

FOOD AND THE FOREIGN SCENE

- DEVALUATION AND MEANINGS
- FARM TRADE AND IT'S EFFECTS ON SOCIETY
- BALANCE OF TRADE AND BALANCE OF PAYMENTS
- WORLD POPULATION, FOOD AND AID

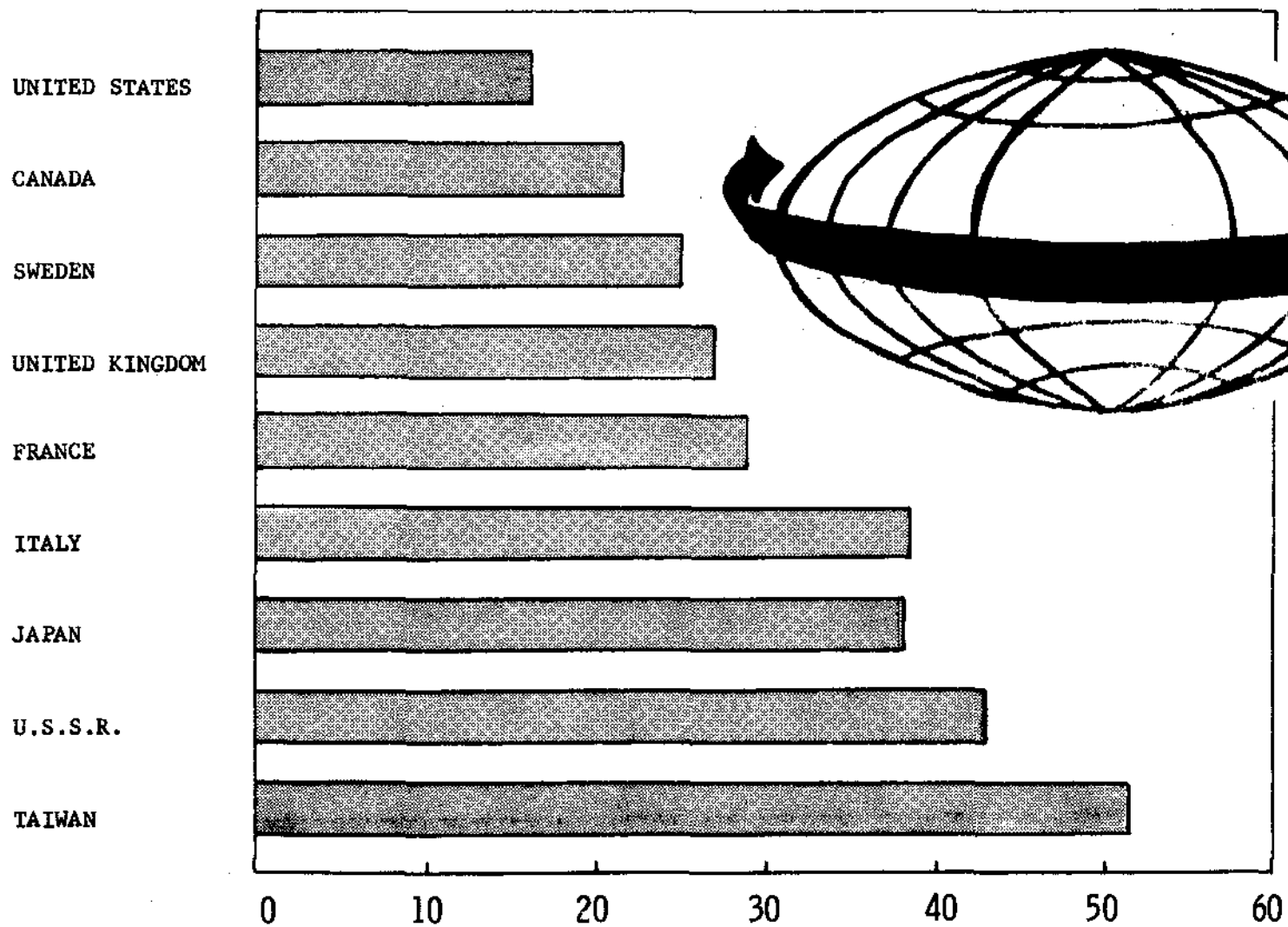


By

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Department Of Agricultural Economics

Ohio State University

COST OF FOOD AROUND THE WORLD



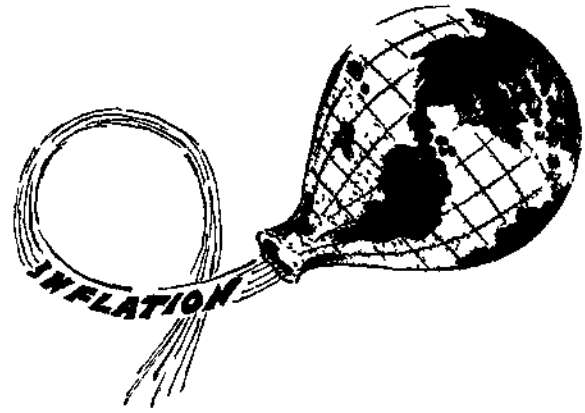
PERCENT OF SPENDABLE INCOME FOR FOOD

FACTORS IN

WORLD FOOD

SITUATION

AND PRICES



-- MORE PEOPLE: + 2 % PER YEAR

-- RISING PURCHASING POWER: + 3 % PER YEAR

-- CROP SHORTFALLS: POOR WEATHER AND FISHING

-- DEVALUATION INCREASED TRADE

-- INFLATION: FINITE RESOURCES: EXPANSION POLICIES

-- INPUT SHORTAGES

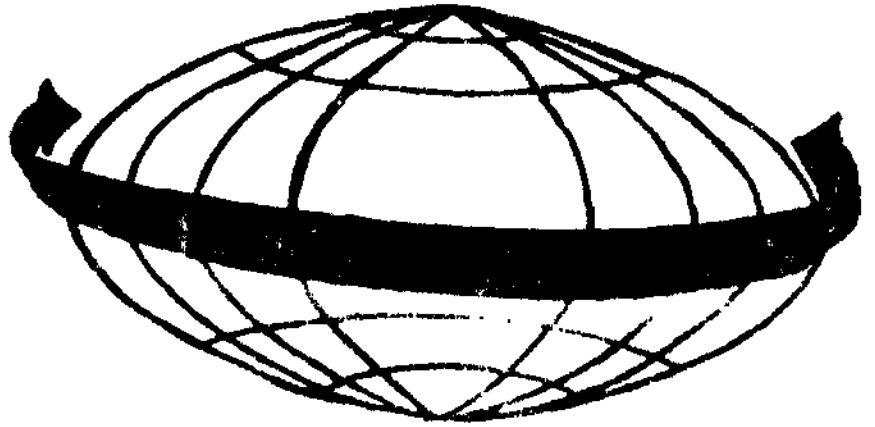
-- SCARCE FOREIGN EXCHANGE

-- UNEVEN INCOMES: GROWTH

EFFECTS

OF

DEVALUATION



-- PAYMENTS DEFICIT:

- + 80 BIL. \$ IN FOREIGN HANDS

-- REVALUATION MEANING:

- CHEAPER U.S. PRODUCTS

MORE INDUSTRIAL EXPORTS

EXPANDED AGRICULTURAL SALES

- HIGHER PRICED IMPORTS

FEWER CARS, ETC.

BUILD PLANTS & INVEST IN U.S.

