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United States: New aids for agriculture

Intereconomics

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COMMENTS

ECAFE

Endless Quarrels

It is now twenty-one years since ECAFE (the Economic Commission for Asia and the Far East of the United Nations) was first established in Bangkok. ECAFE's main task is to coordinate economic planning in the Asian developing countries and to promote and carry out projects for improving their infrastructure. Finance for such projects is to be provided by the Asian Development Bank, whose seat is in Manila. ECAFE deals with a series of highly important economic and social problems. Priority has been accorded to the creation of a regional Asian road and transport network, improved utilisation of Asian commodity sources for export, and safeguarding sufficient food supplies, which is ultimately the aim of all development projects.

ECAFE's activities are limited by the strong divergence of political and economic interests between its various member states. Even on specific community projects, whose joint benefit to all is not questioned, consent is difficult to reach. Therefore, ECAFE cannot but fail in trying to hammer out a joint Asian and Far Eastern economic policy. Effective and efficient division of labour is being hampered by the nationalism being rife in all member states, since each individual nation insists on setting up full industrialisation on its own territory, in spite of severe capital shortages and—what is even more aggravating—the very limited capacity of local and regional markets for absorbing industrial products. Already now, there is much wasteful competition between several countries which manufacture similar products. In spite of indubitable merits of ECAFE in dealing with specialised practical problems and with drawing up plans for limited projects, the Commission has not yet been able to meet its essential task of coordinating overall economic development in the region, and this apparently is a common characteristic of all the four regional United Nations' commissions on economic problems.

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United States

New Aids for Agriculture

In a Farm Message to Congress, published on February 27, 1968, President Johnson has asked for a number of new and extended measures to help the American farming community. The current Food and Agriculture Act of 1965 will lapse only during 1969, but the President tries already now to lay down completely new guiding lines for Federal farm policy.

Farming has always been an important sector within the overall US economy. For economic policy, farming moreover is of particular social importance, as average incomes are lower than those in the industrial cities of the US. Farming produce, in addition, earns about 20 per cent of the income of the United States derived from exports.

Among the salient proposals is above all the creation of a National Food Bank whose task it would be to protect farmers against declining prices through stockpiling of surpluses of wheat, coarse grains, and soybeans. In addition, it is intended to prolong for an indefinite time the subsidies currently paid by the Federal Government for wheat, coarse grains, and cotton, which would end under the present law in 1969. The "Food-for-Freedom" Program, originally conceived for two years, is to be extended to three years.

However, the chances for carrying these far-reaching demands through Congress are slim. They would cement US protectionism in favour of the farmers far beyond what had been conceived up to now, and it is highly doubtful whether Congress would agree to such incisive measures, which would virtually divest Congressmen of the power to influence an important part of farming policies for several years. Yet it will still remain highly advisable for non-Americans to keep a constant and close watch on the farming policies of the United States, not only because of the importance of the US in the world farm produce markets but also in view of future negotiations on liberalising world trade with farm produce, which especially the United States has repeatedly demanded with regard to the EEC.

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Jugoslavia

Setting an Example

In recent years, the economic activities of the communist countries in Europe have become infused by an ardent inclination towards reforms. Jugoslavia's example appears to have made a major contribution to evoking this trend. Its early withdrawal from a firm connection with the Soviet Bloc placed Jugoslavia in an awkward position between two stools, or power blocs, which had its adverse effects on the Yugoslav economy for a fairly long period. However, today—two years after the Yugoslav economy has been reformed throughout—an undeniably strong economic upswing can be registered. Once the firm decision had been taken to trade, and to increase trade, with the important commercial nations of the West, the Yugoslav market had to be opened to Western