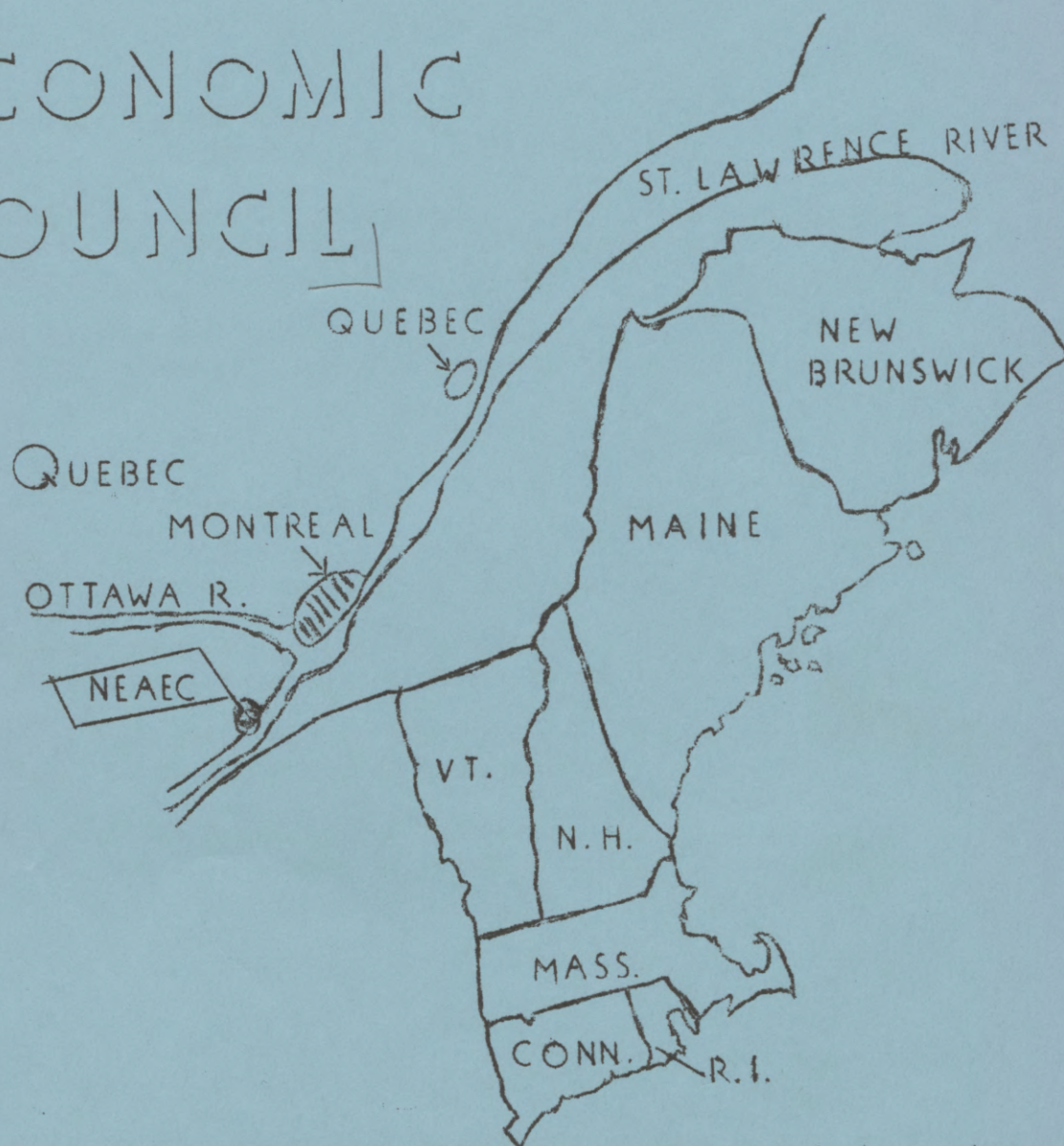
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# NEW ENGLAND AGRICULTURAL ECONOMIC COUNCIL

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OPPORTUNITIES FOR INCREASING FOREIGN TRADE IN  
AGRICULTURAL PRODUCTS

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Much of what Mr. Roberts has outlined in his paper may be construed as applicable to Canadian as well as United States prospects for increasing our exports of agricultural products. However, if I may be permitted to speak extemporaneously, I may be able to supplement some of the information he has provided. My remarks are based largely on my own personal experiences inasmuch as my daily work brings me in direct contact with the problems in question.