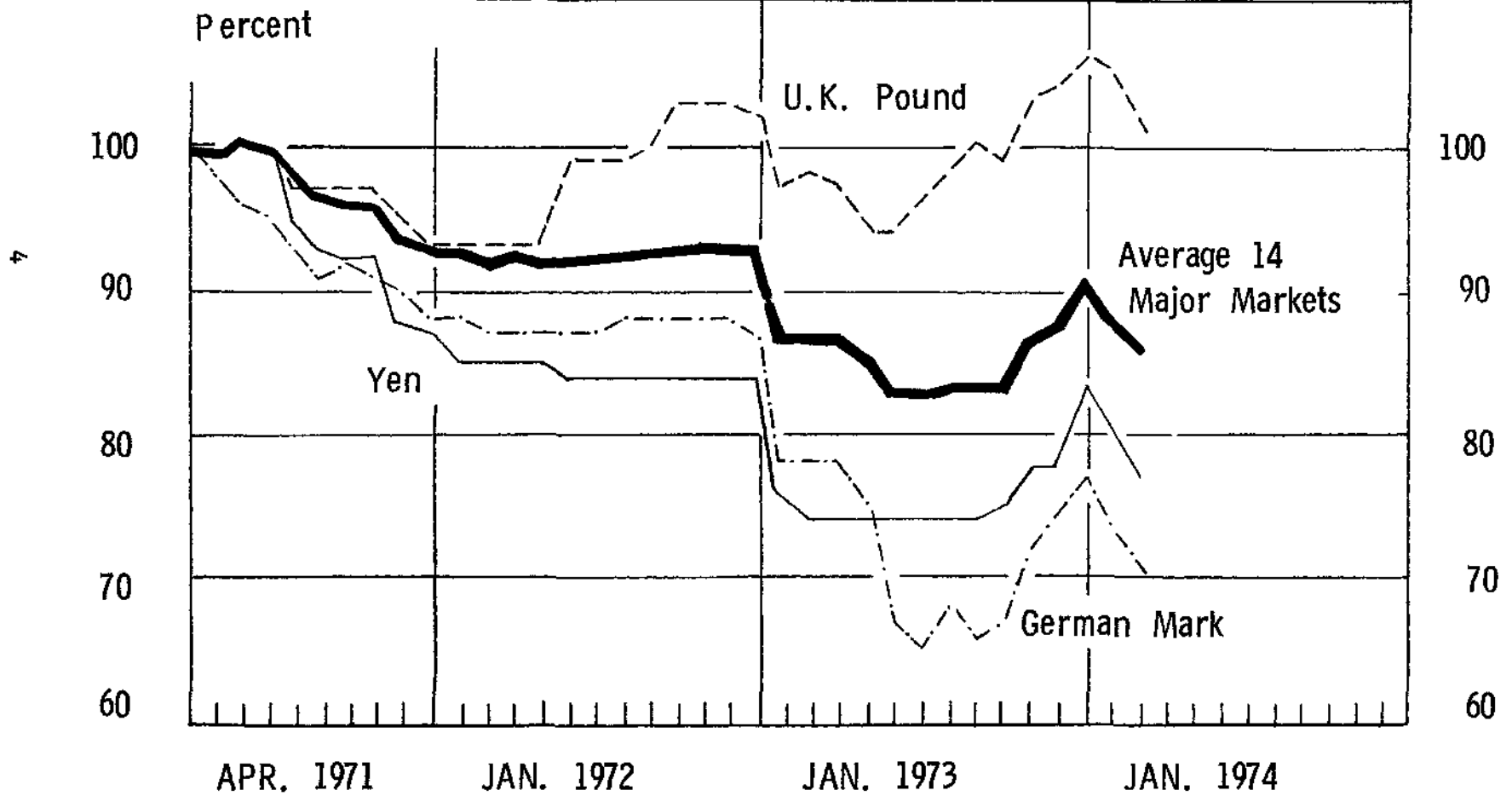
- OTHER NATIONS DEVALUE

U.S. LOSES ADVANTAGES

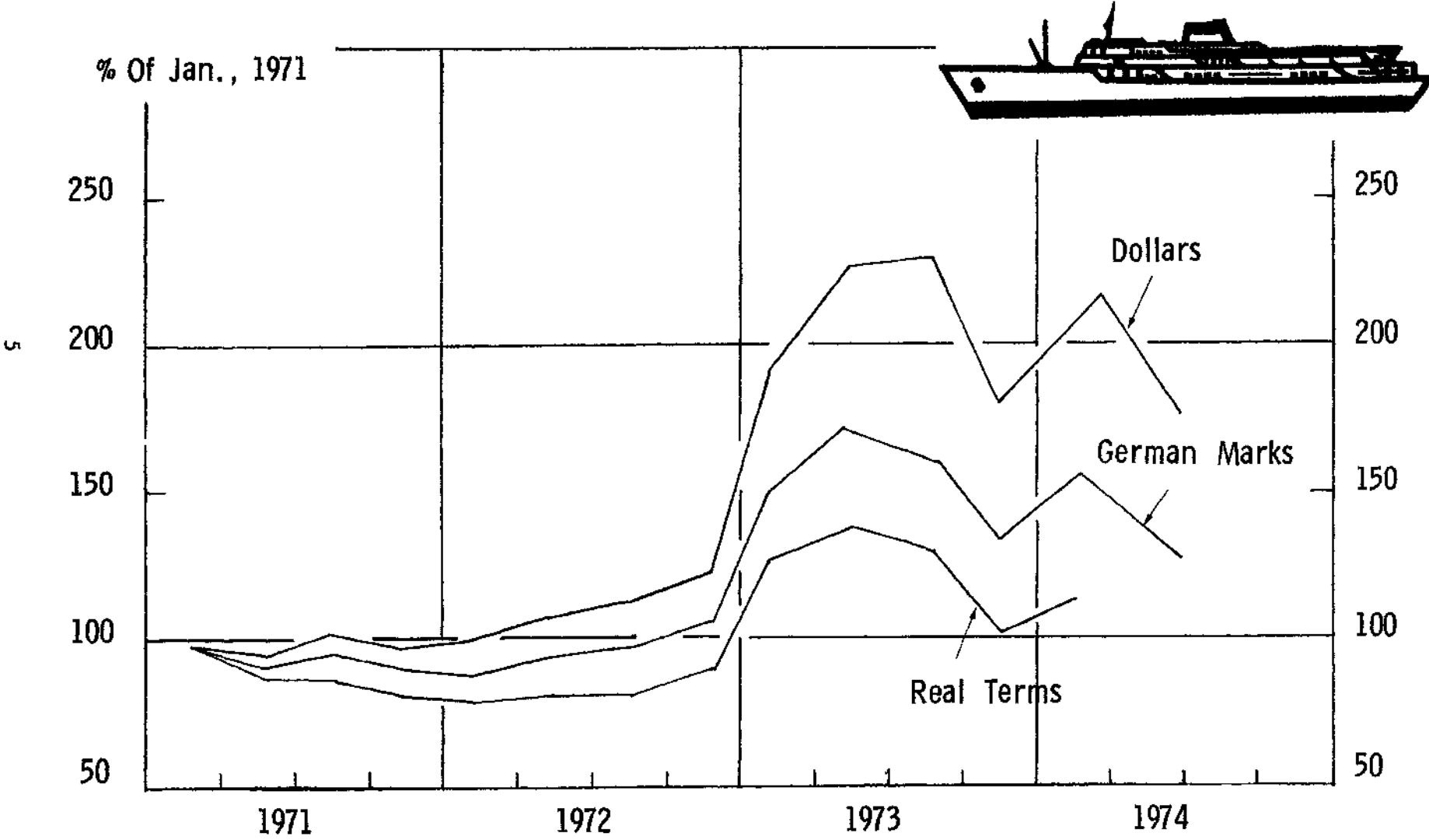
DOLLAR REALIGNMENTS
OF
EXCHANGE VALUE



(As Of April 30, 1971)



