

INTERNATIONAL TRADE (BASED ON THE GROWTH OF ARCHER DANIEL MIDLAND COMPANY)

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ABSTRACT

In this paper, we examine the studies, since Adam Smith, on the impact of commercial and technological aspects, resulting from international trade, on the physical accumulation and quality of productive factors; we remark that the theory of economic growth and the theory of International Trade, during the "classic period" constituted two inseparable branches of economics.

Both market structure and corporate practices of ARCHER DANIELS MIDLAND fostered the implementation of the largest price-fixing conspiracies seen in modern times. The overcharges imposed on U.S buyers of lysine and citric acid during 1994-1995 by ADM and its co-conspirators amounted to at least \$250 million, and the total amount of public penalties, private damages, and legal costs exceeds \$740 million. Perpetrators of price-fixing now face monetary exposures that are five times the amount of the harm caused to buyers. These events have spurred renewed attention by U.S antitrust authorities in prosecuting international cartels.

Key words;- International trade, effectiveness, growth, techniques used, ADM.

1. INTRODUCTION

A Brief historical sketch

John.W.Daniels began crushing flaxseed to make linseed oil in Ohio in 1878. And in 1902 he moved to organize the Daniel linseed company, the company consisted of a flax crushing plant that made three products; raw linseed oil, boiled linseed oil, and linseed cake, or meal. In 1903 George A. Archer joined the firm, and in a few years it became the ARCHER DANIEL LINSEED COMPANY. Archer also brought experience to the firm as his family had been in the business of crushing flaxseed since the 1830's. Archer and Daniels then hired a young book keeper by the name of Samuel Mairs, who eventually became the company's chairperson.

These three men had a common goal of year round production at low margins "a goal that continued to direct the company into the 21st century. Archer and Daniel used hydraulic presses to process flaxseed and their linseed oil was essentially the same as that used by the ancient Egyptians. In the early years profits were low but Archer and Daniel linseed never finished a year in debt. They also grew slowly buying the stock of the Toledo seed and Oil Company as well as the dell wood elevator companies a grain elevator firm.

In 1923 the company purchased the Midland linseed products company and then incorporated as the Archer-Daniel-Midland company. The 1920's also brought other significant changes. Archer Daniel and Mairs began the scientific explorations of methods to alter the chemical structure of linseed oil. This project initiated the company's successful research and development program. Research and development allocations were not common place for companies at the time and the market took note of the company's slogan.

"CREATING NEW VALUES FROM AMERICA'S HARVESTS"

OBJECTIVES OF THE STUDY

- To know about the recent trends used in the growth and technical effectiveness of international trade.
- To analyze the methods used in the international trade recently.
- To observe the reasons behind the survival of ARCHER DANIEL MIDLAND Co.

METHODOLOGY OF STUDY

The nature of the research is descriptive as well as empirical and it has been conducted by using primary as well as secondary data collected for this purpose. The present research work is an attempt to study in depth of effectiveness of techniques used in growth of international trade. The data has been collected from the books of international business trade.

SAMPLING METHODS

The research was made in accordance with the convenience of the employees. So, the sample type is convenient sampling

SAMPLING UNIT

The sample firm is Archer Daniel Midland Co.

SAMPLE ELEMENT

Manager, Asst. Manager, and other employees

SAMPLE SIZE

The sample size is 30 employees in Archer Daniel Midland Co.

TOOLS USED

Primary data was collected through the questionnaire and facts in the form of simple average method

REVIEW OF LITERATURE

Empirically, there appears to be good evidence that international trade affects economic growth positively by facilitating capital accumulation, industrial structure upgrading technological progress and institutional advancement. Specifically, increased imports of capital and intermediate products, which are not available in the domestic market, may result in the rise in the productivity of manufacturing.

More active participation in the international trade amends market by promoting exports leads to more intense competition and improvement in terms of productivity. Learning by doing things may be more rapid in exports industries thanks to the knowledge and technology spillover effects. In addition to the benefits of international trade are mainly generated from external environment, appropriate trade strategy and structure of trade patterns. There are comprehensive empirical studies on the impact of trade on economic growth. So, far the discussion in this area has been generally divided into two categories. One focus on the causality relationship between international trade and economic growth to examine whether economic growth is propelled by international trade or vice versa. The other mainly discusses the contribution of foreign trade to economic growth.

2. CLASSICAL PERIOD: INTERNATIONAL TRADE AND GROWTH

Since the classics do not distinguish the questions of EG from the questions of IT, the examination of this problem leads us to the classics, main models of IT. However, given the aim of this work. We attempt to advance on those models which basically discuss the static gains of IT.

