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Recent developments have increased the complexity and importance of U.S. and world food problems. The conflicting responses and approaches of the many interests involved have made clear the need for a national food policy, a Government structure to effectively coordinate its implementation, and the need for improvements in the U.S. and international food and agricultural information systems.

This report, prepared for the Office of Technology Assessment of the U.S. Congress, assesses alternative governmental structures and their informational requirements for the United States to formulate and administer a national food policy designed to cope with uncertain supply/demand situations likely to occur in the decade ahead.

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The report is divided into four major sections. The first traces the supply/demand situation for food and identifies the economic, political, social, and informational factors that have contributed to changes in the overall food situation. It summarizes the current information and the most comprehensive projections as to world food developments in the medium-term future.

The second section assesses current agriculture policy, its legislative authorities, and administration and presents goals and guidelines for a national food policy.

The third section presents a survey and assessment of present institutions.

The fourth section offers three alternative governmental structures, the advantages and disadvantages, and the informational requirements of each.

I. WORLD'S FOOD SUPPLY- PAST, PRESENT, AND PROJECTIONS

ROOTS OF THE RECENT FOOD CRISIS

*Complacency and overconfidence.*—The food crisis of the past few years erupted suddenly and unexpectedly on a world that had become complacent about its chronic food problem. True, some 400 million people were chronically malnourished, but the developed countries salved their consciences and helped alleviate suffering by large food aid programs made possible by surplus grain production.

In spite of food aid programs and production restrictions during and slightly beyond the 1960's, grain reserves in the major producing countries remained uncomfortably high and easily absorbed the leap in import demand created by the U.S.S.R. and Asian droughts of 1965 and 1967. Grain prices had been relatively stable for two decades and real prices had actually declined rather significantly. Considerable confidence was felt that the potential for production expansion in the developed countries, combined with the "Green Revolution" in the developing economies, would easily match the growth of effective demand for the foreseeable future. With what are now recognized as low fuel and fertilizer prices and a steady rise in produc-

tivity, grain prices were expected to remain stable at relatively low levels.

In 1972, a bewildered world suddenly found itself entering into an extremely unstable food situation, with supplies temporarily tight and prices gyrating wildly.

The ostensible reasons for this abrupt change in direction are well known; that is, abnormally poor crops in several key areas—a shift in the Humboldt Current—unexpectedly large Soviet, imports—widespread inflation—U.S. dollar devaluation—to cite only the most important. However, with the benefit of hindsight, we can now *clearly see* that this crisis had its roots in largely unnoticed developments in grain supply and demand during the years of apparent stability.

Demand pressures build.—Social, economic, and political factors contributed over a period of years to a strong upward pressure on effective demand for food in the early 1970's. Food consumption in the developing countries was rising faster than their food production, resulting in growing dependence on imports from the developed countries. However, grain production in the developed countries was rising faster than consumption. Consequently, a major concern during the 1950's and 1960's had been the management of surpluses. This concern led to large food aid programs and to tighter grain production controls which by the late 1960's had substantially reduced the large reserves that had traditionally given stability at low price levels to the world grain markets.

Meanwhile, several centrally planned economies which had been traditional net grain exporters were steadily moving toward an import deficit position.

Reinforcing the upward pressure of rising population and income on demand was a marked shift, both in official government policies and in public attitudes, toward a greater awareness of and sympathy for the problems of hunger and malnutrition in the world. This shift in approach has been developing on both international and national levels. The following are a few recent examples:

The World Food Conference in November 1974 effectively focused international attention on food problems, and a climate of unexpected cooperation surrounds the followup activities.

The International Bank for Reconstruction and Development and other U.N. agencies are presently devoting much greater resources to food and agricultural development than previously.

Bilateral aid programs are giving top priority to agricultural development.

While food aid appears to have been cut back from earlier years, especially by the United States, because food aid programs are now more nearly divorced from surplus disposal, multilateral food aid for purely humanitarian purposes is probably at an alltime high.

It is with individual nations, however, that this shift in policies and attitudes is probably most significant and least recognized. In most (Developing countries, hunger and malnutrition were endemic and were often viewed fatalistically as insoluble problems. Surplus food producing countries and developed countries often were either genuinely unaware of their own hunger problems or unwilling to admit them publicly. The general public in the United States reacted with a combination of shock, anger, and disbelief a few years ago when a Senate in-

vestigation revealed the extent and seriousness of hunger in this country. This played no small part in the relatively unpublicized but truly astonishing growth in recent years of our domestic Federal food assistance programs from about \$1 billion in fiscal year 1969 to an estimated \$9 billion in fiscal year 1976. In addition, substantially liberalized welfare programs have steadily boosted nutrition levels for the needy.

This development is less apparent among many other developed countries mainly because most of them, particularly in Western Europe, have long had liberal social programs. The centrally planned economies, however, are showing greatly increased concern for improving and upgrading the diets of their peoples, whose incomes are rising and who are insistently demanding more livestock products and greater variety. The OPEC countries are devoting an important share of their "instant riches" to food imports and agricultural development.

Many developing countries as well are making greater efforts to provide more adequate food supplies. Last season when her crops were small, India imported about 6 million tons of grain—she reportedly plans to import about the same quantity this season even though her grain harvest this year is excellent. Indonesia, South Korea, and Bangladesh are among other LCD's that are straining to step up food imports.

By 1972, the world had become highly vulnerable to even a moderate reduction below trend in food supply. Developing countries had a large and growing dependence on imports because their own production, which had been inhibited by low prices and reliance on food aid, had not kept pace with demand. The centrally managed economies were subsidizing food consumption and were also unable to increase production sufficiently to satisfy their people's insistent demands for upgraded diets. In the developed countries, demand for livestock products had turned sharply upward, lifting feed grain requirements with it. Rising export demand and production controls had reduced reserve stocks in the surplus producing countries to levels that were only about 50 million metric tons over pipeline requirements. This compares to the normal annual increase in world consumption of about 25 million to 30 million metric tons.

Nevertheless, at the beginning of 1972, the world's grain producers, particularly those in the United States, were still very worried about grain surpluses. In the United States, carryover stocks had increased by 18 million tons over those of the previous year. Although the U.S. export outlook was good, partly due to the devaluation of the U.S. dollar, the size of these grain stocks kept prices at low levels, and both farmers and the administration were eager to expand exports even more.

From surplus to *shortage* in 1972.—The drought that struck the U. S. S.R., Argentina, Australia, and South Asia did not reduce world grain production by more than 2 1/2 percent from that of the previous year, but consumption jumped by 35 million metric tons, exports by 15 million metric tons, and carryover reserve stocks fell by about 30 million metric tons.