CHANGES IN SOYBEAN PRICES, cif ROTTERDAM



U.S. BALANCE

OF TRADE

1974 FISCAL YEAR



-- EXPORTS

AGRICULTURAL	\$21.3 BIL.
NON-AGRICULTURAL	<u>\$63.6</u>
	\$84.9

{ \$20.3 BIL. = SALES
1.0 = CURRENCY,
BARTER,
DONATIONS

-- IMPORTS

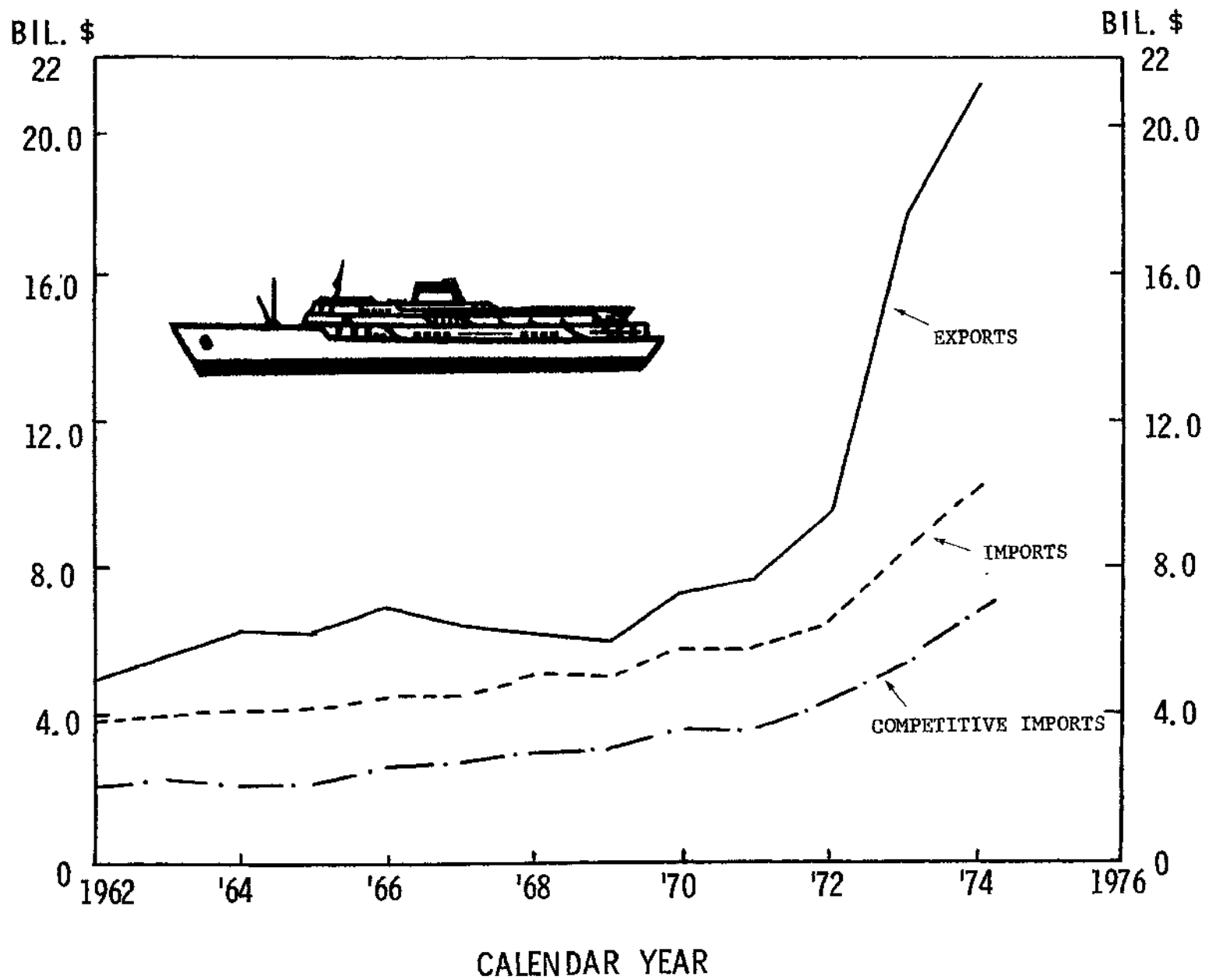
AGRICULTURAL	\$9.5 BIL.
NON-AGRICULTURAL	<u>\$72.9</u>
	\$82.5

{ COMPETITIVE \$6.2
COMPLEMENTARY \$3.3

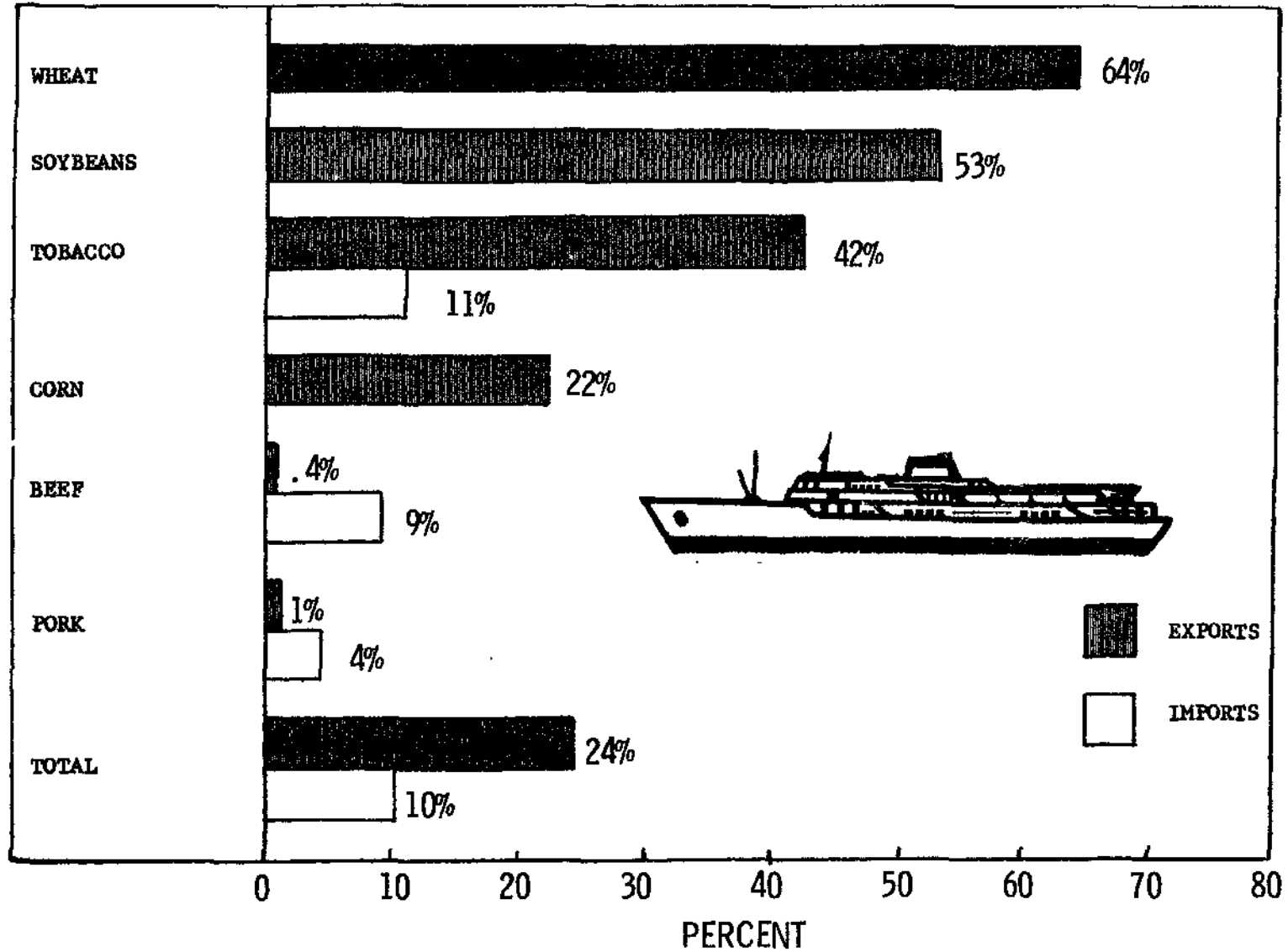
-- TRADE BALANCE

AGRICULTURAL	+ \$11.8 BIL.
NON-AGRICULTURAL	- <u>9.3</u>
NET	+ 2.5

AGRICULTURAL EXPORTS -- AN IMPORTANT AND GROWING MARKET



EXPORTS AS PERCENT OF U.S. OUTPUT -- 1973-74



SOME

TRADE

PRINCIPLES



-- TRADE SOMETHING WE HAVE FOR SOMETHING WE WOULD RATHER HAVE

-- WHY TRADE?

