

commodities do consider price trends unfavorable and do seek public and international efforts to counter price adversities.

Despite the many discussions and efforts to formulate programs, Blau notes:²⁶

"Yet in the 17 years since the end of the war, international agreements have been concluded for only five commodities—wheat, sugar, coffee, tin, and olive oil. Of these, the only two functioning at present as agreements which qualify as producer-consumer agreements and contain some operative provisions designed to influence world trade, are those for wheat and tin. The total value of world trade in the five commodities for which agreements have been concluded in one form or another accounts for about 10 percent of world trade in primary products. The proportion of trade actually covered by agreement provisions is considerably less.

"In recent years, there has been a growing sense of disappointment, particularly on the part of the primary producing countries, with the limited results attained so far. Increasing attention has been paid to other techniques which could serve either as a substitute for, or as a complement to, the working of International Commodity Agreements."

Since this was written the series of 1-year arrangements on coffee have been replaced by a more comprehensive 5-year quota agreement. Some of the discussions with the EEC, particularly France, have urged the expanded use of commodity agreements. Conceptually, International Commodity Agreements impose limitations on trade. Though operating internationally, they are close kin to domestic price supports and storage operations such as the CCC wheat and cotton programs. They pose new problems while dealing to some degree with the older problem of low prices. The lack of control of surplus productive capacity and the handling of the produced excess are crucial limitations; in fact stable prices, if attained, may actually attract new excess capacity. Stabilization programs often "stabilize prices upward" and are very difficult to readjust once established, as indicated by some domestic U.S. experience with price supported commodities. Quotas imposed under such programs usually reflect past production history and operate as if comparative advantage were static and equal for all producers. Economic logic would call for a reduction in production for high cost producers and for those whose comparative advantage was declining, but little success has been attained, partly because international reallocations of quotas are even more difficult to apply than regional allocations within a nation.

Another approach to this same problem of controlling world prices functions through national marketing boards, as in West Africa for cocoa and palm oil. Such agencies have attempted to average payments to farmers over a series of years, while selling in a fluctuating world market. To some degree their decisions to sell or to hold also influenced the level of prices. More recently, a priority purpose has become agencies through which to collect the equivalent of an export tax, thus accumulating funds for development.

Both of these approaches to improving the price situation have a number of other economic, administrative, and political limitations. In an effort to deal with the basic development problem—namely, the

²⁶ Gerda Blau, "International Commodity Arrangements," reprinted in C. Eicher and L. Witt, *Agriculture in Economic Development*, McGraw-Hill, 1964, pp. 322-339.