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TOYOTAS VS. SOYBEANS

by R. L. Kohls, Department of Agricultural Economics

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Increasingly, some of our leaders in government, business and industry have been urging that we restrict the imports of automobiles from Japan.

The argument seems so simple and so right: "The American automobile industry is having market problems. Many workers in the automobile and related industries are laid off. Yet the Japanese cars keep coming in, and American consumers continue to buy them. This is bad and shouldn't be tolerated."

There is another side to the Toyota-Datsun-Honda debate. And the Hoosier farmer has a direct stake in this outcome.

The sales of agricultural products into foreign markets is large and growing. This year U.S. agricultural products will probably reach 45 billion dollars. Ten years ago such sales were only about $7 billion.

In 1979, foreign agricultural sales were about $16 billion more than the cost of agricultural imports. Foreign nonagricultural sales were nearly $42 billion less than our foreign nonagricultural purchases. Without agriculture's remarkable ability to compete abroad, our nation would be in much more serious trouble in paying for its purchases abroad than it is.

Where does Japan fit into this picture? Sales of agricultural products to Japan have risen dramatically in the last several years. In 1979, Japan purchased agricultural products valued at $5.1 billion. This was about one-third of our total product sales to Japan. Japan now is the largest single foreign customer for U.S. agricultural products.

About two-thirds of our agricultural export trade comes from grain and oilseed (soybeans) sales. In fact, foreign sales now take 60 percent of our total wheat production; 56 percent of soybeans; 26 percent of feed grains. In this trade, Hoosier agriculture is a major participant.

Japan is a major customer for these important international sales. Japan takes 18 percent of our total feed grain sales and 20 percent of the soybeans. Though total trade in animals and animal products is relatively less important, Japan's share is 19 percent.

Though we might wish to forget it, the fact is, international trade is a two-way street. It takes a willingness to buy as well as sell. Japan must pay for our agricultural products with dollars. These dollars must be earned through sales to the United States.

It is unfortunate that American consumers, when given a choice are choosing Japanese-made cars over our own. If the trading tactics used by Japan are unfair or unethical, these should be corrected. This is especially true if Japan is subsidizing these imports into our markets. However, preventing or sharply curtailing foreign sales will mean, in time, a shrinking market for U.S. agricultural products. The unemployment and market problems of the automobile industry would be transferred to farmers as lower incomes.

Agriculture and the nation will be better off when the automobile industry solves its efficiency and market problems. The happy day will be when the American consumer freely chooses the American product as the better buy.

However, it is not acceptable to solve the automobile industry problems in a way which transfers the burden to an industry which can compete abroad. Farmers must continue to point out the contribution they are making to our ability to buy needed oil and other products from abroad. The agricultural goose is beginning to lay a golden egg! Let's give it tender care.