The principal swing factor in this picture was the Soviet decision to make up its entire shortfall in grain supplies with imports. In 1963, 1965, and 1967, Russian grain production had fallen substantially be-

low the previous year--and also below trend---by an average of about 30 million metric tons. Yet in each of those years, *the* Soviets pulled in their belts, drew down stocks, slaughtered some livestock, and made do with imports of 10 million metric tons in 1963-64, the year they were worst hit; 9 million metric tons in 1965-66; and only 1 million metric tons in 1967-68. The change in import policy in 1972 seemed astonishing at the time, but we now know that the Soviets felt they must make good on their commitment in the 1971-75 5-year plan to increase livestock production by 25 percent. They therefore imported 22 million metric tons of grain in 1972-73 when their production had dropped only 13 million metric tons from the previous year--net imports were 19 million metric tons, as compared to the 1971-72 net of 1.4 million metric tons. This policy is obviously still in effect as the massive Soviet purchases of this year bear witness.

The Soviets would not have been able to buy up such a substantial portion of the world's grain reserves in 1972-73 at low prices had it not been for the failure of our intelligence systems to furnish adequate and timely information on Soviet crop prospects and buying intentions. In addition, the lack of coordination and exchange of information between various Government agencies and departments handicapped effective action by the appropriate U.S. officials.

Without pointing the finger of blame at anyone since the Soviets went to great lengths to conceal this information, we wish to point up this excellent example of the importance of establishing more effective and better coordinated information systems.

The story of developments in the world grain situation since 1972 is well known. Prices have fluctuated violently but from a much higher base. Stocks dropped precipitously and carryover stocks have been at little better than pipeline requirements since that time. World crops were good in 1973, but, below trend in 1974 and again in 1975, when record crops in the United States were counterbalanced by a near crop failure in the U.S.S.R. In the United States, the administration yielded to consumer pressure and embargoed or restricted exports on three occasions--on soybeans in 1973, on corn to the U.S.S.R. in 1974, and on all oilseeds and grains to the U.S.S.R. and to Poland in 1975. These steps were violently opposed by U.S. farmers, who had been requested to go all out for production. Hindsight has demonstrated that none of the actions had really been necessary.

#### PROJECTIONS--THE NEXT 10 YEARS

The world outlook.--The sudden shift from abundance to scarcity in world grain supplies has revived echoes of Malthus in the current rash of predictions that we have finally reached the limits of our ability to increase food production sufficiently to match population growth. One school takes the somber view that we are on the verge of widespread and growing famine conditions in which the per capita supply of food will progressively decline. Others feel that we can provide adequate food supplies only if the affluent reduce their consumption of grain-fed livestock. It is significant, however, that most of the major research studies that have analyzed the situation in depth reach much more optimistic conclusions. Their forecasts of production, consumption, and prices for at least the next decade or so vary somewhat. But

they agree that most of the recent supply problems are transitory and should and can be corrected and that production can and probably will manage to keep ahead of population and income growth, although with frequent and possibly severe temporary shortages.

The major recent studies on projections of world grain reduction and demand have been made by Iowa State University-1973 but with a late 1960's base the United Nations' Food and Agriculture Organization—1974 with a 1969-71 base, the USDA's Economic Research Service-1975 with a 1969-71 base, and the Brookings Institution—still in progress.

Following are a few general conclusions on which most of these studies are in agreement.

In their view, the problems of the past few years, to some extent, carry within themselves the seeds of their own solutions. Food prices were too low and too often artificially restrained in the late 1960's and early 1970's, and low prices discouraged fertilizer production. The anticipated higher level of grain prices will stimulate production and inhibit the rate of growth of livestock feeding. Fertilizer prices should remain high enough to stimulate an increase in production of that vital input. Perhaps most importantly, the nations of the world recognize better than ever before the seriousness of the situation and the determination of their peoples to improve their diets. Thus, they are making an unprecedented effort to raise more food and distribute it more equitably.

In the short and medium term, all agree, the developing countries will probably continue to increase their dependence on food and fertilizer imports. For years their own food production remained below Potential due to such deterrents as low food price ceilings, availability of food aid, and cheap food imports. The recent jump in prices will stimulate food production, although high fuel and fertilizer prices and shortages of foreign exchange may, for the moment, inhibit rapid development. Temporary increases in food aid provided by affluent countries will be necessary, along with longer range development assistance programs.

These researchers reach other general conclusions about the next 10 years :

(1) Real food costs will remain high temporarily, but will probably decline relative to other goods to somewhere between the excessively low pre-1972 level and the 1973-74 levels.

(2) World food resources are adequate to permit continued per capita increases in food production for at least the rest of this century, if not well beyond.

(3) Instability of food supplies and prices will continue unless adequate reserve stocks can be built up.

(4) Little evidence exists that global shifts in climate of a long-range nature will adversely affect production.

(5) The serious reconsideration of agricultural policies and their adaptation to changing conditions which is underway in most countries must continue to be carried out if these reasonably optimistic projections are to be fulfilled.

A few of the key *projections* made by their studies may help bring these conclusions into focus. Both FAO and ERS take as a base the 1969-71 average, although they use a slightly different mix of com-

ponents. FAO forecasts the net annual import deficit of developing countries will jump from 16 million metric tons in 1969-'71 to 85 million metric tons by 1985—this would rise to 100 million metric tons if net exporters are eliminated. ERS uses several alternative sets of assumptions, but under the first two 'alternatives the 1985 forecasts would be for deficits of 49 million and 68 million metric tons—66 million and 88 million metric tons, eliminating the LDC exporters-Thailand and Argentina. Another ERS alternative assumes annual usage of an additional 1 1/2 to 2 percent of fertilizer and related inputs, which would reduce the annual import deficit to 36 million metric tons 10 years hence.

While food deficits of this magnitude could be met by surplus production from developed countries, the developing countries would probably have serious difficulties in financing them. The United States and other exporters may be faced with hard decisions as to whether to greatly expand development assistance or to increase even more their programs of food aid—through grants and credits. The importance of having an integrated food policy as a basis for making such decisions is again evident.

The *U.S. outlook*.—As to the prospects for U.S. agriculture during the next 10 years, an ERS study is currently underway on projections to 1985, for which preliminary and as yet unofficial figures have been released. Two sets of assumptions were used to make projections. The first, called "Baseline Demand," assumes: (1) GNP growth at 3.98 percent (in 1958 dollars) annually, equal to the rate during 1960-74, (2) the Census Bureau's series "E" population projection (see table I), and (3) a moderate export assumption, with continued restrictions by the EC, greater participation than previously by the U.S.S.R. and China as grain buyers in the world market, and steadily increasing imports by developing countries.

The report also made a "high demand" projection based on higher population levels, income, and export assumptions, which would show a boost of about 9 percent in prices received and in net farm income of nearly 20 percent from the baseline projection. The second projection assumes: (1) GNP growth (1958 dollars) 4.1 percent, (2) Census series "D" population growth, (3) export demand assumptions—(a) slightly higher imports by U.S.S.R. and China, (b) somewhat liberalized EC trade policy, (c) faster than trend growth by the developing countries' livestock economies, particularly in OPEC countries.

