

SEP 6 1983 Barter System Could Work

WITHIN a few days of announcing that he would not be a candidate for re-election, Sen. John Tower, R-Texas, proposed legislation that he thinks would overcome problems of agricultural exports and our shortage of strategic materials.

Tower suggested that Congress revive the age-old barter system as a means of doing business — trading goods and services for other nations' goods and services. Since the Texan has only one more year to serve he might be able to steer the legislation through committees, but others would have to follow through.

Agricultural experts almost unanimously agree that any long-range solution to farmers' problems depends upon substantial increases in exports. Most of the so-called Third World and Developing Nations would like to import more food to ease the hunger pangs of their people but they don't have any money to pay for it.

American industries also have productive capacity beyond potential domestic market demand. Their sales are limited by the ability of prospective foreign buyers to raise cash with which to pay for equipment that could make jobs their people need.

Thus our situation in the balance of payments in internation-

al trade is not good. Agricultural export volume is down from \$43.7 billion to around \$35 billion, and our trade deficit for the current year is predicted to total some \$60 billion. The present strength of the American dollar makes it expensive for countries with lower valued currency to buy from us.

Quite a few nations needing food and industrial equipment have substantial natural resources, including manganese, cobalt, bauxite, chrome, platinum, asbestos, nickel, tin and rubber. We import all or most of our needs of these materials.

As Tower pointed out, experience has demonstrated that international barter is workable. The U.S. Commodity Credit Corp. set up a barter program in 1950 that resulted in the exchange of \$6.5 billion worth of agricultural commodities before it was terminated in 1974. In 1973, the biggest year, barter exceeded \$1 billion.

Tower says his proposed bill would remove legislative barriers to multilateral trading, allow involvement of U.S. trading companies, and provide safeguards to make certain that these deals do not displace cash sales of agricultural products or disrupt world market prices. That's a large order, but it might be possible.