



## Eisenhower outlines new foreign trade policy for agriculture as program for overseas sales of surplus crops begins

President Eisenhower has set the wheels in motion for disposing of surplus agricultural commodities abroad. The President has just signed an executive order which puts into effect the Agricultural Trade Development and Assistance Act, passed by Congress this year.

The act provides for the sale of up to \$700 million worth of surplus farm crops to foreign nations during the next three years. The sales would be made abroad in local currencies, so the foreign purchasers would not have to dig down into their precious dollar supplies. In addition, the new law provides that \$300 million worth of commodities can be given to friendly nations in the event of a famine, flood, or other national disaster.

Primary responsibility for overseeing sales of farm crops has been given to the Secretary of Agriculture, who also will have the responsibility for developing overseas markets for agricultural commodities. The more humanitarian side of the law, such as the grants for famine relief, will be administered by Harold Stassen, Director of the Foreign Operations Administration.

Administration of the new law should be no simple matter. Several other federal agencies will be called upon to help out in administering certain of the activities covered by the law. For this reason, the President has established an inter-agency "advisory committee" which will be headed by Clarence Francis, former General Foods Chairman and now a special consultant to the President.

Money made from the sales will remain in the purchasing country, to be spent in a variety of ways authorized by the act. One major purpose will be to develop new markets for U. S. agricultural products, whether they are surplus in this country or not. Another major use for the sales dollars will be to acquire

metals, minerals, and other critical materials which are needed for America's stockpile. The money also will be used to buy military equipment which could be used by our forces abroad.

Foreign trade will be given a boost by the proceeds from the agricultural sales. The act provides that such funds can be used to promote "the balanced economic development and trade among nations." The money also can be used to purchase goods and services for other friendly countries. Another use to which the funds can be put is in the promotion of multilateral trade.

Fulbright-type exchange scholarships also will benefit from the sales, since a segment of the funds will be ear-marked for educational purposes. If there is any money left, the government can apply it to the payment of U. S. obligations abroad.

The Administration makes no bones about the chief purpose of the act: it is one way of cutting down the huge crop surpluses glutting American storehouses. While not claiming that overseas shipments will be a panacea for the whole crop surplus problem, Administration spokesmen believe the overseas sales will be a successful supplementary means of reducing crop surpluses.

Emphasis will be placed on using private trade channels as much as possible. According to the act, none of the sales shall interfere with any of the regular U. S. sales abroad, nor disrupt the world price structure.

### **New Trade Policy Announced**

In connection with the new act, the President issued an important policy statement on foreign trade in agriculture. Agriculture, as well as other segments of the economy, would benefit from expanded world trade, Mr. Eisenhower

believes. Therefore, the farmer should support programs designed to expand international trade, to promote convertibility of currencies, to stimulate the flow of capital, and to improve the interchange of scientific and technical information.

Two big factors complicate the picture: (1) prices of many domestic farm products are not competitive with foreign prices; and (2) production exceeds demand for certain products, creating surpluses which disrupt both domestic and foreign markets. Both of these problems probably will hang on for some time, so they must be reckoned with in any appraisal of foreign trade policy in agriculture.

The U. S. has no intention of dumping its surpluses indiscriminately on world markets, the President stresses. But he makes it clear that sales of American Products will not be limited until every other country has disposed of its production. The adjustment of supply to demand on a world-wide scale will require adjustments in other countries as well as the U. S.

Taking all these factors into consideration, the President has come up with a four-point policy to guide future foreign trade in agriculture.

First, the world supply and demand situation in agricultural products requires that the American surpluses should be liquidated on an orderly and gradual basis.

Second, the U. S. cannot hold its products off the market, thus acquiring surpluses, while other countries dispose of all of their crops. America, therefore, will offer its products at competitive prices, although it will take steps to maintain the competitive position of friendly countries.

Third, the U. S. will enlist the support of friendly nations in increasing consumption in agricultural "have-not" areas of the world. Among the aims of this program will be to stimulate economic development in friendly countries and to strengthen their security position.

Fourth, foreign trade is dependent upon the enterprise of private business, both foreign and domestic. The U. S. will lend its weight toward permitting the private trader to function effectively.

Eisenhower regards this four-point plan as reflecting the Administration's philosophy on agricultural foreign economic policy. In a letter to Francis, the President said that he believes the new policy "should generate confidence both at home and abroad as to our purposes in this vital area of international economic relations."

The State department, as expected, also will have a key role in administering the new Act. The President regards the program as an instrument of foreign policy. State will carry out the actual negotiations with foreign governments to get the commodity program going.