TABLE I.—U.S. OUTLOOK BY 1985

	Baseline demand	High demand
Per capita disposable personal income (in 1958 dollars) (\$2,846 for 1974)	\$3,823	\$3,739
Population (in millions)	236	244
Crop production index (1967=100)	133	141
Livestock production index (1967=100)	118	118
Farm output index (1967=100)	126	130
Volume of farm exports index (1974=100)	122	140

Source: Unpublished report of ERS's economic projections program.

By comparing these two projections, we can see the dramatic effect that, even a moderate shift in world demand can have on prices and incomes of U.S. farmers. For example, U.S. wheat exports under the

"high demand projection would go up by more than one-third and the U.S. farm price would jump from the baseline projection \$3.73 to \$6.24 per bushel! The increase in feed grain exports would be less dramatic, but as noted total farm exports would go up by 15 percent and farm incomes by 20 percent.

TABLE II.-U.S. CROP FORECASTS BY 1985  
[In millions of bushels]

Commodity	Production		Exports		Price (1974 dollars)	
	Baseline	High demand	Baseline	High demand	Baseline demand	High demand
Wheat .....	2,059	2,530	1,165	1,610	3.73	6.24
Corn .....	6,561	6,741	1 9 5	1,735	2.33	
Grain sorghum .....	1,078	1,087		239	2.10	2.38
Barley .....	479	472				2.04
Soy beans .....	1,778	1,829	806	812	7.03	7.36

Source: Unpublished report of ERS's economic projections program.

On the other hand, although no specific projection was made for an assumption of 'below-trend world demand, the logical conclusion is that U.S. farm prices and incomes could fall disastrously, using the same elasticities of demand.

Our critical need for a better information system could not be better demonstrated than by these projections. The price inelasticity of U.S. farm products dictates some fine economic tuning in the coming years, but as of now our economists simply do not have the necessary data. The scope of the information problem on a worldwide basis is overwhelming indeed. Think for a moment of the sophisticated crop data gathering system we have in the United States. It is far and away the best in the world, but monthly revisions of crop forecasts have frequently been large enough to make front page news. Now imagine trying to make sophisticated world crop forecasts from data which at best is provided by a country whose information gathering system is of a much lower caliber or at worst where countries outrightly refuse to provide any information. We have relied far too long on the educated guesses of agricultural attaches.

#### SUMMARY

The major new elements in the United States and the world agricultural outlook that have vastly increased uncertainty and instability are:

(1) The rapid dissipation of world food reserves to minimum pipeline levels and the disappointing progress in the ongoing negotiations for an agreement to rebuild them.

(2) A continued upward trend in the productive capability of developed countries, leading to potential short-term surplus, price-depressing conditions.

(3) A growing, but erratic and unpredictable increase in import demand from the developing countries, as well as the centrally managed economies.

(4) A U.S. commitment to eliminate hunger from the United States and to take the lead in eliminating it from the world. However, there appears to be a reluctance to provide the funds required.

(5) The sharp upturn in the rate of increase in the costs of production of farm products, which in the case of livestock feeders includes feed prices themselves, that makes U.S. farmers vulnerable to serious losses when prices move wildly in either direction.

8 (6) The increased tendency of retail food prices to move like a ratchet, upward quickly and easily but with great resistance to downward movements when farm prices decline—due partly to inflating handling and processing costs. This will cause great concern and real economic hardship to consumers, particularly those in middle- and low-income categories.

• (7) The failure of the existing U.S. and world information systems to provide the inputs necessary to cope with the far more interrelated and complex food problems facing the world today and tomorrow.

(8) The increasingly strident demands of the developing countries for a "new economic policy" that would seek out programs for redistributing wealth from the affluent countries to the poor ones.

(9) The runaway inflation of the past few years that even worldwide recession has failed to arrest.

## II. CURRENT AGRICULTURAL POLICY—ITS LEGAL FRAMEWORK AND ADMINISTRATION

### LEGISLATIVE BACKGROUND

In the light of these new elements in the U.S. and world food situations, we need to examine the current legislative authorities, policies, and institutional structures. They were primarily created and shaped to deal with the problems associated with surpluses. A review of the (Compilation of Statutes administered by the U.S. Department of Agriculture emphasizes this point. Many of the basic authorities regarding various commodities relate back to the Agricultural Adjustment Act of 1938. The Agricultural Adjustment Acts of the 1950's and 1960's, in most cases, tie back to that 1938 act. The mechanism for accomplishing needed adjustments is the Commodity Credit Corporation, a unique Government Corporation with comprehensive commodity and funding authority. Parts of many other programs administered by the Department of Agriculture such as conservation, credit, research, quality standards, or special export programs are basically geared back to the adjustment function.

Many of the existing legislative authorities are not ideally suited to deal with an unstable situation of closely balanced food supply. As examples, no effective measures were readily available to ease the impact on consumers and livestock producers when soybean and grain prices soared in recent years. Later, when the costs of producing grain soared as prices declined, grain producers felt the pinch. Again, the legislative authorities and Government structures were not sufficient to deal with the problems.

It is helpful to review the major changes that occurred in legislative authority and agriculture policy in recent decades. The most sig-



nificant changes occurred in the 1960's when loan and purchase rates were lowered to estimated world levels and supplementary payments were provided for cooperating producers who agreed to restrict production. The two recent legislative changes, the Agriculture Act of 1970 and the Agriculture and Consumers Protection Act of 1973, while modified and improved over the programs of the 1960's, were nevertheless patterned in the same theoretical mold.

#### ADMINISTRATIVE PHILOSOPHY

Despite the consistent legislative authority, the divergent philosophies of its administrators resulted in sharply differing outcomes. The current administration defines its national food policy as one directed toward the efficient production and distribution of the agricultural output in a completely free U.S. and world competitive market with only minimal government involvement.

The current administration has given modern expression to the 18th century laissez-faire, laissez-passer economic philosophy of Adam Smith and the French economists, which involved opposing all government interference in economic affairs except to maintain property rights. This classical economic approach relies on an assumed automatic coordination with competitive market prices providing the appropriate incentives or discouragements to producers of goods and services to thereby create (TheWealth of Nations)."

The Secretary of Agriculture has not only voiced this laissez-faire philosophy in numerous speeches but has gone as far as the law allows to eliminate or hold down agricultural price supports to a point where they have no meaningful effect on free market price adjustments. The Department's internal directive on program goals and objectives makes very clear indeed the policy of minimizing Government intervention and emphasizing a market-oriented approach.

However, the administration apparently forgot its devotion to the laissez-faire free market concept in those cases where the result of that free market has caused political problems from the public, consumer sector. The recent embargo actions are examples.

