


5-9-1975

Address by the Honorable Clayton K. Yeutter Assistant Secretary of Agriculture for International Affairs & Commodity Programs U.S. Department of Agriculture to the 51st Annual Convention of the American Cotton Shippers Association

Clayton K. Yeutter

Assistant Secretary of Agriculture

Follow this and additional works at: <https://digitalcommons.unl.edu/yeutter>

 Part of the [Agricultural and Resource Economics Commons](#), [International and Area Studies Commons](#), [International Economics Commons](#), and the [International Relations Commons](#)

Yeutter, Clayton K., "Address by the Honorable Clayton K. Yeutter Assistant Secretary of Agriculture for International Affairs & Commodity Programs U.S. Department of Agriculture to the 51st Annual Convention of the American Cotton Shippers Association" (1975). *Clayton K. Yeutter, U.S. Secretary of Agriculture Papers*. 49.
<https://digitalcommons.unl.edu/yeutter/49>

This Article is brought to you for free and open access by the Yeutter Institute of International Trade and Finance at DigitalCommons@University of Nebraska - Lincoln. It has been accepted for inclusion in Clayton K. Yeutter, U.S. Secretary of Agriculture Papers by an authorized administrator of DigitalCommons@University of Nebraska - Lincoln.

ADDRESS BY THE HONORABLE CLAYTON K. YEUTTER
ASSISTANT SECRETARY OF AGRICULTURE FOR
INTERNATIONAL AFFAIRS & COMMODITY PROGRAMS
U. S. DEPARTMENT OF AGRICULTURE
TO THE 51ST ANNUAL CONVENTION OF THE
AMERICAN COTTON SHIPPERS ASSOCIATION
HOUSTON, TEXAS, MAY 9, 1975

Thank you very much, Heinz.

You know, this program has gone so well this morning, that it is with some trepidation that I even stand up.

My compliments to everybody here at the table who has been before this podium today.

Hans, I think this is the best organized, best presented program on which I have appeared in many, many months and, I have appeared on a lot of them.

I "take my hat off" to all of you.

Beyond that, I want to say to all of you, before I get into the substance of my remarks, that although you have had a very difficult and trying problem on Cotton Contracts in the Far East in the last year or so, I want to say that all of the people who have been back in Washington to deal with us on this issue, Hans and Rudi and many others, have conducted themselves in just superlative fashion at all times.

You know, there is a way to work with Government and a way not to work with Government, and, the same thing, of course, applies in the international area, just as in the domestic area.

But your people do it right. They have been gracious and they have been sincere and they have been understanding and they have presented their case in a very persuasive and yet "low key" and undemanding way.

That's the way to do it.

That's an effective practice of the art of Government.

I certainly, again, "tip my hat" to your Association and to your very outstanding representatives for the way in which you have handled yourself as people, as human beings, totally aside from the economic contents of the issue.

"Okay?" That's enough accolades for one day. (Laughter)

Let's go back to the issue at hand.

As Heinz indicated, I am about to depart the Department of Agriculture, assuming Senate confirmation to my new post, and I suppose in Washington, D. C. that is always a dangerous "assumption" but, at any rate, assuming that it does take place, this will be my final speech as an Assistant Secretary of Agriculture.

So, I suppose that I should have some particular emotions coming to the floor as I do this, after about four and one-half years of time with the Department of Agriculture, not all in this position, but, it has been a lot of fun for me to serve with the Department back in Washington, D. C., and I hope it will be just as rewarding to become involved in trade negotiations.

But, at any rate, I am pleased that the final speech is here before all of you.

We have had a lot of activity in cotton in the last year or so with your Association, and with many of you individually.

I don't want to reiterate all that has been said on the Cotton Contracting Problem by Hans and Chauncey Denton this morning.

You are all probably more familiar with it than I am.

But, it does look as if we are "on the way" now; that the "light at the end of the tunnel" isn't a train this time, Hans. (Laughter)

Or at least we hope it isn't.

It looks as if the Korean and Philippine situations are completely under control and completely finalized in terms of agreements and it is just simply a matter of execution now, and I hope that there will be no further problems in terms of execution.

Credit has been "played out." The agreements are signed. Everyone understands everyone else, I believe, and that one should be taken care of.

