A recent comprehensive study of the grain and livestock economy of the EEC suggests that overall price developments will likely stimulate the consumption of some livestock products and thus potentially increase feed grain requirements.[23] Relative prices between agricultural commodities will change somewhat but not enough to cause major shifts in the total output of grain or livestock products. Analysis of production conditions in all of the EEC countries indicate that technology and organization have had a great deal more influence than price change on the level and composition of output in recent years.[24] This will likely continue to be the case for some time to come.

A second major factor of European agricultural policy, the trade implications of which are not yet fully clear, are recent developments in the United Kingdom. Direct agreements regulating imports have been completed with the major suppliers of several important commodities. The trend began in 1962 with essentially unilateral action by the United Kingdom to place quotas on butter. In 1963, agreements were concluded with principal suppliers of bacon to regulate import quantities. Agreements concluded with four principal suppliers of grain in 1964 to allocate imports between suppliers and establish minimum import prices. Since 1964, 17 additional countries have signed similar agreements so that virtually all grain imports by the United Kingdom come from signatory countries. Import levies can be applied if a signatory country fails to comply with minimum prices.

All of these agreements (except butter) were entered into with the implicit or explicit understanding that market growth would be shared between domestic (United Kingdom) producers and exporters. Whether this will follow isn't yet clear. While United Kingdom support policies have been adjusted with a view toward balancing market requirements, the national economic plan developed in 1965 emphasizes the importance of food imports as an element in the balance of payments. Expansion in livestock output is visualized with increased feed grain requirements met largely from domestic sources. Market growth for outside suppliers will cease if this is accomplished.

PROBLEMS IN FUTURE POLICY CHANGE

The solution to problems of international adjustment in agriculture are complicated by domestic income policy. Income policy, in turn, is highly dependent on problems of production organization and resource use in agriculture. Central to the question of whether trade relations among advanced countries will improve is the extent to which production methods and particularly farm organization can be adapted to modern technological conditions in high cost producing countries. These changes will not depend solely on conditions and policies related to agriculture. General economic growth rates will

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[23] V. Sorenson and D. Hathaway, "Changes in the Grain-Livestock Economy of the EEC and Their Effects on Foreign Trade Patterns," mimeo, to be published.

[24] George E. Rossmiller, "Changes in the Grain and Livestock Economies of West Germany With Projections to 1970 and 1975," "Changes in the Grain and Livestock Economies of the Benelux Countries With Projections to 1970 and 1975," mimeos, to be published.

Fred A. Mangum, Jr., "Changes in the Grain and Livestock Economies of Italy With Projections to 1970 and 1975," mimeo, to be published.

Michel J. Petit and Jean-Baptiste Viallon, "French Grain and Livestock Production Projections to 1970 and 1975," mimeo, to be published.