The mind-set, and active striving toward the goal of coordination and adjustment of food production and distribution through market prices, with no Government interference, left the country unprepared to take timely and appropriate action to cope with the serious crises and pressures that have recently been encountered.

The hard economic facts of world shortages and skyrocketing prices caused by weather, sea current shifts, policy changes in non-free-trade countries and other unpredictable events combined with such known factors as world population increases, U.S.S.R. detente, Red China rapprochement a rising consumer movement, and the divergent interests of feed grain and livestock producers forced sudden price and export controls in June 1973 from a reluctant administration.

The importance in theory and usefulness in practice of the competitive market price system for making adjustments in production, exports, imports, domestic use, and stock levels is fully recognized. It works relatively well for most agricultural commodities most of the time. However, recent events have made clear that unduly wide quantity and price fluctuations will not be acceptable in our domestic society either to consumers or to farmers. The power of the consumer move-

ment, which was reflected in the administration's reluctant market control actions of 1973, 1974, and 1975 will surely grow and become more potent in any future crises. On the other hand, when agricultural prices fell precipitately from October 1974 through March 1975 while production costs rapidly rose, the need to protect farmers became expressed in the near override of the President's veto of the farm bill passed by the Congress in the spring of 1975. This farm bill primarily would have increased the target price support for feed grains, wheat, and cotton to their approximate cost of production levels and would have reestablished a support program for soybeans.

#### APPRAISAL

A total market-oriented-laissez-faire-approach to food today just is not sufficient. It is acceptable in our present U.S. society and world situation only within reasonable market price changes. It fails to touch or provide answers for many of the most pressing problems as aspects, responsibilities for which and decisions on which reach into nearly all our existing governmental departments and agencies. The various Presidential and interagency committees established to effect some coordination in limited spheres are insufficient to properly meet the overall coordination required. What is needed is a flow of up-to-the-minute data, information, and analyses from all the agencies concerned with food to a centralized organization. This organization should be charged, on a continuing basis, to exercise judgment and reach decisions reflecting all input aspects and approaches and possess authority to effectuate coordination.

#### GOALS FOR A NATIONAL FOOD POLICY

This paper proposes a broader, more pragmatic, more consciously planned approach to developing and effectuating a national food policy. Such an approach involves weighing and balancing the varied, often conflicting, group interests and attitudes in terms of broadly conceived general welfare. It involves the international status, obligations, and policies of the United States. It involves and leans heavily on a greatly improved flow of data and information to enable human judgment to coordinate all these factors in ways which best meet our national interests and which are acceptable to the Congress and to the public as a whole.

A comprehensive and consciously coordinated national food policy should be framed in terms of a body of broad general objectives which would :

- (1) Provide adequate supply and reasonable price stability to consumers;
- (2) Assure fair returns to farmers;
- (3) Provide assured supply for a continuing high level of commercial exports;
- (4) Provide an available supply for feeding programs or disaster relief at home or abroad;
- (5) Enable the United States to fulfill its international commitments and attain its objectives in food matters;
- (6) Improve nutrition at home and abroad; and

(7) Develop improved information and evaluation systems to better achieve the above objectives, including effective informational flow back to the American people.

#### GUIDELINES FOR DEVELOPING A NATIONAL FOOD POLICY

A national food policy created to meet these objectives is not only possible and desirable, but essential. If the United States is to fully utilize its food supply capability in order to maximize not only the economic benefits but also the political and social benefits, we must come forward with an organized coordinated? planned national food policy. This can and must be coordinated with our free enterprise, market-oriented economy. This policy must help to guide that free market economy. It must set parameters so as to minimize economic disruption and hardships to all segments of our society.

A national food policy would involve an assessment of the total food requirement for a 10-year period. This would include domestic commercial demands, domestic food assistance programs, commercial exports, food aid exports, and contingency stockpiles.

In several of the above requirements, basic policy questions are evident, and congressional action would be needed. It is proposed that the Congress would ratify or approve the 10-year national food policy prior to its implementation.

Given these national food requirements, the executive branch would then determine the conditions and inputs to obtain the matching supplies. This would involve: (1) Price and income incentives; (2) basic and applied research in production, marketing, and nutrition; (3) adequate credit; (4) adequate transportation; (5) availability of production inputs, such as energy, labor, and chemicals; and (6) efficient processing and marketing systems.

The development of such a 10-year national food policy within the framework of a basically free and market-oriented society must involve many facets of our economy. It must include the inputs and best thinking of farmers, agribusinessmen and researchers, et cetera. But only government can provide the catalytic action, the leadership, and the coordination to bring the best points of view into a decisionmaking process. Congress and the executive branch must accept this responsibility.

The primary purpose of this paper is not to fully develop the concept and application of a national food policy. Hence, we have only outlined a skeletal approach to provide the necessary background for evaluation of the alternative government structures for carrying out such a food policy.

### III. ANALYSIS OF PRESENT INSTITUTIONS

#### PROLIFERATION OF DECISIONMAKING

Preceding sections of this paper give some insight into why, until recently, there has been little or no consideration given to developing, proclaiming, and explaining a well-enunciated national food policy and a coordinated approach to handling matters relating to food. United recent years, we have struggled with a very real supply control or

farm problem. Now we face what appears to be also a very real and long-term food problem. The rapid-fire events and changes in recent years, the need for more exacting data and analyses, and dire consequences of inaction now dictate a bold new approach.

With a very thin supply/demand margin, we can no longer leave the welfare of consumers and farmers to a widely fluctuating free market, especially when central governments can exert such strong market influences. The United States, in particular, and other producing and consuming countries have a vital stake in the rationalization of the food picture.

As each crisis emerged in recent years, a new short-range patchwork decisionmaking procedure was quickly inaugurated, generally at the White House level. The effect has been to give to others rather than the Secretary of Agriculture greater and greater responsibility for food policymaking. In addition, it has resulted in an almost unbelievable number of councils, boards, agencies, and committees—many overlapping and duplicating, but all designed to pull together the necessary information for high-level decisionmaking. Not only the White House has been responsible for this proliferation of decisionmaking and coordinating bodies. Several have been spawned by the Congress. This whole situation is reflected in the Washington cocktail joke that agriculture and food have become too important to be left to the Secretary of Agriculture.

#### TWENTY-SIX DECISIONMAKERS

It is extremely difficult, if not impossible, to indicate each and every organization, department, bureau, agency, council, board, and committee that has by law or executive order been given some significant responsibility for at least one aspect relating to food. Many involve the inputs to agriculture, some involve the production process itself. Others involve marketing, distribution, and quality control. A number affect the overall supply and utilization of food—particularly when consumers and voters are up in arms over food prices.

This paper will attempt to enumerate the major agencies, departments, or Government bodies that have some significant input in the total food equation.

(1) Department of Agriculture, with its 23 agencies, has the prime responsibility for many aspects of food, its production, and use.