I hope that Taiwan, where the "team" is now, will go "total" very shortly, hopefully maybe even in the next few days.

That will leave Thailand, which is more difficult because of the sensitivities of the government situation.

Fortunately, of the four, that is the smaller one.

Although it would be nice to wind that one up too, I hope we can, at least, have the major ones in terms of dollars and quantities of bales and it looks like they are well under control.

A lot of work has been indicated here this morning on the part of an awful lot of people. I think it has been, as an exercise, one of the most productive endeavors, governmental and private enterprise in working together, that I have ever seen on a problem of that nature.

In governmental, it involved not only the Department of Agriculture, but other agencies as well, and, as one of the speakers here indicated -- I believe it was Hans -- the cooperation from Phil Habib in the State Department, and others in that area, has just been superb, so, we have really been pleased with this entire exercise and the way it has unfolded and how it will ultimately turn out, we hope.

That's the way government and private enterprise ought to work together, and, I hope that's a precursor for things to come.

"Okay?" Let's leave the cotton contracting problem because we hope that one is almost behind us, and, move for just a moment to the Farm Bill.

Regarding the Farm Bill, everyone fully understands the basic issues that are involved.

All of us are sympathetic with the concerns of the cotton production community that have led to their interest in higher loan rates, and, perhaps, target prices in this Bill.

All of us understand the differences in viewpoint even among cotton growers, geographically and in other respects, and we understand, too, the ramifications that extend throughout the industry.

I will just simply add that it has become a very intense political issue.

As Mike Eve said to me a day or two ago, "it is really not a foreign policy issue anymore; it is simply a partisan political issue now. No one is paying any attention to what the cost is or loan rates or anything else anymore; it is just whether you vote for or against the POT override."

That being the case, it is inevitable that it is going to be a very difficult vote because you know very well there are a great many more people in that Congress in one political party than in the other, and, it becomes then, just a question of how far party discipline goes.

What is happening, of course, is that arms are being twisted very hard, on the base of both a "carrot and a stick."

Now, somebody's going to pay for this somewhere down the line, and, what that "payoff" will be in terms of commitments that will take place later on, only time will tell.

Some of it will come, of course, when the so-called Omnibus Farm Bill comes before the Congress later on this year.

There is no doubt in the minds of any of us that this will occur regardless of what happens on this so-called emergency piece of legislation.

The committees on Agriculture are already making plans to bring an Omnibus Farm Bill down the pike, that will look a lot different from this one, and there will be some things you won't like in it; there may be some things you do like.

It will be a much more difficult one for the President to handle because it will be a "Christmas tree;" and it will be designed to be a "Christmas tree" and it will bear an enormous cost in anybody's judgment by the time it hits the President's desk.

Let's go back and analyze it a little bit in terms of foreign policy and what I think is going to happen in this area in the next few months.

First of all, it seems to me, all of us ought to keep in mind some basic principles when we look at the foreign policy issue.

In my judgment, the basic principles involved are not even debatable -- I don't care whether it's a Democrat or a Republican involved or Liberal or Conservative. In my judgment, the basic principles of foreign policies are clear and they go something like this. This will be an oversimplification, but let me lay them out as I see them one-by-one.

Cardinal to the entire picture is the fact that we will never have a viable agricultural sector in the United States unless we have a viable expanding and growing export market.

The key to farm income in this country and the key to incomes of practically everybody in this room is exports; and it is imperative that we have a foreign policy that fosters the continued expansion of agricultural exports.

It will never work in any other way.

There is no way that one can have a viable agricultural economy by selling to the U.S. market, because we don't have that many people to feed and to clothe in this country; and we never will have.

We have to sell in those world markets and all of us have to be involved in that. So, that's crucial.

Then one must look at the other aspects that become more particularized.

That means we have to look at what level of protection, if any, in the way of "floors" should be given to the producers of farm commodities to induce them to continue to produce and to assure them they have a reasonable means of survival.

This has implications, of course, in terms of the competitiveness that we have in world markets. It is clear to me -- and this is perhaps the second principle that is involved here -- that we must compete for those world markets.

The United States -- U.S. agriculture -- should not negotiate controlled markets; it should not move toward a regulated economic system in worldwide agriculture.

International commodity agreements, the goal sought by the European Economic Community, are a prime example.

