

5. Trade, including agricultural trade, provides for specialization and makes use of comparative advantage, so that the participating economies become more productive, thus, enabling their citizens to enjoy higher levels of living.

6. Improved international political relations often are associated with an expanding volume of trade. It is not always clear which is the primary cause and which is the effect, but once well started, expanding trade usually improves the general tone of international relations.

7. Agricultural trade is one means for improving the level of human nutrition and well-being in nations whose agricultural productivity and resource base is limited.

8. Concessional or grant exports of farm products help satisfy our humanitarian concern and sense of responsibility for undernourished individuals and groups in other parts of the world. Our aspirations that such assistance will enable these people to become more productive, have not been realized as fully as desired.

9. Concessional agricultural trade programs can have desirable political effects. Despite the protests of some Congressmen, we believe that food exports to Yugoslavia provided that country with an opportunity to pursue a more independent course than would otherwise have been possible, and that this stance contributed, through time, to U.S. international political interests. The Egyptian experience argues a contrary view.

10. An increasing volume of agricultural (and other exports) from developing countries can increase their level of economic activity. As these nations increase their sense of economic and political well-being, the number of individuals with goals and values consistent with our own are likely to increase, with gradual changes in their international position. While there is no assurance that they will align themselves with the United States, it is likely that they will pursue independent policies with which the United States can live.

11. Moreover, as these nations strengthen their economies they are more likely to become expanding markets for our commodities, and to require smaller amounts of foreign aid.

These interests are both conflicting and overlapping. Programs to serve these interests are not always well designed to attain their objectives, and differ significantly among countries and regions. We turn first to United States and the developing nations.

One conflict needs to be given special attention here, particularly since it has arisen and will arise again in UNCTAD and other conferences. The U.S. interest in maintaining or expanding trade in its own subtropical agricultural products, in certain other raw materials and in simple manufactures conflicts with the U.S. interests in the developing nations' expansion of their exports and improvement in their economies. Many other developed nations face the same conflict. Protection against the import of such products, so as to maintain domestic production and processing has the same effect.

Expanding agricultural exports increase foreign exchange earnings and thereby reduce the U.S. balance-of-payments gap. The increased outflow of farm products strengthens the internal U.S. market for such products, provides opportunities to reallocate agricultural resources, and to utilize a larger proportion of the productive capacity of U.S. agriculture. The economic welfare of farm people is enhanced. An ex-