. CAN'T PRODUCE

. BUY CHEAPER

. BETTER QUALITY

-- MUTUALLY ADVANTAGEOUS

-- REASONS FOR TRADE

. BETTER LIVING

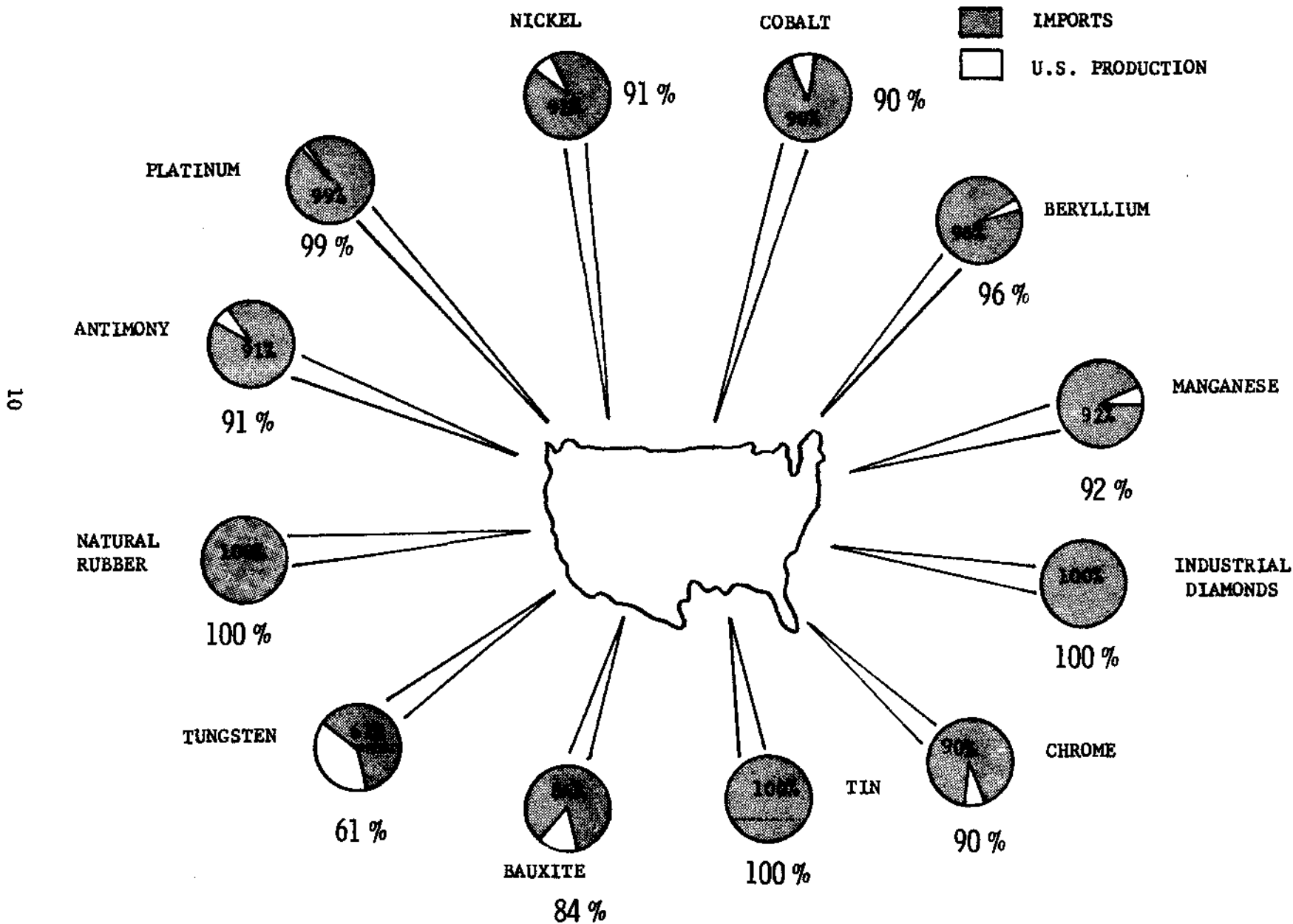
. MORE JOBS

. BROADEN MARKETS

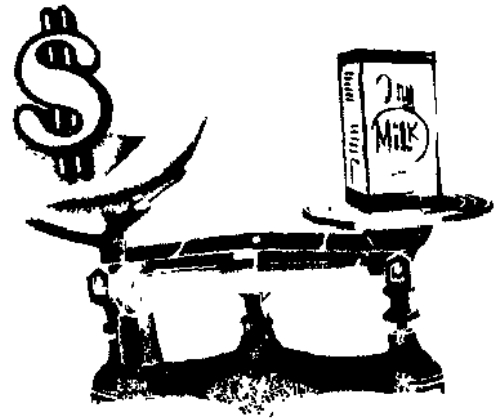
. NOT SELF SUFFICIENT: INTERDEPENDENT

-- MUST BUY TO SELL

ESSENTIAL STRATEGIC MATERIALS FROM OTHER FREE NATIONS



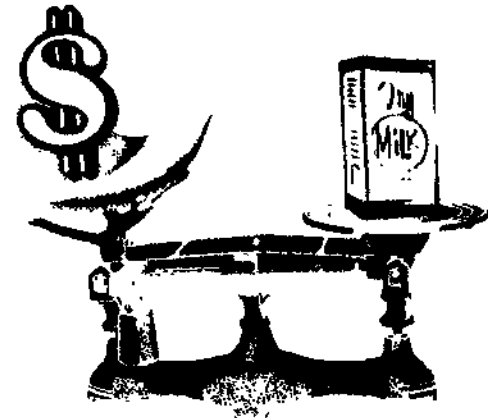
FOREIGN
TRADE
 AND
LABOR



<u>EXPORTS</u>		<u>MIL. PEOPLE</u>
GOODS		2.4
SERVICES	.5 Agri.	<u>.5</u>
TOTAL	2.4 Indus'l. }	2.9
DISTRIBUTION OF IMPORTS		1.0
SUPPLY WORKERS		<u>1.0</u>
		4.9
 <u>IMPORTS</u>		
WORKERS RELEASED		.5
BENEFIT-COST RATIO		10:1

SOURCE: DEPARTMENT OF LABOR

WHO TRADES FARM PRODUCTS WITH WHOM ?



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EXPORTED FROM:	IMPORTED BY:			TOTAL
	DEVELOPED	LESS DEVELOPED	COMMUNIST BLOC	
DEVELOPED	42 %	10 %	3 %	55 %
LESS DEVELOPED	24	6	4	34
COMMUNIST BLOC	5	1	5	11
WORLD	71	17	12	100

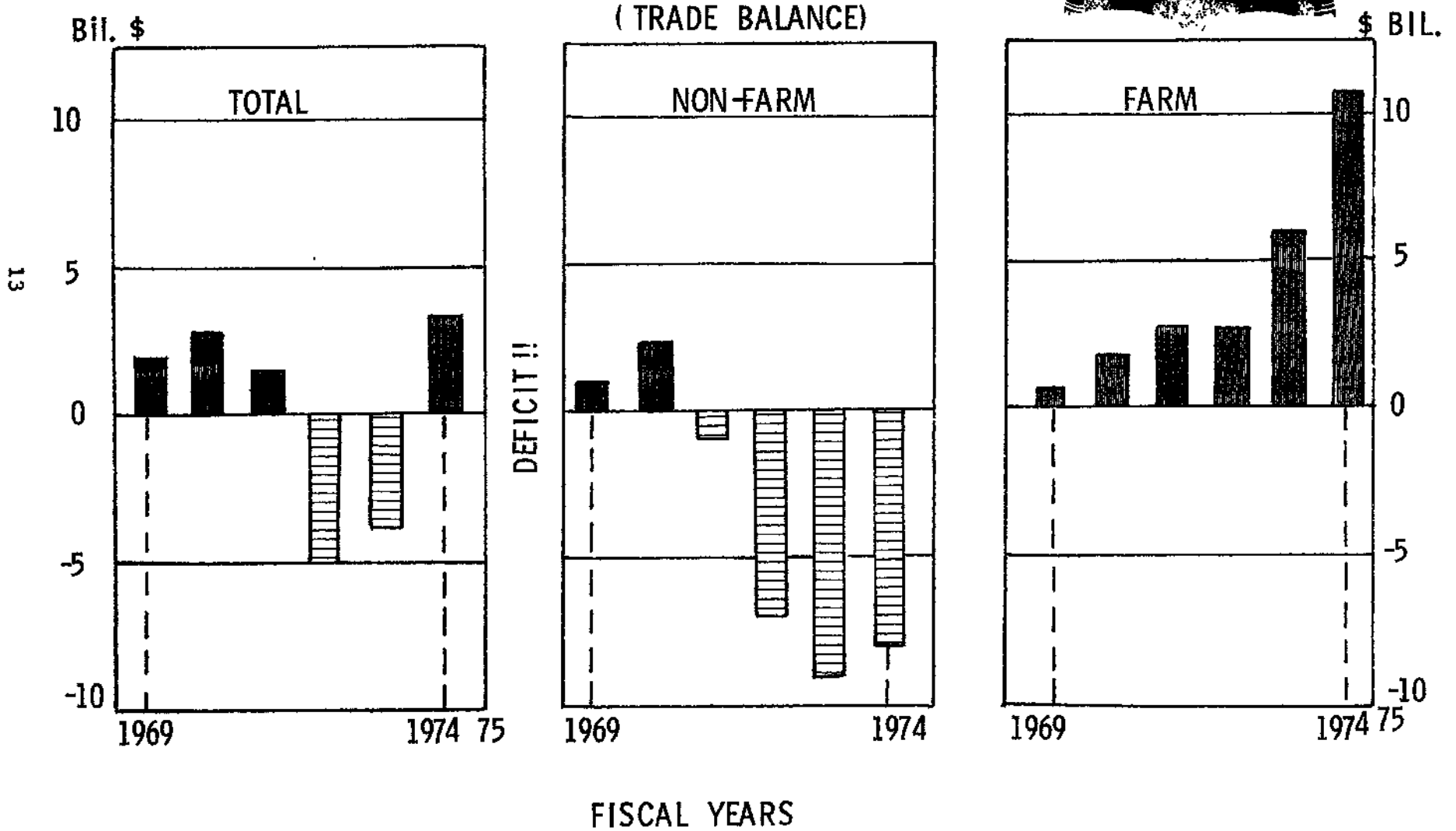
NOTE: FOR 1972 FISCAL YEAR: EXCLUDES U.S.S.R. GRAIN SALES IN FISCAL 1973

AGRICULTURE

EARNS

FOREIGN

EXCHANGE !!