It may well be in the best interest of the European Economic Community to negotiate a "piece of the pie" so to speak in world markets. However, it is not in the best interest of U.S. Agriculture to do that and we ought to recognize what our interests are vis-a-vis what the interest of other people happen to be. The reason it is not in our best interest to carve up the market is because we are competitive. We are efficient in agriculture in this country. We are good as farmers. We adapt technology more rapidly than anybody

in the world and under those circumstances it is to our benefit to compete for markets around the world and not to negotiate a "piece of the pie."

We ought to understand that.

That means that when we move to the third step, which is to put some kind of floor or some kind of income protection in there for domestic producers, that we do not do it in a way that jeopardizes our competitiveness in the world market.

That's the real risk, of course, of this so-called "emergency bill" and the real risk of any Omnibus Farm Bill.

There are two factors in the income protection picture: one is target price, the other is loan rates.

I happen to think for a variety of reasons, it is good to have the target price concept in there, even though it has some shortcomings, too.

It is the target price that provides that level of income protection, that minimum, whatever it is going to be.

We need to get some sense of perspective and some sense of direction in this country as to what that minimum is; and it ought to be somewhat related, it seems to me, to cost of production.

Do you cover all costs, variable costs only, various cost plus appreciation on equipment and so on, but not land?

Just what is it that we want to do as a matter of policy in the way of income protection?

Nobody seems to agree on this. Nobody even talks about it very intelligently in the debate and the hearings on it. Nobody really understands it. When people discuss costs of production back in Washington, D. C. at the hearings, they go "all over the lot."

We need to decide what it is we are trying to achieve with target price and then concentrate on that.

The other issue is the relationship of the loan rate to the target price. One obviously cannot have such a difference between the two that deficiency payments become overly burdensome on the taxpayer and the system collapses.

Mr. Denton had some reference to that earlier. His reference was probably the \$20,000 payment limitation problem to a greater extent than to the burden on the Treasury. However, both of them are applicable and in terms of foreign policy principles, the more important one is the fact that one cannot have a foreign policy that becomes so burdensome on the U.S. Treasury that the system collapses. That's the danger in getting the target price too high.

How high is "too high?" That is debatable, of course, and that will be debated.

To me, the more crucial question arises with respect to loan rates...because loan rates do reach the heart of our competitive position worldwide.

It becomes an issue that is much broader than the question of how much of a burden does one place on the Treasury with target prices.

In loan rates, we get into the picture of world markets; and we almost did it right in the loan rates on cotton in the 1973 Legislation when an effort was made to tie them to world market prices.

It wasn't done quite directly perhaps, but the intent was proper, because if loan rates are tied to world market prices, we are not going to price ourselves out of that market; we will be able to compete for those markets and you can continue to be able to sell U.S. cotton.

We have departed from that concept and we have gone back to an arbitrary loan level.

I happen to think that this is wrong. I happen to believe, as a matter of principle, we ought to tie all of these loan levels to world market prices so we do not run that risk.

That principle may not be salable in terms of political pragmatism, but it is a proper principle.

If we want to do it in terms of political pragmatism, the least we can do is keep the arbitrary loan levels at a point that won't price us out of the world market.

That has been a real risk in our judgment in this particular piece of Legislation; and it is a much greater risk down the road.

One of the failures of this particular legislative setting has been that very few people have recognized the long-term implications of what has been done.

We are much more concerned about what this legislation will do in the future than we are with what it will do in 1975.

Everyone knows full well if this so-called Emergency Bill becomes law, it becomes the "floor" on which the Omnibus Bill will build.

The escalation will be from where we are in this Bill on up; and, if we do not price ourselves out of world markets with these loan levels this year, we run a very great risk of doing it through the escalation that will take place in 1976 and beyond.

That's the risk, and, we have to learn to look beyond the end of our noses to what we are doing to ourselves down the line. I feel for the Congressmen who have to cast votes on this issue Tuesday.

If I were in their shoes, I would be squirming, too. They are under intense pressure on the basis of the short-run consideration; and, it is very difficult, when you are pushing that burden to keep a long-run consideration in mind, because, if you are a Congressman, what happens in 1977 is not all that relevant; it is what is going to happen in November 1976.

