

Problems of Credibility

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With Our Friends Abroad

The most frequently-heard defense of Mr. Nixon's presidency is that he has done a whale of a job in foreign affairs. But this meant the new relationship to the People's Republic of China, bettered commercial prospects for trade with Russia, and efforts to stabilize the Mideast.

But without even considering, in this connection, such deceits as the secret bombing of Cambodia, the fact is that the President's record on foreign affairs is marred by a positive talent for offending friendly nations.

Back in August, 1971, the administration imposed a 10 per cent import tax with no advance warning. That "Nixon shock," as the Japanese saw it, was a companion piece to the unexpected overtures to the People's Republic.

Recently, only days before from high-level discussions in Tokyo between Secretary of State William Rogers and Japanese Prime Minister Masayoshi Ohira, President Nixon abruptly pulled Treasury Secretary George P. Shultz, Agriculture Secretary Earl Butz and economic adviser Herbert Stein out of the conference, presumably for last minute discussions of the Phase IV program.

But nothing so well illustrates the dangerous, callous attitude toward not only Japan but toward Europe as recent controls on the export of soybeans, cottonseed and 41 other related products.

Former Ambassador to Japan Edwin O. Reischauer called that step "an absolute folly." But the real point was made by Pierre J. Lardinois, agricultural minister for the European Economic Community, who observed that the EEC, having been buying half of U.S. soybean exports, had felt it was a customer "equal to the U.S. farmer" and that it was "a big shock to us to find that this was not so."

In Japan, tofu—a soybean curd—and other soybean products are major staples of human diet. Soybean products are also important as feedstuff for animals. Since the U.S. has been supplying over 90 per cent of Japanese con-

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sumption of soybeans, the abrupt export limitations—starting off with a partial embargo against shipments already contracted for—will have a devastating effect on the Japanese economy.

More than that, they encourage a protectionist mood in Japan, and contribute to the general feeling that the U.S. just doesn't give a damn about Japan, even though this country needs more help from Japan than elsewhere in trying to overcome its balance of payments problems.

Our best agricultural customers have now come to realize that the U.S. is not a reliable supplier. (To put it bluntly, our word isn't very good.) And while they will press, during this time of shortage, to buy everything they can lay their hands on, they will begin to develop alternative and substitute

sources for American protein. They would be foolish to do anything else.

Thus, hastily-improvised export controls on agricultural products could in the long run prove defeating to the basic American objective of restoring the trade surplus of former years.

In his statement on Phase IV, President Nixon recognized this fact, and

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promised that export controls would not be a "permanent" fixture of American policy. But he also used language with 'America first' overtones:

"Our policy must always be guided by the fundamental importance of maintaining adequate supplies of food at home."

That's in strange contrast to Mr. Nixon's willingness last year to part with 400 million bushels of wheat at bargain prices for Soviet Russia. The U.S. farmer and the U.S. consumer

picked up the check for that one.

David J. Steinberg of the Committee for a National Trade Policy put it well when he said: "We impose export controls pretty much the way we impose import controls—poorly, meaning irresponsibly. We reduce the flow of imports and exports almost as if what is involved is plumbing, not the profound policy issues that demand astute analysis and meticulous management."

The administration's abrupt steps to restrict food exports are all the more confusing when measured against the reiterated theme that the Europeans' Common Agricultural Policy must be modified to remove discrimination against American farm products.

On the one hand, we cry that the Europeans won't buy enough of our food, but then say—"Hold on, you can't have all you want of this and this and this, because it might raise prices in the U.S." That's a great back-drop for the forthcoming "Nixon round" of trade talks.

Resourse to export controls is no more convincing when it comes to scrap steel. It is doubtful that there really is a shortage of scrap steel. But certainly not much can be said of a policy which on the one hand limits exports of scrap, and on the other limits imports of finished steel. How much spoon-fed protection does the U.S. steel-making industry need?

Agriculture Secretary Butz fully realizes the damage already done to U.S. credibility as a viable, steady food supplier. He promises that the current controls will be lifted in the fall. Privately, he says the U.S. will never again renege on contracts already in force. The problem for now is that assurances of good behavior in the future are tainted by bad performance in the past.