(2) Department of Labor, through its Rural Manpower Service of the U.S. Employment Service, its Office of Manpower Development programs, its national migrant workers program, and its administrative responsibility for occupational safety and health, is deeply involved in a number of aspects relating to food.

(3) Department of State, with its Under Secretary for Economic Affairs, its Under Secretary for Political Affairs, its Assistant Secretary for International Organization Affairs, and, of course, its semi-independent Agency for International Development and its coordinator of the food for peace program, is likewise involved.

(4) Department of the Interior has inputs in the food area through its Bureau of Land Management which controls livestock production on Federal lands; its Bureau of Commercial Fisheries; its Bureau of Reclamation; and its Office of Land Use and Water Planning.

(5) Department of Commerce and its Domestic and International Business Administration works with businesses involved in the processing, handling, exporting of food products.

(6) Department of Army, Corps of Engineers with its jurisdiction over the Nation's water resources envelopment actually has tremendous effect on agriculture.

(i) Department of Health, Education, and Welfare plays an important role particularly through its Food and Drug Administration.

(8) Department of Transportation has at least seven entities directly involved in transportation matters which have major impact on the supply of productive inputs or the transportation of raw or processed agricultural commodities.

(9) Federal Energy Administration, with programs of allocation of energy supplies to agriculture, is deeply involved. Its decisions affect the ability of farmers to produce food and its proper handling and processing.

(10) Treasury Department plays an important role particularly under the current Government organization which brings the Secretary of Treasury into nearly all economic decisions.

(11) Farm Credit Administration, supplying nearly one-third of the capital needs of agriculture, is involved.

(12) Central Intelligence Agency, with its analyses of world production, has become a significant part of the decisionmaking process.

(13) Environmental Protection Agency, with its rulemaking authority in the agricultural field, can greatly increase the cost of food production as well as affect the ability of farmers to produce the quantities of food needed.

(14) Federal Trade Commission, with its responsibilities over legislation affecting competition, is involved in food policy.

(15) Federal Maritime Commission is concerned with the conditions of export of product~including food products.

(16) Federal Reserve, with at least six of its banks located in heavily productive agricultural areas and with its decisions so intricately interwoven with national economic policy, is a key factor in the food decisionmaking process.

(17) Commodity Futures Trading Commission, recently established to relate futures trading, has a significant role or effect.

(18) International Trade Commission, with its enforcement of import and export policies, affects food reduction and distribution.

(19) Office of Management and Budget plays a major role in determining food production and utilization through its influence on policy and expenditures.

(20) Domestic Council, charged with long-range planning and with making Presidential and legislative recommendations is involved.

(21) Council of Economic Advisers provides significant analyses and inputs into decisionmaking processes involving food.

(22) Council on Wage and Price Stabilization, particularly during its most active period of the early 1970's, had tremendous influence on agricultural policy.

(23) Office of Special Representative for Trade Negotiations is a key actor since agricultural trade is the largest single item involved in our balance of payments and, as a result, greatly affects how much farmers will be paid to produce food.

(24) National Security Council is involved in all major international political and economic affairs.

(25) Council on International Economic Policy was created by Presidential memorandum in January 1971 to improve the coordination of U.S. Government agencies in the field of foreign economic affairs. With food playing so important a role, the CIEP becomes part of the decisionmaking process.

(26) President's Economic Policy Board, established to advise the President concerning all aspects of national and international economic policy \* \* \* and serve as a focal point for economic policy decisionmaking, has an important effect on food availability.

Each of the above has some responsibility for decisionmaking in matters that affect food policy. In many instances, a decision by some of the above can have not only short-range but very important long-range effects. As an example of this, decisions in the field of energy have major impacts in the energy-intensive modern agricultural plant.

#### WHITE HOUSE INVOLVEMENT

Since so many Government organizations are involved in one way or another in food policy and food policy implementation, it is only natural that one must look to the White House, which is the area of reconciliation and coordination, for the many, many inputs into the decisionmaking process. The following chart outlines the Executive Office organization for food issues. In addition to the groups, boards, and committees outlined in this chart, the Domestic Council and the National Security Council are, as noted above, both involved in many matters related to food.

The complexity of the issue—the emerging importance of food—is well indicated in the timing of the creation of various of these overlapping groups, committees, and boards. On September 30, 1974 the president created the Economic Policy Board. On October 30 1974, the President established an executive committee of the Board, modifying his June 18, 1974, organization of the President's Committee on Food. That committee was charged with "reviewing governmental activities significantly affecting food costs and prices and provides coordination for the Nation's policies relating to domestic and international food supplies and relating to food costs and prices." The October 30 memo also classified the position of the Food Deputies Group. In addition to this and not shown on the attached chart is a "Monitoring Group" which will daily review agricultural export orders. The most significant export orders are to be submitted to the Deputies Group for decision.

Executive Office Organization for Food Issues

World Food Conference  
Follow-Up

PRESIDENT

P.L. 430

Economic Policy Board

\*Sec'y of Treasury - Chairman  
\*Asst. to President for Economic Affairs - Executive Director  
\*Sec'y of State  
\*Sec'y of Interior  
\*Sec'y of Agriculture  
\*Sec'y of Labor  
\*Sec'y of H&H  
\*Sec'y of Transportation  
\*Director, OMB  
\*Chairman, CEA  
\*Executive Director, CIEP  
Chairman, Bd. of Governors,  
Federal Reserve

International Food  
Review Group

Secretary of State - Chairman  
Secretary of Agri. - Vice Chair  
Secretary of Treasury  
Deputy Sec'y of State  
Director, OMB  
Chairman, CEA  
STR  
Executive Director, EPB  
Executive Director, CIEP

IFWG Working Group

State - Chairman  
USDA - Vice Chairman  
CIEP  
STR  
NSC  
OMB  
CEA  
Treasury  
AID  
Commerce

XB

Asst. Sec'y Representation from

OMB - Chairman  
NSC  
CIEP  
USDA  
State  
Treasury  
Commerce  
Defense

Interagency Staff Committee

USDA - Chairman  
State  
Treasury  
Commerce  
Defense  
AID  
OMB  
NSC  
CIEP

Food Denutics Group

CEA - Chairman  
Treasury  
State  
Commerce  
USDA  
Domestic Council  
OMB  
CIEP  
NSC  
CIA  
STR

\*Executive Committee Members

On November 10, 1974, the Secretary of State established, under Presidential direction, an international food review group shown in the upper left-hand corner "to coordinate the implementation of the U.S. decisions and initiatives stemming from the World Food Conference \* \* \* and make recommendations on further actions to be taken to implement the measures announced at the Conference." This follow-up group is also required to "(coordinate" with the executive committee of the Policy Board. With the six groups as indicated in the chart, plus the Monitoring Group plus the National Security Council, plus the basic responsibilities of the Secretary of Agriculture, it is quite clear that there is no coordinated decisionmaking process on matters related to agriculture. Given this organization, one is tempted to suggest that a new organization be established to coordinate the coordinating groups. It is clear that Government structures must be changed and that change be accomplished in the immediate future if the asset we have in the area of food is to be developed and maximized to the best interests of the United States and the world.