And, that's the way most of the voters inevitably cast their votes; and that's one of the problems, of course, we live with in our Democratic system.

The point is that whatever happens next Tuesday, we have to live with it; and, we must continue to be very conscious of the fact that we do not dare price ourselves out of those world markets.

We have gone through that in the 50's and 60's and I hope, for heaven's sake, we learned the lesson; because, if we haven't, we will relearn it in the 70's and become residual suppliers of cotton and everything else.

If we get the loan levels beyond world market prices, there is no question but that that will occur.

So, we need to look at foreign policy in that light and continue to maintain the prerogative of freedom of action in world markets.

That's enough philosophy on that point.

I would like to say a word about the outlook for the general economic situation now.

The key, of course, to what is going to happen to all of you and to all of us, is how fast the economy will "turn around" in the United States and other countries in the world.

Nobody knows for sure, but my personal judgment is that it is going to be turned around more rapidly than most people expect.

We typically overreact in this country and many other countries overreact. One of the reasons we had all of this cotton contracting problem is, of course, that many of the big countries bought more than they needed.

We have a tendency to panic a little bit, all of us, whenever we have a shortage situation.

We did in the United States last year on sugar.

Other countries zoomed the price of cotton up to ninety something cents because of what was indicated. The inventory levels were built up to well beyond what was needed; and, when the conditions were determined to be less optimistic, the market collapsed.

I was having a family dinner with some of our people out in Denver a few months ago when the sugar crisis was on and we were talking about the fact people were having difficulty buying sugar.

These were all farm people and they would smile and say: "we have to admit, we did go out to buy an extra ten-pound sack just in case." Everybody in the country was "going out and buying an extra ten-pound sack" and that's why the price of sugar shot through the roof.

We are all human, of course, and we do have a tendency to overreact.

The economic estimators have bungled in the last two or three years in their predictions. Now they are compensating the other way and, in my judgment, are being conservative about the rapidity about which the economy is going to turn around.

I happen to think it will probably take place in the third quarter of this year and then continue to expand as we go into 1976 and beyond.

Now, there are some dangers in this, some to which we alluded earlier this morning.

The chief danger is inflation.

We fought recessions in this country with much more vigor and enthusiasm than we fight inflation.

I think that ought to be apparent to everyone by now.

We weren't very much enjoying the fact that inflation was a problem a couple of years ago; and, we were taking steps to tighten down the economy and slow down the rate of inflation.

It seems when we fight inflation, it makes unemployment.

We would rather have inflated prices than high unemployment.

That's exactly what happened again, of course, we did successfully respond to inflation.

The inflation rates dropped down well below ten percent. Our unemployment has gone to nine per cent.

We have now gone back to fighting recession and everybody is happy.

We don't like inflation, but, boy do we like the things that are associated with inflation.

As a consequence, we are just wringing our hands saying: "yes, we love to fight recessions.

And, so, we are stimulating the economy with a Federal Deficit of 60 billion dollars to 100 billion dollars for next year.

And you can imagine how many Congressmen will vote against spending more, not very many.

They will pass spending bills by huge margins in 1976, which means there will be two huge Federal Deficits year-end on end.

The economy will be spinning by 1977, and, my own judgment would be that we will be back to double digit inflation by 1977 in the U.S. and everybody will again be complaining about inflation, but, saying: "please do something about it so it doesn't hurt me."

We will be back in the same kind of situation we were battling here a year or so ago.

Some day we have to learn to exercise more self-discipline than that. So far, we haven't learned the lesson in this country.

What I am saying, then, is that the general consumer demand situation is going to improve, and we are going to have an inflation problem later on.

As to how that relates to cotton is dependent, a great deal, of course, on how much cotton is produced here and elsewhere.

Production relates back to the Farm Bill as to whether we plant more soybeans and less cotton than we did last year in the South and what kind of price umbrellas we provide in the kind of legislation that comes out a few months from now.

We can't really predict that yet.

What we do know is if we keep raising the "price umbrellas" here we will increase production elsewhere.

I will give you an example of danger with respect to the "big winner" on international trade and that is soybeans.

For the first time, if this Bill becomes law next Tuesday, we will have a mandatory loan program on soybeans.

What are the implications of that?

The implications are that Brazil will clear forest land like you have never seen it happen before.

