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**Agriculture, Trade, and Development: A Comparative Look at U.S.,  
Canadian, and European Community Policies**

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Proceedings of a Meeting of the  
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ABSTRACT

This report contains edited versions of papers and discussions presented at the sixth meeting of the Trade Research Consortium at Airlie House, Virginia, December 16-18, 1982. This meeting of the Trade Research Consortium was focused on a comparison of the domestic and trade policies of the United States, Canada, and the European Economic Community (EEC), and the effects of these policies on world markets, world price stability, and the interaction between these developed market economies and the Third World. A paper was presented for each of the three countries or regions on each of three topics: (1) Government Policy in Support of Domestic Agriculture: Cost and Benefits; (2) Trade Policy, Commercial Market Relationships, and Effects on World Price Stability; and (3) Relations with the Third World: Views on the North-South Dialogue and Food Security. The set of papers provides an illuminating view of the differences and similarities among the United States, Canada, and the European Economic Community in the treatment of their domestic agricultural sectors and the interface between the agricultural sector of each country and commercial world markets as well as the Third World countries.

Keywords: United States, Canada, European Economic Community, Agricultural Trade, North-South Dialogue, Food Security Agricultural Policy, Trade Policy, World Price Stability.

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## PREFACE

This report contains edited versions of papers and discussions presented at the sixth meeting of the Trade Research Consortium at Airlie House, Virginia, December 16-18, 1982. Co-chairmen and organizers of this meeting of the Consortium were T. Kelley White, Economic Research Service, U.S. Department of Agriculture, and Tim Josling, Stanford University.

The setting for this conference in late 1982 was a period of rapid and significant change in world agricultural trade, world economic conditions and intensifying competition among major agricultural exporting countries. The rapid growth in world agricultural trade and U.S. agricultural exports of the seventies had been followed by a series of changes in world and U.S. economic conditions which were beginning to dampen world demand for agricultural imports and negatively affect the U.S. competitive position in world agricultural markets. These changes included: growing world economic recession, rapidly rising real interest rates, increasingly serious debt problems of many low- and middle-income countries, and the increasing value of the dollar relative to the other major currencies in the world.

The sixth meeting of the Trade Research Consortium was focused on a comparison of the domestic and trade policies of the United States, Canada, and the European Economic Community (EEC), and the effects of these policies on world markets, world price stability, and the interaction between these developed market economies and the Third World. The program was divided into three components:

1. Government Policy in Support of Domestic Agriculture: Costs and Benefits;
2. Trade Policy, Commercial Market Relationships, and Effects on World Price Stability; and
3. Relations with the Third World: Views on the North-South Dialogue and Food Security.

For each of these topics, a paper was presented for each of the three countries or regions. Authors preparing papers were provided a suggested outline in an effort to make coverage for each country for each topic as comparable as possible. While authors took somewhat different approaches in dealing with their topic, the set of papers provides an illuminating view of the differences and similarities among the United States, Canada, and the European Economic Community in the treatment of their domestic agricultural sectors and the interface between the agricultural sector of each country and commercial world markets as well as the Third World countries. There have been significant developments in world agricultural trade since this conference was held but changes in domestic agricultural and trade policies of the subject countries have so far been relatively minimal so that the papers are surprisingly timely in today's setting and are helpful in understanding today's agricultural and trade policy debate.

The original papers presented at the Trade Research Consortium meeting were edited by Charles Hanrahan, formerly of ERS and currently with the Congressional Research Service, and T. Kelley White, Economic Research Service. With the exception of the paper by Paul Dymock on Relations with the Third World: Views on the North-South Dialogue in Food Security - The European Community, which was shortened significantly for inclusion in this manuscript, editing of the papers was minimal and every effort was made to retain the views originally expressed by the authors.

## FOREWORD

During the seventies, world agricultural trade grew rapidly and there were major changes in the pattern and structure of world agricultural trade, as well as U.S. interest in world agricultural markets. These changes posed new challenges for U.S. agriculture. The Economic Research Service (ERS) has a major role to play, especially in research and country analysis, in meeting these challenges. In doing so, it must work closely with other agencies in USDA, with researchers in U.S. universities, and with researchers in universities and government research institutions in other countries.

The goal of increased interaction between ERS and U.S. university researchers was formalized in June 1980 by establishing the Consortium on Trade Research. USDA's Foreign Agricultural Service (FAS) joined the Consortium in 1982. Subsequently, membership in the Consortium has expanded to include Agriculture Canada, researchers from several Canadian universities, and researchers from Germany and France. The objectives of the Consortium are to:

- o Foster sustained efforts in international agricultural trade research.
- o Encourage and facilitate interaction between ERS, FAS, and U.S. university and foreign trade policy researchers.
- o Provide a forum for the exchange of research results in the identification of problems and policy issues requiring research.

The Consortium is a cooperative undertaking between ERS, FAS, various U.S. universities, Agriculture Canada, and Canadian universities. Membership in the Consortium is subject to approval by the Consortium's Executive Committee but is generally open to those who have an active participation in international agricultural trade research and analysis or its policy applications.

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