Some of these issues that I have just discussed are too difficult to be resolved effectively by simple introspection. Other analytical issues cannot be resolved in the short run by any expenditures of funds, no matter how great, because the analytical tools have not yet been developed to cope with the problems. But in this age of the electronic computer, and with the constant improvement of data on production and trade, we are dealing in trade policy with issues whose results are too complicated to guess at, but in many cases not too complicated to analyze by detailed examination of data.

This analysis will cost money. I feel reasonably confident in saying that the return from such an investment might be among the most profitable investments Congress could have the wisdom to make in the field of foreign policy.

Thank you.

Chairman BOGGS. Thank you very much.

Mr. Witt, we will hear from you. And then the members of the committee will ask questions.

STATEMENT OF LAWRENCE W. WITT, PROFESSOR OF AGRICULTURAL ECONOMICS, MICHIGAN STATE UNIVERSITY

Mr. WITT. Mr. Chairman, and gentlemen, my special topic this morning is on agriculture. Each of the people before me has commented in some degree on agricultural problems. And I find that there is a bit of overlap, and I will refer to some of these comments, as I go along.

Most of my comments look beyond the Kennedy Round toward future international negotiations on trade restrictions and policies. The range for action in the agricultural arena is greatly limited by pressure from a variety of political forces that feel that trade policy is central to national policies for agriculture and for national development. In this case I am very close to the position with which Mr. Pincus started his testimony. To clarify this point, let us look at the developed and the developing nations separately.

Many developed nations use import restrictions or export assistance as devices to implement their particular farm policy. Trade restrictions are used by importing nations to increase the income to low income farmers and to provide equitable returns to agricultural resources. Subsidies by exporting nations seek to achieve the same objectives. For individual nations of Western Europe, 75 percent to nearly all farm commodities receive price benefits from such measures, in contrast to less than half in the United States. Instead, and in addition, the United States has used CCC purchases and storage, land retirement and direct payments to attain similar objectives.

Thus, in effect, the implied position of the United States in negotiating trade policy with developed nations, asks them to put the major share of their farm price policy on the negotiating table while putting only part of our policy into the discussion. Understandably, the agricultural leadership in the European developed nations feels that existing farm policy is threatened to a greater degree. They take political action to prevent change and to avoid the necessity for a long struggle to hammer out a new farm program. With 25 to 40 per-