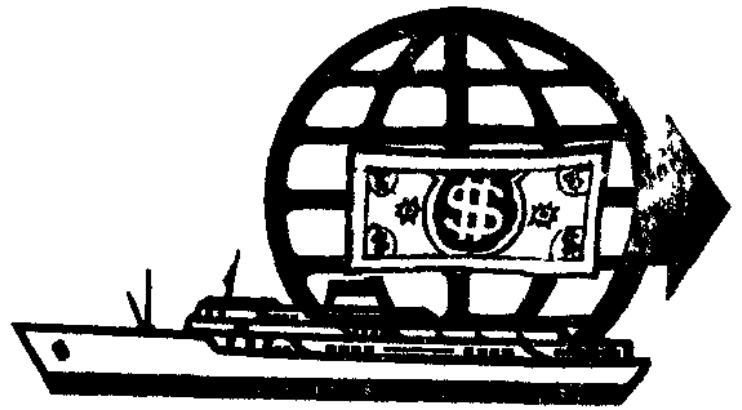


FARM

EXPORTS -

SOME

IMPACTS



-- MULTIPLIER: ADD \$1 TO FARM EXPORTS = 95¢ TO NONFARM

-- MEANING TO FARM SECTOR: \$ 8.0 BIL.

. JOBS: 1 OUT OF 8

. HIGHER PRICES: INCOMES: COSTS

. EARNS FOREIGN EXCHANGE

-- MEANING TO NONFARM SECTOR: \$ 7.2 BIL.

. JOBS: 500,000 DIRECT

. INCOME: \$ 40-45 PER PERSON

FOOD COST: \$ 20-25 PER PERSON

. ENERGY: JOBS: HOMES: CARS

BALANCE

OF

PAYMENTS

" DEPOSITS "

EXPORTS

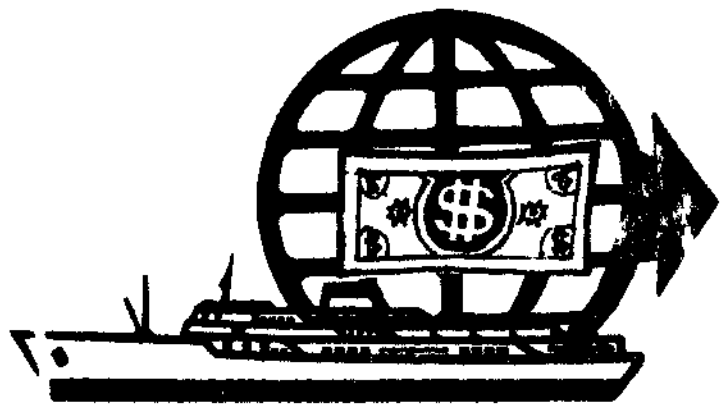
RETURNS FROM OVERSEAS
INVESTMENT

TRANSPORTATION IN AMERICAN
PLANES AND SHIPS

TRAVEL IN U. S. A.

SERVICES FOR OTHER COUNTRIES

MILITARY SALES



" CHECKS "

IMPORTS

CAPITAL INVESTMENT OVERSEAS

TRANSPORTATION IN FOREIGN
OWNED EQUIPMENT

TRAVEL ABROAD

SERVICES BY OTHER COUNTRIES

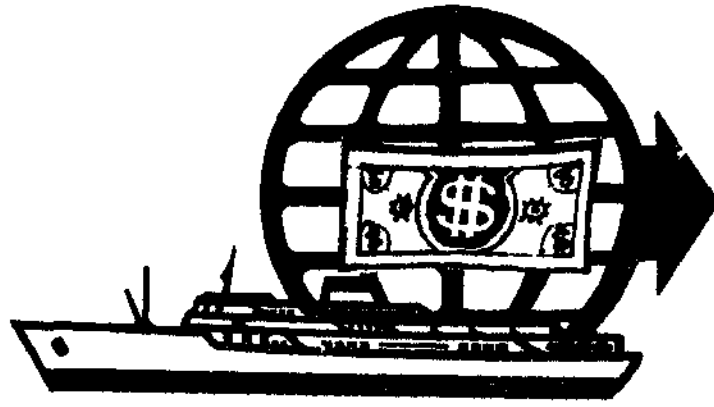
MILITARY EXPENDITURES

GRANTS, LOANS

BALANCE OF PAYMENTS

1968	\$+1.6 BIL
1969	+2.7
1970	-9.8
1971	-29.8
1972	-10.4
1973	-5.3
1974 (Est.)	-4.3

SOLUTIONS ?



SOME TRADE POLICY ALTERNATIVES

NO TRADE

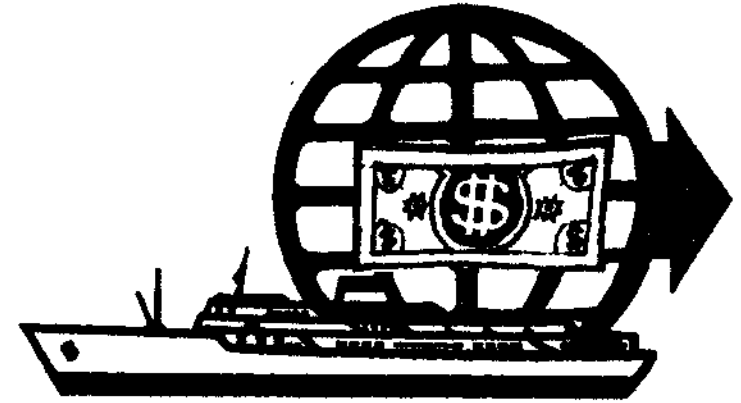
LESS TRADE

FREER TRADE

FREE TRADE

BALANCE OF TRADE:

