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Profile

Early harvest would benefit U.S. agriculture

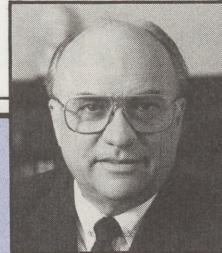
An early harvest in 1988 would please Clayton Yeutter. It would allow the bold proposal the United States presented during multi-lateral trade discussions earlier this year in Geneva to bear tangible results by the time of an expected meeting of trade ministers in Canada in 1988. The prior round of negotiations—the so-called Tokyo round—took seven years to complete in the 1970s. "Trade issues are too important today for anyone to wait that long," says Yeutter, U.S. Trade Representative.

Phasing out farm subsidies

If the proposal yields as he hopes, Yeutter believes agriculture as an industry and its trade policies could undergo historic changes. Specifically, a key aspect of the proposal calls for phasing out all farm subsidies and restrictions on international agricultural trade by the turn of the century.

"I think we can be very competitive internationally in a free and open market system," says Yeutter, who leases out his family farm in Nebraska. "In that kind of environment our farmers can compete against farmers who today are supported by large government subsidies."

The twelve-nation European Community (EC), for example, has become a major agricultural exporter through the use of import restrictions, production incentives and export subsidies, even though their producers tend to be less efficient than Americans. But the costs of such programs are becoming so prohibitive that all nations are looking for ways to reform



Clayton Yeutter

Ambassador Yeutter has been the United States Trade Representative since July 1, 1985. He is responsible for the development of American trade policy and for its execution. Prior to joining the Reagan Administration, Yeutter served as President and Chief Executive Officer of the Chicago Mercantile Exchange. During the Nixon and Ford Administrations he served as Assistant Secretary of Agriculture for Marketing and Consumer Services, International Affairs and Commodity Programs and as Deputy Special Trade Representative. Yeutter and his wife, Jeanne, have four children. They divide their time between residences in Virginia and Lincoln, Neb.

the system.

Yeutter believes the world is moving toward a less regulated system, where competition—not support programs—will determine who succeeds in the world market. The change cannot occur overnight, Yeutter says, but would be phased in over the next decade. And the U.S. proposal would allow nations to continue to provide a safety net—payments not tied to production or pricing decisions—indefinitely.

Prepare for change

Agricultural lenders, Yeutter adds, should prepare for the changes as well. Like its customers, the lending community should refrain from placing too much dependence upon government supports. For lenders who are dependent, he suggests that they begin to wean themselves from government supports.