As far as the interaction between IT and EG is concerned, we found two main ideas to point out Smith (1776). On the one hand, IT made it possible to overcome the reduced dimension of the internal market and, on the other hand, by increasing the extension of the market, the labour division improved and the productivity increased. The IT would therefore constitute a dynamic force capable of intensifying the ability and skills of workers, of encouraging technical innovations and accumulation of capital, of making it possible to overcome technical indivisibilities and, generally speaking, of giving participating countries the possibility of enjoying EG.

In turn, Ricardo [1817] presented a 'dynamic model of EG' with three forces and two restrictions. He characterized the progressive states as having high savings, capital accumulation, production, productivity, benefits and labour demand forcing the increase of wages and demographic growth. However, in view of the limitations of land, both in quantity and in quality, the additional alimentary resources were obtained in conditions of decreasing returns, in which the production is absorbed by wages in a increasing proportion, reducing the stimulation of new investments and, sooner or later, reaching the 'stationery state'. IT could delay the fall in the rate of profit. Apart from the contribution of IT, under estimating the importance of technology, he underestimated the positive effects of IT on technology.

Finally, among the classics, Mill (1848) also explicitly reported the classic point of view according to which the production resulted from labour, capital, land and their productivities. And just like Ricardo, he recognized that underlying the 'progressive state' there was the stationery state, and that ultimately the force capable of delaying this state was technical progress. Accordingly, the emphasis that Smith had placed on the extension of the market decreases, even though he also defended free trade among countries. We think that this situation was the result of the expectation created by the Industrial Revolution [IR] in regards to technical progress.

ABOUT THE COMPANY

Archer Daniel Midland [ADM] is one of the world's leading processors and distributors of agricultural products for food and animal feed, with additional operations in transportation and storage of such products. Its principal operations are in the processing of soya beans, corn, and wheat, the three largest crops in the United States. ADM also processes cocoa beans, Milo, oats, barley and peanuts. The company's feed products are sold to food and beverage manufacturers. Archer Daniel Midland calls itself the "supermarket to the world" for the most of its history. ADM was quiet and conservative; however, in the mid-1990's the company hurtled into the headline through its involvement in price-fixing schemes involving citric acid and the livestock feed additive lysine.

The company's feed products are to be sold to farmers, feed dealers, and live stock producers while its food products are to be sold to food and beverage manufacturers. Archer Daniel midland company is one of the world's leading processor and distributors of agricultural products for food and animal feed.

Archer and Daniel are two different persons that they achieved their level of growth of their company on worked wide level. They together produced so many types of products that include all types of products that is useful for us and they supplied those products on worldwide level.

Mainly they grew in linseed products from midland linseed company. And they also produce foods products for both humans and animals.

ADM was at the centre of at least three international price fixing conspirators involving wet corn milling products. ADM management practices have been called into the questions that the directors of ADM changed overnight that the "Andréa era" at ADM may be over two ADM managers are facing serious criminal antitrust penalties and four more have been or will be convicted of fraud.

These events demonstrate that import competition is no longer sufficient condition for good domestic competition and that company with vastly different corporate cultures and globally dispersed operations can easily learn to conspire. The extra territorial reach of the antitrust laws is more needed than ever.

FINDINGS

- There are eminent trends used by the firm to widen the scope of international trade
- Archer Daniel Midland, we are committed to providing ongoing training, new challenges, global opportunities, and a comprehensive, competitive benefits package.
- International trade is mainly influenced by product diversification

SUGGESTION

- The company can be more concentrate on producing food and beverages on flavors mostly preferred by the customers.
- Recent and charted strategies for sales promotion can be used to widen the scope of company's sign and goodwill.
- Standardized and chemical free baby food items can be offered as part of social service may create a great image.

CONCLUSION

International trade is the exchange of capital, goods, and services across international borders or territories. It is the exchange of goods and services among nations of the world. ^[1] In most countries, such trade represents a significant share of gross domestic product (GDP). While international trade has existed throughout history (for example Uttarapatha, Silk Road, Amber Road, salt roads), its economic, social, and political importance has been on the rise in recent centuries.

Archer Daniel Midland had a corporate culture and a decision-making structure that was well suited the high-risk game of price-fixing. ADM was conditioned to viewing markets not so much as inexorable engines for price formation but as creatures malleable to the intervention of regulators, politicians and powerful business man, ADM's leaders were used to thinking that the whole world was its oyster, that global domination of trade was an achievable goal. And that active multinational networking is an essential means to that goal.

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