PAYMENTS AND FOOD PRICES



LESS FOOD EXPORTED

MORE FOOD EXPORTED

CHEAPER ← FOOD → HIGHER

WEAKER ← DOLLAR → STRONGER

HIGHER ← COST OF:
ELEC. EQUIP. → CHEAPER

HIGHER ← TEXTILES → CHEAPER

LESS ← AMOUNT BOUGHT:
AUTOS → MORE

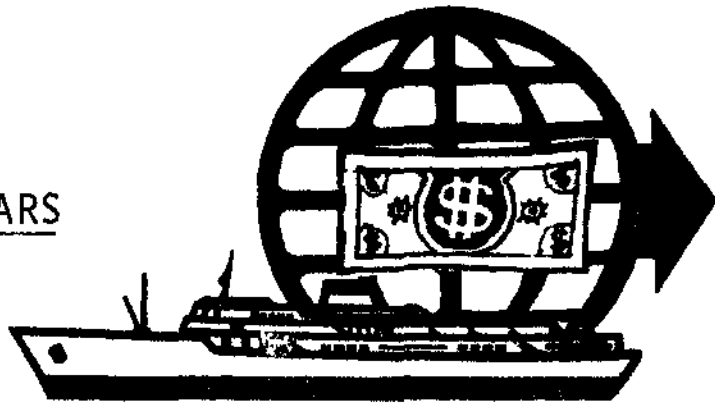
LESS ← FUEL → MORE

OPEC

CHOICES

FOR

PETRO DOLLARS



-- BUY GOODS

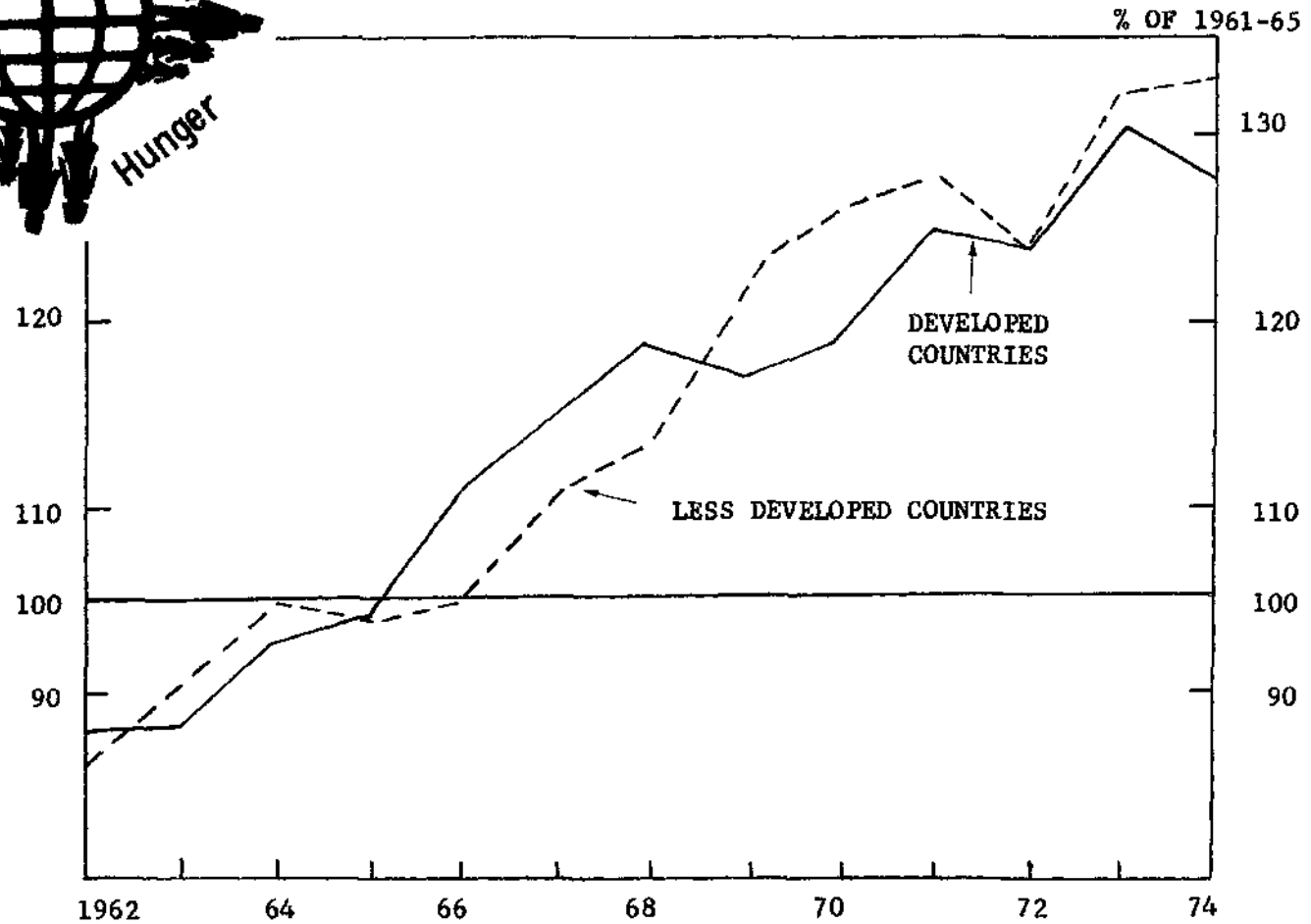
-- ACQUIRE FINANCIAL ASSETS

-- PURCHASE REAL ASSETS

-- OUR RESPONSES ??



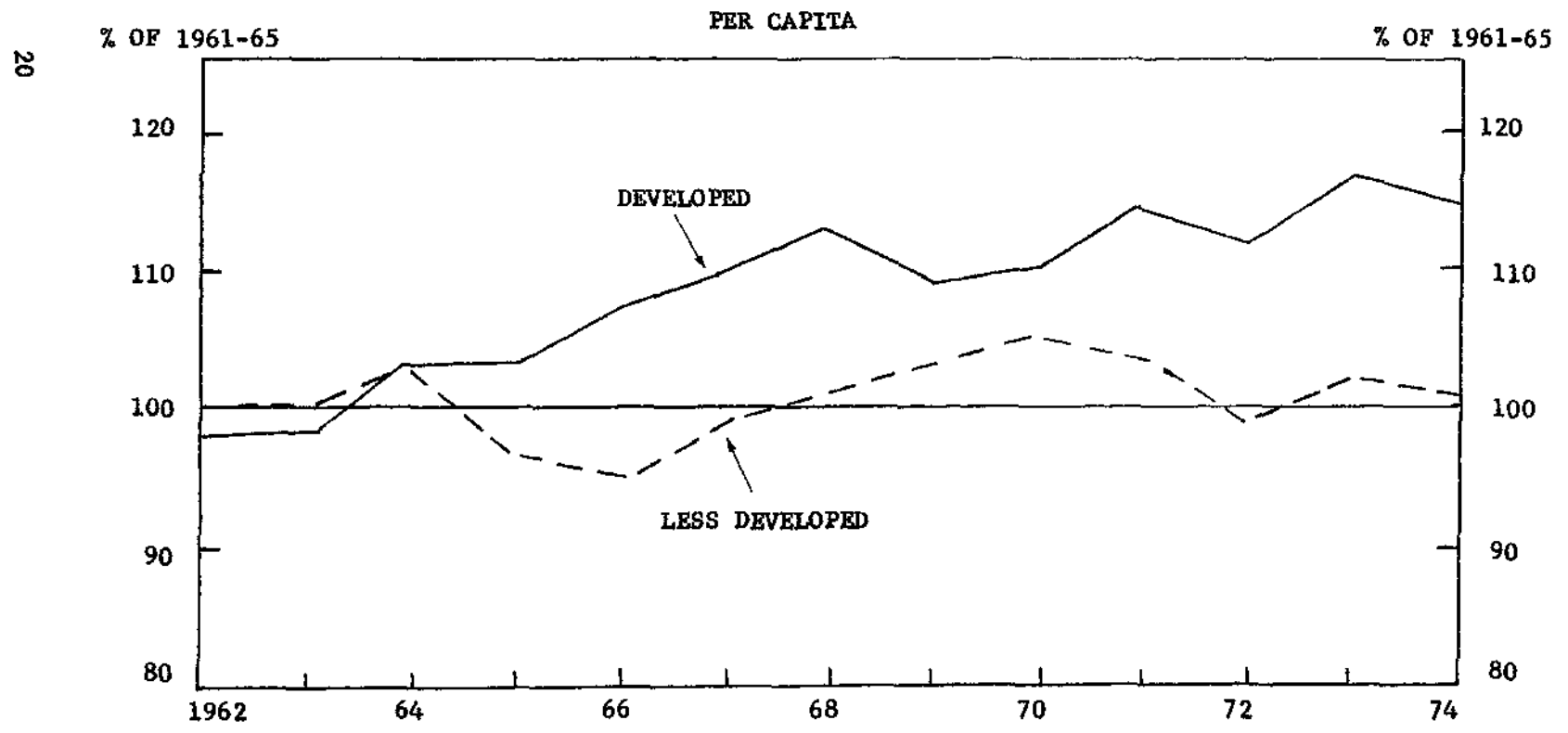
FOOD PRODUCTION IN
THE DEVELOPED^{1/} AND
LESS DEVELOPED COUNTRIES



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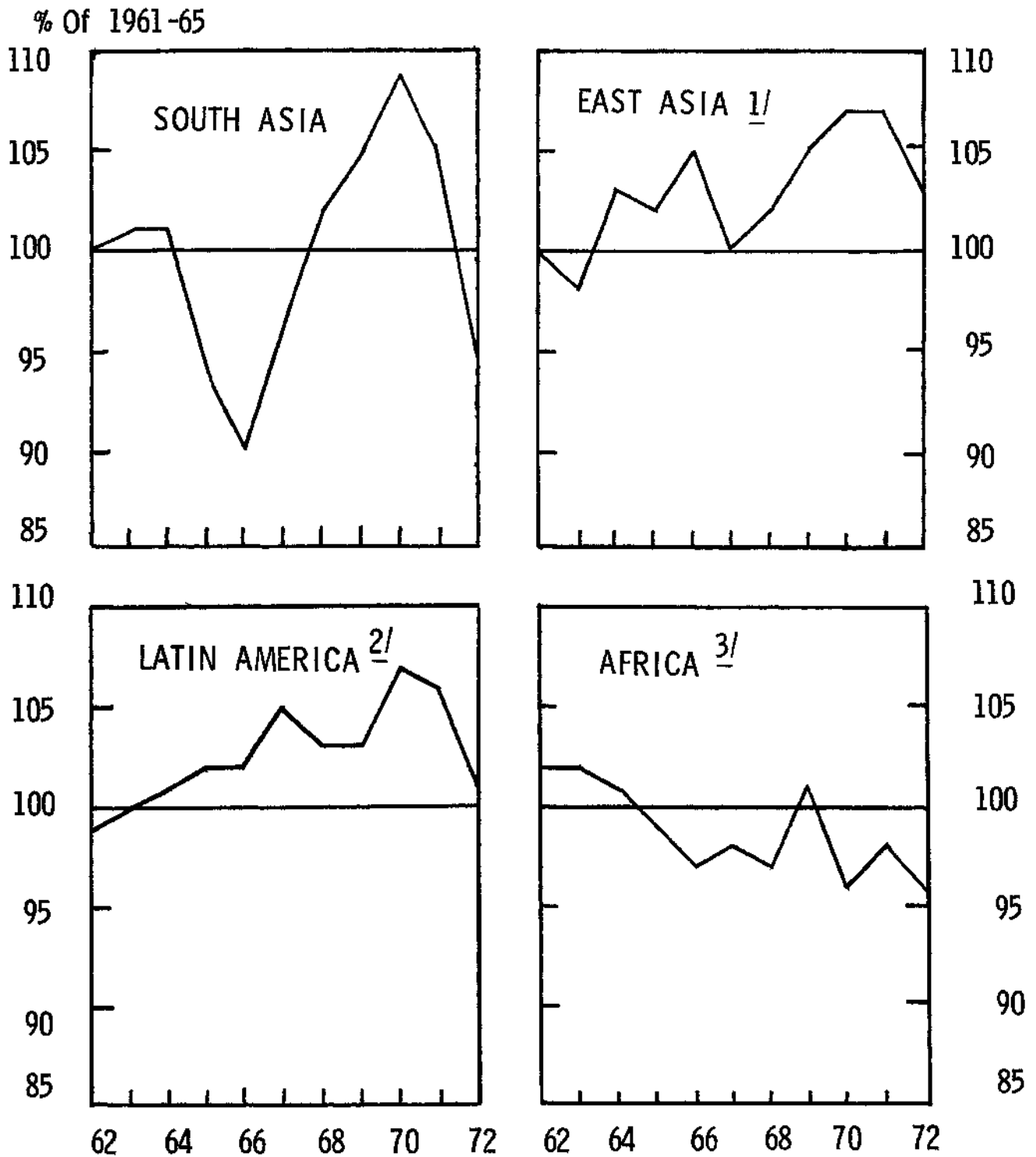
^{1/} NORTH AMERICA, EUROPE, USSR, JAPAN, REPUBLIC OF SOUTH Africa, AUSTRALIA AND NEW ZEALAND