#### IV. ALTERNATIVE GOVERNMENT STRUCTURES

In light of the foregoing, it is apparent that our decisionmaking process with regard to food is highly unsatisfactory. With the growing worldwide demand for food, our entire process of food production, marketing, and distribution—both domestically and internationally—dictate the need for a more precise, better coordinated information-gathering structure and decisionmaking process. The tolerance of error is so small that the system of compartmentalized and independent decisionmaking on the part of the several Government bodies is no longer viable.

This paper presents three alternatives to this problem. Each is designed to focus into a single decisionmaking forum all of the inputs, information, intelligence, provisions, and policy choices—whether relating to political, economic, or social factors. The three alternatives represent a progression from simple to complex, from minimum change to major restructuring, from mere coordination to monolithic policymaking and implementation, from minimum Presidential action to full congressional consideration.

##### ALTERNATIVE NUMBER ONE—A NATIONAL FOOD COUNCIL, HEADED BY A SPECIAL PRESIDENTIAL ASSISTANT FOR FOOD

Under this alternative, a special assistant—or counselor—for food would be designated by the President. A food council involving the Cabinet officers from appropriate departments would be established by the President. No new legislative authority is necessary. Presidential authority clearly exists to reorganize White House staff functions.

A special assistant to the President for food would have the responsibility to formulate recommendations for a general, long-range national food policy. He would have the power to convene the food council and to coordinate inputs from various departments and agencies pertinent to the problem at hand, to request studies, analyses, et cetera, from any department or agency of Government. He would serve as a catalyst, coordinator, and convener. He would structure the agenda and cause the council to focus on issues at hand, whether long-



ran a policy or short-range urgent decisions. Actions or considerations of the national food council would be relayed to the President, who would direct appropriate Cabinet officials accordingly. In short, the special assistant for food would gather facts, analyses, viewpoints, and form these into recommendations for the President. Individual Cabinet officers would have the clear opportunity to present differing recommendations directly to the President.

The council, under the chairmanship of the special assistant for food, would be empowered to deal with any matter relating to the total food picture. This could include matters relating to basic research in production, use, or distribution of food, the availability of inputs required in basic production policy, recommendations as to domestic or international policies relating to the production incentives or deterrents, consumption patterns, etcetera.

Operating through and with the council, the special assistant for food would coordinate food aid programs, allocation or embargo programs in commercial sales, recommend new legislation and coordinate varying legislative and policy positions. Operating independently or through the council, he would have the authority to use public advisory committees. He would, when appropriate, brief members of Congress—Committee leaders, et cetera—but would not normally appear directly before congressional committees. The appropriate Cabinet officer would carry out this function. Neither the council nor the special assistant would have final decisionmaking authority and all implementation would be accomplished through the independent agency or department. While the President would decide the membership of the food council, it is likely that he would at least designate the Secretaries of Agriculture (perhaps as vice chairman), State, Commerce, and Transportation. The Council of Economic Advisers, Office of Management and Budget, AID, National Security Council, and Central Intelligence Agency and Domestic Council might also be represented.

The special assistant for food would have a small core staff, probably no more than 10. In addition, there might be a second echelon working level group from the member departments or agencies designated to flush out problems, pending issues, etcetera, for consideration by the food council. It is anticipated that the council would meet at least monthly with the second echelon group meeting more frequently.

The "coordinating concept" here envisioned has been used on previous occasions. As the energy issue developed: President Nixon designated a special assistance for energy policy, with a similar coordinating, convening, and catalytic role. The existing White House organization is not as clearly structured for obtaining inputs from all concerned Government officials and departments.

#### ALTERNATIVE NUMBER TWO--NATIONAL, FOOD AGENCY, HEADED BY A CABINET-LEVEL FOOD ADMINISTRATOR

This agency would have policymaking authority in any matter relating to food. The administrator would have overriding authority, subject only to the President or the Congress, on policy matters relating to food. Implementation of decisions would remain with the various departments as appropriate. Under existing authority, the President could create this new agency, but legislative concurrence, authority, and the necessary appropriations would be congressional actions.

It is envisioned that this organization would involve up to 100 technical experts in each and all facets relating to food from research to intelligence and assessment of food requirements of peoples throughout the world. The administrator would have full authority to call on various agencies and departments of Government for analyses, studies, et cetera. He would report directly to the President.

A Cabinet-level food committee or board would be established involving those agencies that have direct and significant inputs as relate to food. Clearly, the Departments of Agriculture, State, Commerce, and Transportation would be involved. but additionally AID, the Council of Economic Advisers, National Security Council, Central Intelligence Agency, and Office of Management and Budget would probably be included.

This Cabinet-level food committee would assist the Administrator in developing national food policy. It should meet at least monthly, with second echelon Under Secretaries, Assistant Secretaries, or Administrator's representatives meeting more frequently. Staff representatives from the NFA would work closely with their technical and designated policy counterparts in each of the agencies. The NFA staff would likewise have responsibility for followup to assure that policy decisions of the Administrator are being carried out by the appropriate departments. Individual Cabinet officers would have the opportunity to review and appeal NFA decisions to the President.

The Administrator of NFA would have the authority to use public advisory committees, but would most likely work through the individual departments in developing national food policies. The agency would be responsible for establishing all policies relating to food, coordinating their implementation through Presidential directives to existing agencies. The Administrator would brief and report to the appropriate congressional committees and would present official administration testimony in the area of national food policy.

#### ALTERNATIVE NUMBER THREE-- NEW DEPARTMENT OF FOOD

The increasing importance of food suggests the advisability of considering a basic reorganization of the governmental structure. Such a new food department would gather together the responsibility and authority for a variety of functions now scattered in several departments, agencies commissions, boards, and committees that have a direct bearing on our total food supply, its price, its quality, and its availability for domestic consumption, including food assistance, and commercial and food aid exports.

From within the existing USDA structure, the new agency would assume the functions now performed by the Agricultural Stabilization and Conservation Service, Foreign Agricultural Service, Commodity Credit Corporation, Agricultural Research Service Packers and Stockyard Administration?, Agricultural Marketing Service, Animal and Plant Health Inspection Service, Food and Nutrition Service, Federal Crop Insurance Administration, and Farmer Cooperative Service. Portions of other agencies such as Economic Research Service, Extension Service, Statistical Reporting Service, and Farmers Home Administration would be included as would some other minor functions from other agencies. The remaining functions currently in USDA involving the Forest Service, rural development, rural elec-

trification, conservation, et cetera, would be involved in a separate reorganization plan.