Now, this program may be attractive to some soybean growers in the United States in 1975, although I don't know why, when the market price is already above the loan rate.

All it is really going to do is stimulate intense competition for American soybeans not many years down the road because that "price umbrella" for the mandatory loan rate in soybeans in the United States is just going to provide all the economic incentive that anybody needs to clear out the Amazon. We will see miles of acres of soybeans growing in Brazil five years from now competing against U.S. soybeans at that time and the price of U.S. soybeans five years from now will be lower than it would have been.

That's the kind of lesson we need to learn in foreign policy.

What is going to happen legislatively as we come down to an Omnibus Farm Bill later this Fall?

It is something that all of you producers, or shippers alike, ought to be concerned with, you should be concerned, because where we will go in the movement of the price levels and what will be taken along on that legislation this Fall should be of interest to all of us as taxpayers and citizens. This is the kind of thing that worries me more than anything else -- like I said, the bill will be a "Christmas tree," and what will be on the "Christmas tree" remains to be seen.

One of the things, if Congress has its way, or some members of Congress have their way, will be a Reserve Program, particularly a Food Reserve Program.

Cotton may not be a part of it. Perhaps it will not be; but, it could be.

Clearly there will be attempts to have grains and perhaps even rice be a part of a Food Reserve Program.

That alone is dangerous because one of the worst mistakes we could ever make would be to unilaterally establish a Food Reserve in this country. If we do, we are going to end up doing what we did back in the 60's. That is hold all of the reserves for the world at your expense, not at the expense of the other people around the world that buy food from us at our expense.

Why should other nations hold reserves if we will do it at the expense of the United States taxpayers?

And that is what would happen if we would put the Food Reserve in the Omnibus Bill that comes down next Fall.

All of us should be interested in what it is going to do to you as farmers and taxpayers.

The most significant part is the Food Program. Without any question, the Omnibus Bill will have Food Stamp provisions in it.

I have no opposition to Food Stamps as a concept. I appreciate the need to feed people who cannot afford to feed themselves. We don't want to have people starving to death in the United States.

My point is that that isn't the point Secretary Butz has made over and over again; there has to be some reasonableness and rationality to this present program.

We have got to stop escalating these programs out of sight to the point where they become so burdensome that they begin to destroy our society.

We are running a grave risk in doing some of that in some of our welfare-oriented programs, including Food Stamps and School Programs as well in this country.

Let me give you thirty seconds of facts illustrating what is happening in this area so you can comprehend it as citizens.

When the initial budget estimate for this Fiscal Year for Food Stamps was submitted some months ago, that estimate was a little less than six billion dollars. This is Food Stamps alone -- not any of the other food programs -- only Food Stamps.

That compares to something like four billion dollars in the budget for the previous year. Because of increases that have taken place in the escalating provisions in the present law, those benefits now, instead of being just under six billion dollars in this fiscal year, the year ending June 30, now look like they will turn out to be over seven billion dollars, and perhaps as high as seven and a half billion dollars. Our estimate, right now, with no changes in the law, with no increases of the kinds that will be proposed in this Omnibus Farm Bill, is that next fiscal year, Food Stamps in the USDA Budget will go to somewhere between nine and ten billion dollars from our four billion dollars about a year ago.

A six billion dollar increase in less than two years, more than doubling it.

The USDA Budget, the entire budget submitted to the Congress initially for this fiscal year, was about nine and one-half billion dollars.

In other words, the estimate now for the next fiscal year on Food Stamps alone will be a budget of the same size as the entire USDA Budget for this fiscal year.

At some point we have got to draw the line and say: "We just can't keep doing this because that just doesn't make good sense."

Let's go back to exports for a little bit and talk about things other than foreign policy in the export area.

One of our problems traditionally in this country has been that we produce farm products, including cotton, very well.

I enunciated earlier and pointed it out as one of our advantages because it makes us competitive worldwide.

Sometimes our supply gets out of balance with our demand worldwide or here in the United States.

Here we have two choices.

That's the kind of dilemma we may face in the coming months.

We already face it in cotton and other "overlays."

If we have a gigantic crop in feed grain, we may face it in those areas.

One alternative is to attempt to cut back production in order to even out the imbalance.

The second one is to attempt to expand demand in some way to compensate.