FOOD PRODUCTION IN
THE DEVELOPED^{1/} AND
LESS DEVELOPED COUNTRIES



^{1/} NORTH AMERICA, EUROPE, USSR, JAPAN, REPUBLIC OF SOUTH AFRICA , AUSTRALIA AND NEW ZEALAND

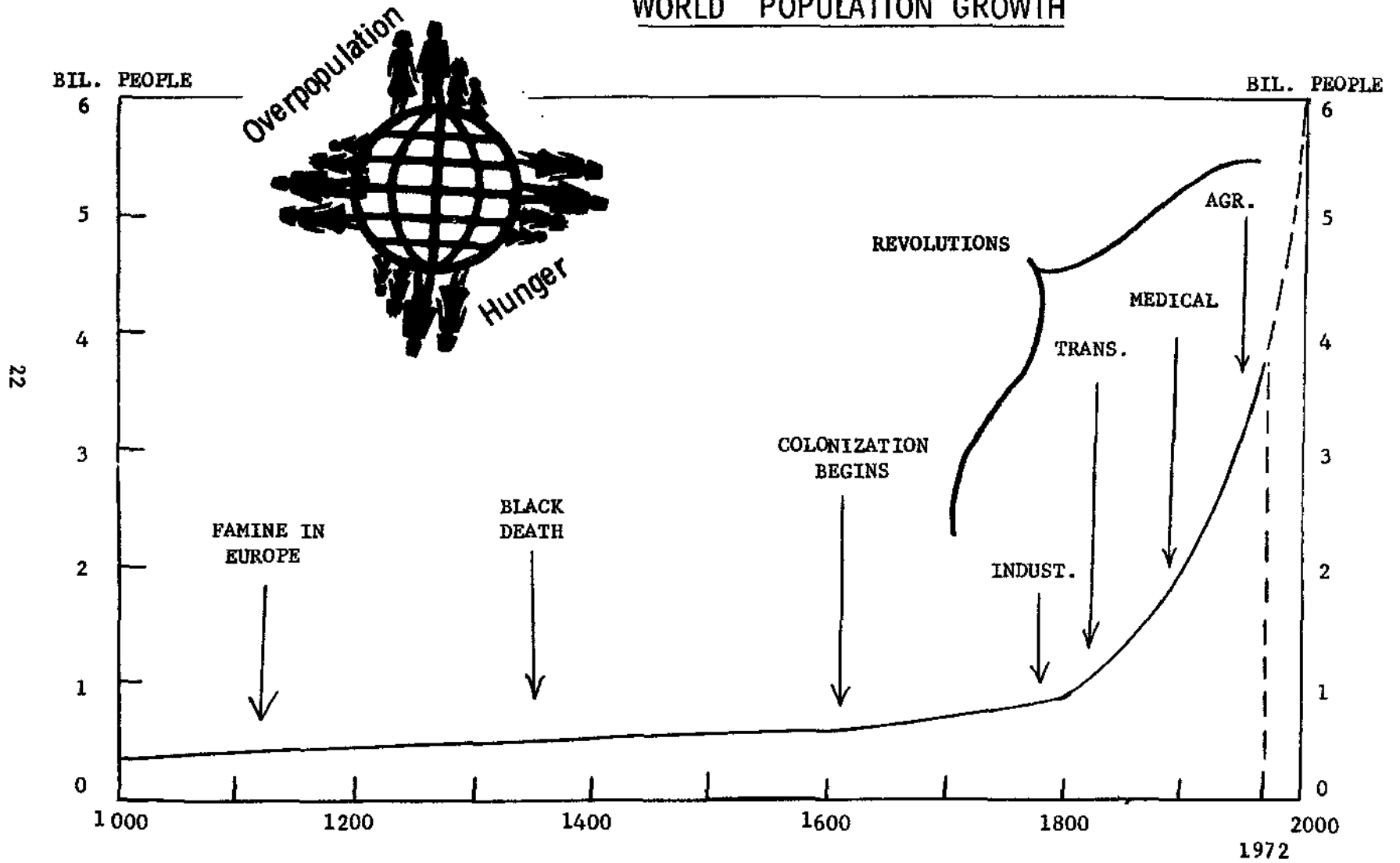
INDICES OF PER CAPITA FOOD PRODUCTION
IN THE MAJOR LESS DEVELOPED REGIONS



- ^{1/} EXCLUDING JAPAN AND COMMUNIST ASIA
- ^{2/} 22 REPUBLICS
- ^{3/} EXCLUDING REPUBLIC OF SOUTH AFRICA

TEN CENTURIES OF

WORLD POPULATION GROWTH

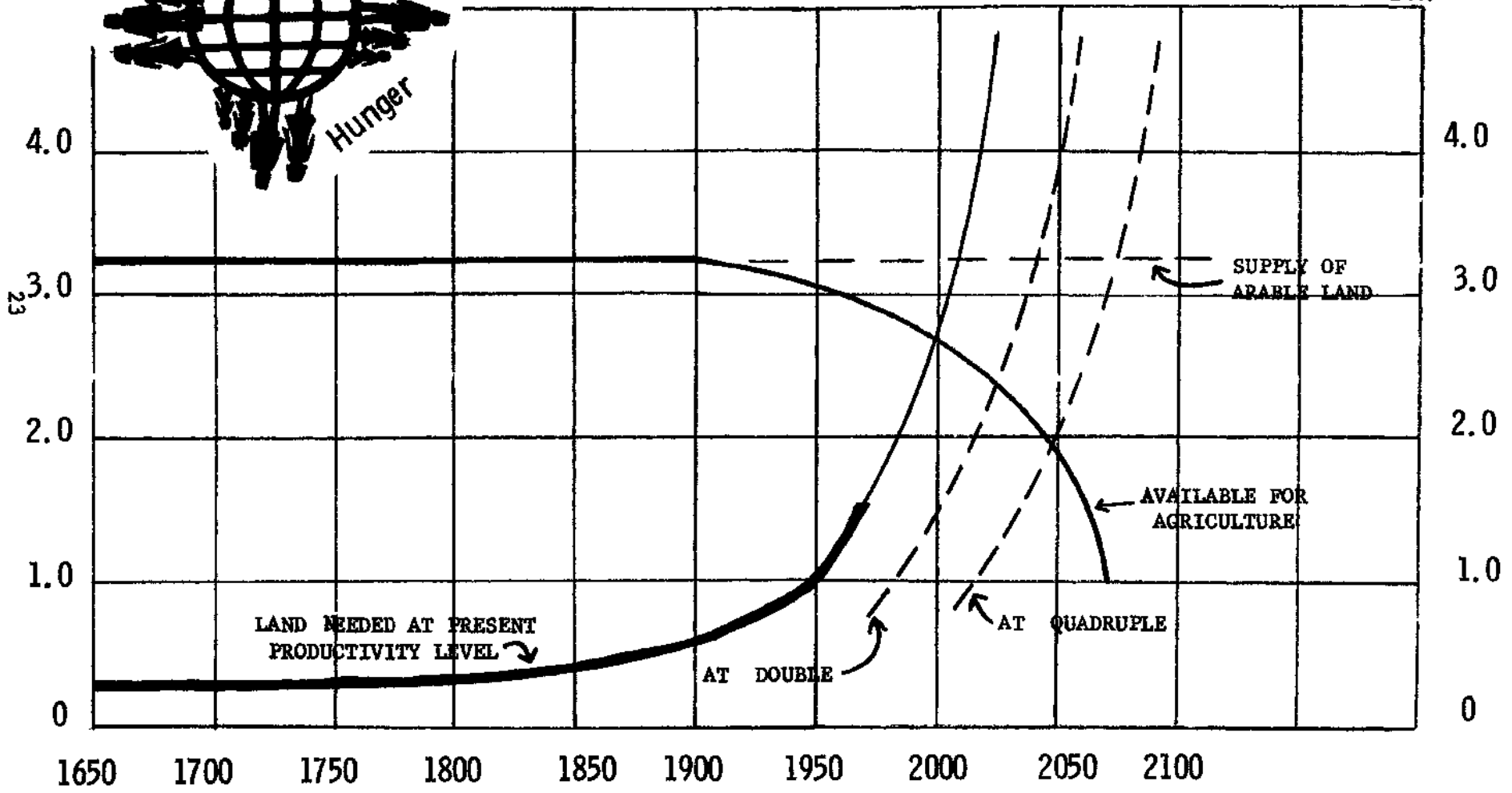




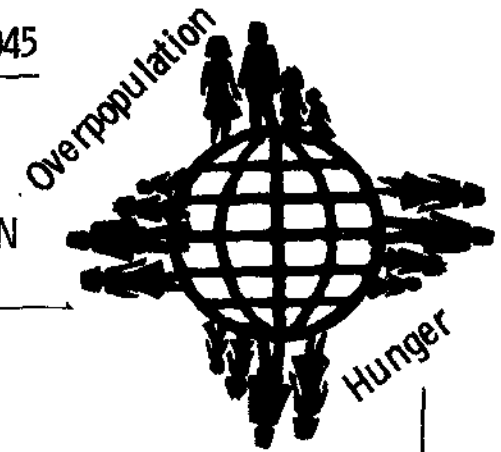
WORLD LAND AND PRODUCTIVITY

(HECTARE = 2.5 ac.)

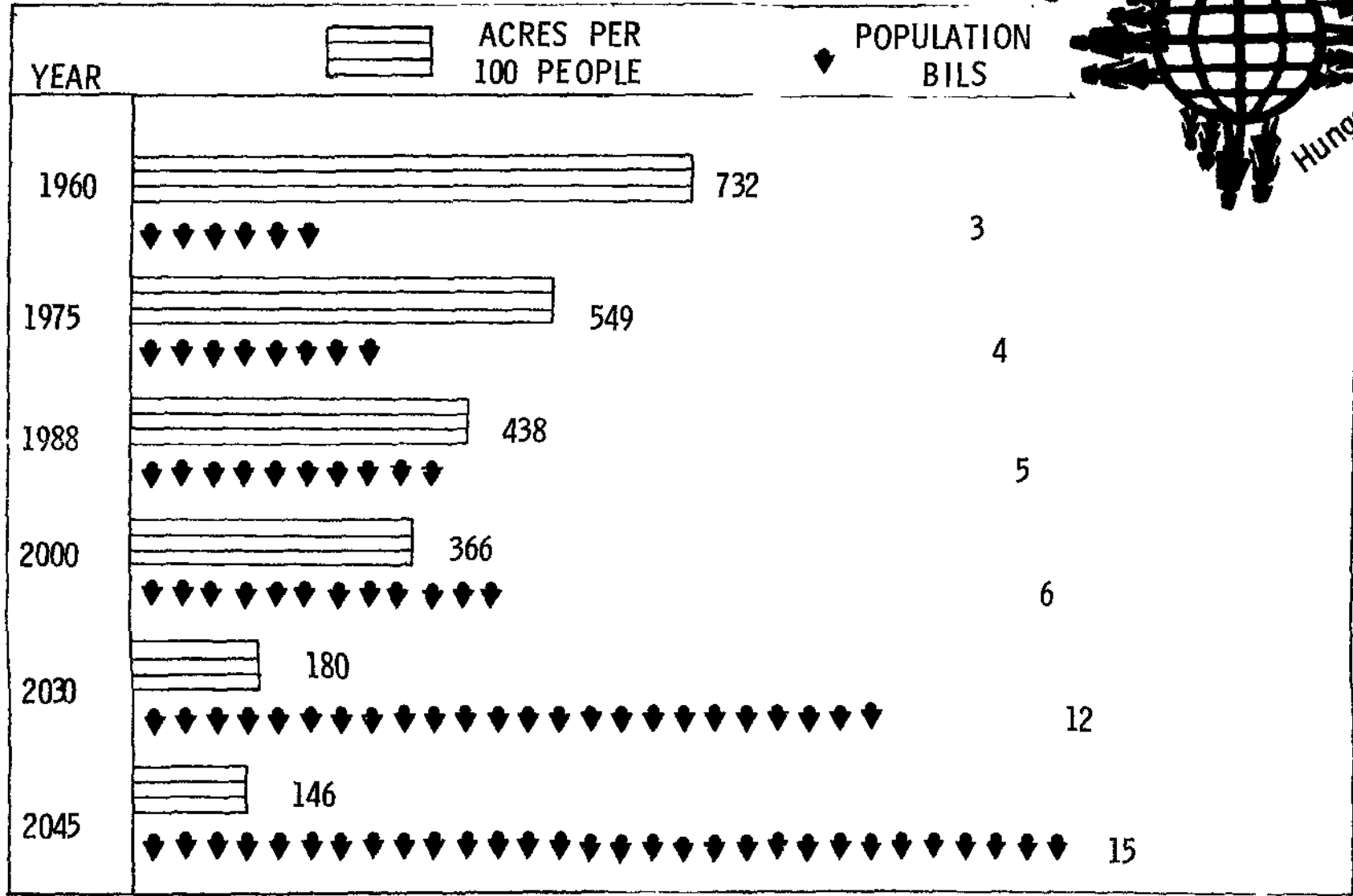
Bil.



WORLD ARABLE LAND: ACRES PER 100 PEOPLE, 1960-2045



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ULTIMATE

CHOICES



-- CONTROL POPULATION

VS.

-- EXPAND FOOD SUPPLY

VS.

-- TRANSFER FOOD

U.S.

AID

RECORD