At least the following functions from other departments would be included in this new Department of Food: The Department of Labor—those that deal with farm labor; the Food and Drug Administration—those dealing with the health, safety, and wholesomeness of food; the Department of State—those primarily responsible for international negotiations involving food; AID—those that involve food aid; the Department of the Interior—those in the Bureau of Land Management relating to the use of Government-owned lands for grazing; and the Department of Commerce—those relating to food processing and marketing.

There would be cases where a particular function logically fall in either of two or three departments of Government. In these cases, should the decision be to not include the function in the Department of Food, then appropriate and close liaison procedures would have to be worked out so that the Secretary of Food would have full input into the decisionmaking process affecting food production, distribution, and utilization.

Two examples where the advantages and disadvantages are approximately equal involve energy and transportation. Few other industries are so dependent upon energy in the entire chain of production and utilization than is agriculture. Natural gas is, of course, a basic ingredient in nitrogen fertilizer production. Supplies must be made available *on a* timely basis for efficient production. Likewise, perishable commodities must be moved promptly when ripe and read for harvest. Sufficient supplies of appropriate fuels must be available for planting, and harvesting, and process\*. Likewise, in the case of transportation, farm to market roads, effective rail systems, barge transportation, are all part of the process of moving commodities to the farm, to the processor, to the market, and to the consumer, at home and abroad. The Secretary of Food must have an input in these areas, whether through his own organization or through a very carefully designed liaison procedure.

In other cases where national economic policy is involved that could affect food production, a new Secretary of Food would, of course, sit on Cabinet-level committees. The implications affecting food could be raised and considered through that approach.

This third alternative involves basic reorganization of the executive branch. It would require Congressional action. Its total bud would be somewhat larger than the Department of Agriculture budget now, but considering that costs for other departments would be reduced and greater efficiencies would likely result, the total cost to taxpayers should be reduced. obviously, the Secretary of Food would present legislative proposals to Congress, make reports, and testify on food policy. He would have the benefit of public advisory committees. He would report directly to the President and would be part of the President's top decisionmaking team. In this way, the necessary information and inputs concerning agriculture would be included in final decisions made by the President.

#### RELATIVE ADVANTAGES AND DISADVANTAGES OF ALTERNATIVES

While each of the three alternatives has certain advantages and disadvantages relative to the other two, it should be noted that any

of the three three would be preferable to the existing conglomeration of boards, commissions, councils, and departments. Even the first alternative, while somewhat similar to the existing system, offers a much more clearly structured and delineated method of coordination.

From a management standpoint, the assignment of total responsibility relating to food, inherent in alternative No. 3, is preferred. The public, the Congress, the President would all know who is responsible for matters relating to food either in the policy or implementation area. The straight and clear-cut lines of responsibility are a distinct advantage. Decisions are likely to come quicker, since the tools of research and analysis will be readily available. Duplication of effort in various departments, bureaus, and agencies should be minimized, if not eliminated.

On the other hand, the extensive governmental reorganization process that is embodied in alternative No. 3 could offer serious obstacles. These are likely to occur first within the administration where there probably would be great reluctance on the part of an Cabinet and agency head to give up his independent role. Also with the executive, this reorganization would create considerable disruption. Morale could suffer while changes are being made until individual employees understand their roles in the new organization. In addition, the legislative reorganization would not just involve the executive branch but would require approval by Congress. Here, built-in special interest public groups could and likely would create considerable opposition. At best, a great deal of time would be lost in an area where immediate action is necessary. At worst, opposition might result in nothing being done.

Comparing the ease of implementation, alternative No. 1 stands highest. A Presidential order can be issued within a matter of weeks setting up a Special Assistant for Food and a National Food Council, and a degree of coordination so desperately needed could begin almost immediately.

However, the Food Coordinator or Special Assistant for Food would not have final decisionmaking responsibility. He could only recommend. Hence, from an efficient management standpoint, considerable time and effort would be lost while the President, or others at the White House, considered the validity and desirability of a particular set of recommendations. Likewise, several Cabinet officers or agency heads could be appealing to the President with different viewpoints. It would be difficult to hold responsible the Special Counselor for Food without the authority to carry out the job. Since the Coordinator would be limited to consideration of top policy matters, and since the extent of coordination is limited to top officials of appropriate departments and agencies, many worthwhile ideas and effective evaluations from middle-level Government management could be lost.

Alternative No. 2, a Cabinet-level Food Administrator, with clear-cut authority for decisionmaking at the policy level, ameliorates some of the disadvantages in either No. 1 or No. 3 but unfortunately also loses some of the efficiency and effectiveness of No. 3. In terms of timeliness, alternative No. 2 could begin almost immediately by Presidential order, although governmental legal advice indicates that congressional ratification would be desirable, if not essential.

The decisionmaking authority in alternative No. 2 is clearly more desirable than what can be envisioned under No. 1 and perhaps has

an advantage over No. 3. The reason for this is that, in alternative No. 2, the decisionmaking officials would be relieved of operating and implementation responsibility. While there are pluses and minuses, this alternative does permit the top policymakers to devote full time to those decisions requiring their attention.

If Congress is to perform its full role in policymaking, alternatives No. 2 or No. 3 are preferable to No. 1. Under alternative No. 1, the Special Assistant for Food is a member of the President's staff. In alternative No. 2 or No. 3, the Food Administrator or Secretary would have independent status and must look to the Congress for appropriations and oversight.

Considering governmental cost or burden on the taxpayer, we find no significant difference among the three alternatives. But any of the alternatives would be preferable to the existing structures when measured on a cost-effectiveness basis.

As the preceding sections made clear, there are advantages and disadvantages to each alternative. Beyond these, the final choice would be heavily influenced by a variety of circumstances existing at the time of decision. For example, if a President desired a major government reorganization and felt the congressional and public mood was supportive, he would probably lean towards alternative No. 3. If, on the other hand, he felt that the fight involving reorganization would be so lengthy and disruptive as to delay complete coordination, he could turn to alternative No. 2. If the Chief Executive felt that there would be insurmountable difficulties in obtaining congressional concurrence with his changes, whether they be No. 2 or No. 3, and recognized the need to bring about more effective coordination and efficiency immediately, he would begin with alternative No. 1.

Likewise with Congress—the circumstances and conditions would determine their action. It would be most difficult to force a President into alternative No. 1 through legislative action. On the other hand, Congress could create an independent agency headed by a Cabinet-level official as in No. 2 and could reorganize existing governmental structure as in No. 3. It would be hoped this would be a joint decision by the executive and legislative branches with the best inputs from the private sector, from academia, and from within the career Government and the congressional employee ranks. In this manner, the best choice could be made based not only on short-range but long-range consideration.

Thank you, Mr. Brown.

[The following questions were submitted by Senator Humphrey to Mr. Jaenke and his answers thereto:]

**Question 1.** Do you anticipate that in the future, Government Administrators will have to deal with both problems of excess supplies and threatened shortages?