The traditional way through the years is to cut back on supply. As I said, I happen to believe that is counter productive. I think that is the wrong way to go. I hope we do go back to that route again.

But we are going to unless we do an effective job on the other option which is, of course, expanding demand.

That is going to require a strong endeavor on the part of people like yourselves who are out in private industry and on the part of the Government as well working with you.

We are talking about ways we can expand the sale of cotton. Whether it be U.S. cotton or anybody else's cotton.

The cotton people do it mighty well; as a matter of fact, you have been out ahead of most of the other agricultural industries in this area. There were some exceptions in that field.

We have CCI and IIC and CI, three cotton organizations, working in demand expansion. That's great and I hope we continue to develop those efforts. Market development is an important part of moving cotton or any other product.

I feel very strongly about this from my own experience in the Department of Agriculture from having lived in South America and from my experience in the international sector. I have made the "sermon" on many occasions to many agricultural groups that: "I don't think we have even scratched the surface in marketing U.S. commodities around the world. We ought to be doing a much better job than we have, both in government and the private sector."

Marketing is the key to all of this. We can help to some extent as with the programs in CCC Credit, which we used this past year because of the contracting problem in the Far East.

Hans and Rudi heard me say that is not the purpose of CCC Credit. The purpose is to develop new customers, not to bail out the old ones. However, since you have to bail out old ones -- and I am glad we have been able to help in this regard -- it may be we need to expand CCC Credit in the future before we get a "PL 480." There is some possibility, but not a very strong possibility at the moment, because of the need to move food in "PL 480."

When we have a worldwide low food stock level in a lot of countries, clearly food reserves are a higher priority than commodities such as cotton and tobacco.

If we improve stock levels of food around the world, that situation may moderate greatly and move back the other direction to where perhaps more can be done in "PL 480" cotton sometime in the future.

Do not look for that as a solution in the short-term.

One other item which I would like to mention briefly, that would help to provide some additional stability on the scene, is long-term contract commitments.

Not too much has been done on that in the cotton area, and, I suppose everybody here would be shaking in their boots saying: "We have enough problems on short-term, let alone try to take on long-term contracts."

I appreciate that, however, we need to begin to use more ingenuity in marketing internationally and more imagination, specifically in long-term contractual arrangements. The alternative to that in providing additional stability for yourselves and your customers and for your commodity market is governmental involvement.

I don't think very many of you want to get into governmental involvement to provide stability internationally through cotton agreements and other mechanisms.

If you want to avoid that, you better be working out some imaginative solutions in the private sector. I hope it happens. We have seen some of this develop in other areas.

Sugar, for example, since the demise of the Sugar Act. Many of our sugar importers in this country have done a good job in moving toward long-term contractual arrangements to assure themselves an adequate supply of sugar into the country.

The cotton situation is the reverse of that, but the same principle applies.

We have been able to do it quite well in the grains area, both on an individual basis -- that is, farm-to-farm in this country -- and, on a situation basis where we have a consortium of suppliers.

The North American Grain Exporters of North America have a long-term arrangement with Norway now and also Taiwan.

So that is happening.

We have begun doing some things government-to-government, for example, we have an agreement with Poland to give us a better handle on the agricultural products they expect to import from us annually on a three-year basis.

That's helpful just for planning purposes, of course.

So, these things that are evolving now, government-to-government, private firm to private firm, consortium of private firms to private firms, consortium of private firms to governmental trading entities---all need to be a part of that in my judgment, so that the cotton industry, likewise, has some imaginative solutions to some of the price fluctuations that have plagued these markets in the last few years.

Just a quick comment on trade negotiations and the trade scene. As Hans indicated, I am about to move over to join the U.S. Trade Negotiating Team for the multilateral trade negotiations in Geneva. I agreed to this because I think it is enormously important.

In fact, Secretary Butz and I talked at great length; and, he felt, and I ultimately concurred, this may be the most important thing that happens to U.S. agriculture in the next three to four years. Therefore it is something I ought to do, so I agreed to do it.

At any rate, it is going to be a tough set of negotiations.

What happens there can have major implications for what happens to all of you because anytime one is in a worldwide recession, people in countries become protectionists.