-- FOOD ASSISTANCE:

46 % OF ALL FOOD AID SINCE 1962

\$ 25 BIL. IN P.L. 480: 145 MIL. TONS OF GRAIN
SINCE 1954

-- DEVELOPMENT AID:

\$ 1.5 BIL. IN TECH. HELP LAST 10 YEARS

1,000 TRAINED PER YEAR LAST 22 YEARS

1,000 MAN YEARS BY LAND GRANT COLLEGES

\$ 11 BIL. OF LOCAL CURRENCY GENERATED FOR USE
BY P.L. 480

WORLD

FOOD

CONFERENCE

IN BRIEF



-- PRODUCTION:

- . REORDER PRIORITIES
- . FUNDS FOR IMPROVEMENT

-- FOOD AID:

- . 10 MIL. TONS

-- FOOD RESERVES:

- . NATIONAL STOCKPILES

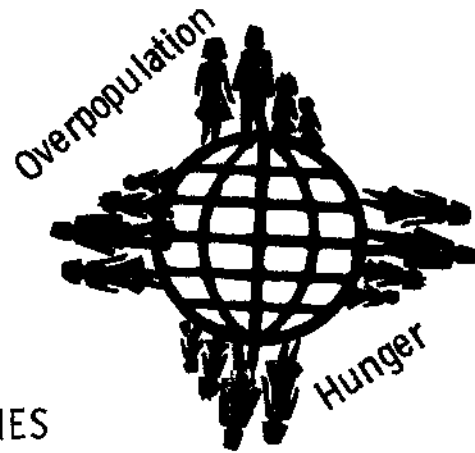
-- GLOBAL INFO. AND WARNING SYSTEM: FAO

- . GRAINS

-- TRADE:

- . REDUCE TRADE BARRIERS

THE
FOOD
CHALLENGE



-- HELPING UNDERDEVELOPED COUNTRIES

- . TECHNICAL ASSISTANCE
- . FAMILY PLANNING
- . FINANCIAL ASSISTANCE
- . EXPAND FERTILIZER OUTPUT
- . FOOD RESERVES
- . FOOD AID

-- METHODS ?

- . PUBLIC
- . PRIVATE

-- LEVEL ?