In the 1920's, Canada's wheat exports alone accounted for 20% of her total exports in value, and the value of all agricultural products exported at that time made up as much as 58% of the total. The picture has changed considerably. Now wheat makes up only 10 to 12% of the total, and all agricultural products about 31%. However, while the proportions have decreased, nevertheless, in absolute terms trade in wheat and other agricultural products have increased both in volume and value since World War II, as compared to the 1920's and 30's.

Prior to World War II, Canada's export trade was conducted largely by private enterprise. However, due to a combination of factors, well known to all who have studied the problem, many changes have taken place, to the point where now a great deal of state or semi-state trading enters the picture insofar as agricultural products are concerned. The factors involved in bringing about this change included the depression of the 30's, which necessitated Government intervention, and the wartime need of centralized management of the policies of production and marketing.

Dual marketing arrangements by the members of the Canadian grain exchange and Canadian Wheat Board, which applied pre-war, were superseded in 1941 by the delegation of the sole responsibility for this operation to the Canadian Wheat Board. This applies completely insofar as the major grain producing area of Canada is concerned. The farmers have liked this system, because, along with the influence of the International Wheat Agreement, it has helped to stabilize their industry. In the view of many, it would be very difficult, if not impossible, to return to a free market system for wheat.

The growth of Government intervention in other countries, before and after the war, also has had its influence. Dire need for rehabilitation of war torn Europe, coupled with the necessity of those countries to conserve and manage their inadequate foreign exchange resources, particularly dollars, have also prevented the free market play that would have permitted Canada and other supplying countries to return to the free enterprise system, wherein effective supply and demand are the controlling factors. The development of Government marketing organizations and Government sponsored marketing Boards have entered into most countries' operations. Added to these forces has been the introduction of restrictive and discriminatory practices, which still persist, although in many instances they have long outlived the primary function to protect balance of payments positions. These systems of support programs, deficiency payments, quantitative restrictions, import levies, bilateral trade agreements, mixing regulations and skimming, have all encouraged uneconomic production of many types of agricultural products, in countries which were considered by the lower cost producing countries as their normal markets.

As a result of these practices in foreign countries, in particular Europe, as well as the high support programs in some producing countries, there have emerged surpluses to such a degree that Government intervention has been necessary in order to assist in their movement, in particular to those countries which do not have the wherewithal to pay cash for same. Improved methods of production have also played their part in building up production. On the other side of the coin is the continuing problem of the small farm. Some progress is being made in many countries to bring about a change in this position by the amalgamation of small holdings into more economic units. This is a slow process, partly because of the need to absorb the labor that no longer is required on the farm, and partly due to the legal and other problems involved.

All of the above would appear to be factors affecting, if not bringing about a decrease in the post-war trade in agricultural products. To a degree this is correct. Patterns of trade have changed, but there is some prospect that countries are becoming increasingly aware of the difficulties and problems that have developed as a result of their unilateral policies and it would appear that some lessening, slight as it may be, of the effects of these policies may be seen in the relatively near future.

In the meantime, countries such as Canada and the United States can only hope to export agricultural commodities to the degree that such products are competitive with other major producing areas, or to the extent they are prepared to enter into aid programs. Subsidies on exports can only go so far. Barriers are being raised against this practice, to the point where price, quality and continuity of supply will again be the principal factors that will determine whether or not a specific market will take the products of our farms.

Insofar as the less developed and underdeveloped countries of the world may provide increasing outlets of importance to such agricultural producers as Canada and the United States, much will depend on the speed and direction of their economic progress. Surpluses can and will, no doubt, be used to advantage in economic development in certain areas, such as India. The manner and degree of their use and the potential involved have already been touched on by Mr. Roberts. This may be a slow process and much of its success will depend on the ability and patience of the planners.

In conclusion, may I again say how much I value this opportunity to appear on a panel with my United States colleagues and how happy I am to participate in a discussion of such mutual interest to our New England friends and their Canadian counterparts present today.