This has happened in a lot of agricultural commodities and non-agricultural commodities in the last few years; and, it is a very difficult environment in which to carry out negotiations.

In the past, most of the negotiations have involved tariffs. This isn't too terribly difficult because tariffs are easily quantifiable.

There are so many on an ad valorem basis and some on other basis, and therefore easy to deal with. You take your tariffs down this much and we do this much and we come out equally balanced.

These negotiations involve non-tariff barriers as well and they are going to be tougher. There has been a proliferation of these barriers, ranging from health regulations to the size of bottles to labeling regulations to standards, to quality restrictions on cotton and bale sizes and bale wrappings, quantity restrictions, variable levies, and they go on-and-on.

They are difficult many times to even identify as a trade barrier because everybody says "No, we are not stopping your trade; we are protecting the health of our citizens."

We have a tough series of negotiations ahead.

One of the issues which makes it even more difficult is that as a result of Vietnam and Cambodia, and a lot of other things which have occurred in the world in recent years, U.S. prestige is not at an all-time high.

I want to leave you with a thought on this subject because I think it is important to all of us as American citizens and this relates only peripherally to trade matters.

I read a very fascinating article on the subject by Dan Moynihan, who was a professor at Harvard, who was the "Democrat in residence," in the trade a few years ago, and, then became the Ambassador to India and recently returned from India to become Chief U.S. Delegate to the United Nations.

Moynihan is a brilliant man, one of the most brilliant minds in the United States. He wrote an article with which I really agree.

One of the basic points of the article is the United States needs to change its posture in the world; that we have been, in many, many respects, too accommodating in recent years, too accommodating to the desires and interests of others.

And, he was not making the point we should be opposed to the development of developing countries or to the improvement of world conditions, or to the betterment of standards of living around the world -- all of us want to do that; that was not his point at all.

His point was the United States, as a country, has lost some respect in this manner.

For example, he pointed out the World Population Conference in Bucharest, just a few months ago, in which the group of developing nations really "took on" the developed world and, particularly the United States. They attacked vociferously and vigorously and openly on a lot of issues. In particular, the thrust of the meeting was, "Who are you to tell us to keep our population controlled? The reason we have a problem is because you haven't been helping us sufficiently through the years. We want to do what we wish in the way of population and you still have an obligation to help us no matter what our population happens to be."

Well, it is the privilege of these countries to feel that way if they wish. I believe that all countries ought to have a free right of expression. If an individual country does not wish to have a population control program, that's the basis of that country; and, I don't believe we have any right to tell them what their population control program is.

But, we do have a right to respond with respect to our relations to that country. What we can say is that we have to be selective in "PL 480," our Food Aid Programs for example, we can say, "If you wish not to do anything about your population problem and your hunger problem and the expansion of agriculture in your country by providing incentive to your farmers--- so be it--that's your privilege, but that doesn't mean we are going to continue our past efforts to provide you with food aid because if we are to provide for you, we are going to expect some kind of responsiveness to the problem in your area. If that responsiveness is not there, the grants will not be there either."

That's just an example.

In trade negotiations we have much to accommodate to the interest of other countries.

We have to be tougher in negotiations.

I think that when and if we do, we will garner a whole lot more respect around the world. I think the posture and prestige of the United States will again rise.

This doesn't mean we have to go back to Vietnam and Cambodia; I hope we never do.

In our peaceful relations with other countries, we need to show the strength we have and not downplay the strength we have. Let me give you a couple of examples.

In the last week, we had a set of negotiations with European Economic Community on a particular issue relating to aid. On all three of those occasions, Secretary Butz and I said: "No" to some other representatives of the U.S. Government who, at that time, were prepared to settle with the European Economic Community on the basis of the proposal that had been submitted.

We said "no" and we asked our people to go back with revisions in those programs. In all three cases, Secretary Butz and I were proven to be correct. In all three cases, the Community backed off and ultimately accepted the proposals that we had.

Had we not been there in all three cases, the Government of the United States would have accepted the offers that were by no means in the best interest of this country and its citizens.

This is not to pat Secretary Butz or myself on the back, but only to illustrate at this time that all of us, as American citizens and representatives of U.S. Government, need to stand up and be counted in this area and say: "We may have some faults in the United States of America, but, it is still by far the best thing that has ever come along and you ought to recognize it."