**Answer 1.** We indeed anticipate that in the future Government administrators will have to deal with problems of excess supplies and also of threatened shortages. There appears to be, rather *uniform* agreement that population will continue to outrun production in the LDC countries during the *next* ten years and that there will continue to be a significant world-wide expansion in livestock and livestock feeding. It is anticipated that the U.S. will increase its production more rapidly than its consumption and become more dependent on exports. The whole world's climatic and economic variations can be expected to impinge more and more greatly on the U.S. as the world's major food grains and feed grains supplier.

**Question 2.** In your opinion is the legislative authority for dealing with threatened shortages, or occasional surpluses, adequate for supplementing our free market system?

**Answer 2.** In our opinion, the current legislative authority is inadequate for dealing either with surpluses or with threatened shortages.

The Agriculture and Consumer Protection Act of 1973 established target prices for corn of \$1.38 and for wheat of \$2.05 for the 1974 and 1975 crops and limited increases in the target prices for the 1976 crops to the cost increases in calendar year 1975 and for 1977 crops to the cost increases in calendar year 1976. The period of the greatest increase in cost of production occurred in the latter part of calendar 1978 and in calendar 1974. The target prices for the 1976 crops will soon be determined. These are certain to be unrealistically low and will provide little or no protection against a surplus.

There is no specific legislative protection for threatened shortages. The 1973 Act established a reserve to be acquired under the price support program. But supports are so unrealistically low-with none for soybeans--that this provision is ineffective. President Nixon applied export embargoes in the 1973 protein shortage situation as "national emergency" measures, and there have been subsequent export embargoes imposed on shipments to Russia and Poland by President Ford. Not only has legislative authority for these actions been debatable, but they have proved in many ways counter-productive both to our long-term export interests and to important farmer interests within the country.

**Question 3.** If it is not adequate, what additional legislative authorities or restrictions on government officials are needed?

**Question 4.** I understand that most of your clients are farm cooperatives and farm producer groups who are opposed to the establishment of a grain reserve program as proposed by the other members of the panel. Do you believe that a grain reserve program could be developed and administered in a manner which would benefit producers as well as consumers and traders?

**Answer 3 and 4.** The Agriculture and Consumer Protection Act of 1973 needs to be revised to provide protection to both farmers and consumers. Such legislation should include meaningful target and loan supports for wheat, feed grains and cotton and also for soybeans. The appropriate legislation for a reserve program for food grains, feed grains and soybeans that can benefit producers, consumers (including livestock farmers), and traders needs the most careful consideration and the input of all these groups. It must also take into consideration our country's international obligations and relationships. We believe that such legislation can be framed and that such a program can be developed and administered with general support from all groups, including producers.

**Question 5.** If you believe a reserve program could be administered in a manner to benefit producers, what are the key guidelines needed to assure that producers would benefit from a national or international grain reserve program?

**Answer 5.** You ask for the key guidelines needed to assure that producers would benefit from a national or international grain reserve program.

As we view it, a suitable grain reserve program should be interrelated with a suitable support program to the long run mutual benefit of grain producers, livestock farmers and consumers. While each group has its special short-term divergent interests over price there is an underlying basic mutual long-term economic interest. No one, except a few speculators, benefits from a roller-coaster boom and bust pattern of commodity prices.

A rise in meat prices so substantial as to give rise to a consumer boycott hurts the livestock industry and then the grain farmer. A rise in feed grain prices that bankrupts livestock farmers is tragic for that group and subsequently hurts consumers and grain producers. These very developments have occurred in the last three years.

On the other hand, the drastic fall in grain and soybean prices in the fall of 1974 and spring of 1975 was only arrested by the drought in the USSR and Western Europe and in the Western U.S. corn belt. Had rains occurred in these areas, grain prices, lacking meaningful support, and soybean prices, lacking any support, would probably now be well below cost. Quite obviously, grain and soybean farmers cannot be expected to continue to produce for consumers and livestock producers at below cost. This was recognized in the broad support accorded the Farm Bill passed by the Congress last spring but vetoed by President Ford.

Factors other than meaningful supports needed to assure producers are:

A. Government purchase at the "meaningful" target price up to the desired reserve quantity.

B. A sufficiently wide margin between the acquisition (i.e., target.) price and the minimum sale price.

C. Arrangements to store on the farm or through farmer cooperatives if facilities are available and producers so desire.

D. A loan program at not less than a certain percent of target with resale privilege and with conversion privilege for purchase at the target price" whenever the reserve is less than the desired quantity.

E. Clear understanding *on* either eliminating or greatly reducing (Russia) export embargoes when reserves at protective levels are available.

**Question 6.** Your suggested alternative Government structure No. 2 appears to have advantages over the other two alternatives. What are the major advantages of this alternative Government structure over the existing situation in Government ?

**Answer 6.** Not everybody agrees with your conclusion that Alternative No. 2 is more advantageous than the other two alternatives. We ourselves however, do tend to agree with you in that No. 2 would more effectively coordinate the varied and conflicting interests and approaches than would Alternative No. 1 and could more feasibly and quickly be established and become operative than No. 3.

The advantages of Alternative No. 2 over the existing situation are:

A. Emphasis on the flow of information and data so that all aspects of food problems and all the interests, both domestic and foreign, can be weighed and taken into consideration.

B. Coordination of the decision-making process which is now pulled in many different directions.

C. Improvement in decisions in that information on all aspects would be available to be considered and weighed in each decision made.

D. Improved coordination of the operating programs of the many agencies dealing with national and international food problems.

E. Improved and broader information flow on all aspects back to U.S. producers, processors, traders, and consumers and to foreign peoples.

**Question 7.** How would the responsibilities of the Secretary of Agriculture be changed by your proposed alternative No. 2?

**Answer 7.** The responsibilities of the Secretary of Agriculture would change very little under Alternative No. 2 from the present. He would, however, regain the active role in the decision-making concerning food that he has recently lost to officials from various other department and agencies.

**Question 8.** What in your opinion, are the major deficiencies in our current food information systems?

**Answer 8.** The major deficiencies in our current food information system involve:

A. The need for more complete and more up-to-date world information and analysis thereof on production, trade consumption and stocks.

B. The need for improved techniques of relating weather information to production potentials.

C. The need for improved information on domestic consumption and on stocks in the United States Stocks in presently unreported positions vary greatly with price swings.

D. Better coordination of the data now available, both within the Department of Agriculture, i.e., ASCS, FAS, SRS and ERS, and of Agriculture with Census.

E. Improvement in the present export sales reporting system furnishing breakdowns by quarters if not by months and improvement in the breakdown by type of contracts.

F. Improved analysis and forecasting through a better coordination of theoretical model development with practical knowledge of the industry and with the insight to spot changes.

**Question 9.** Do you favor an integration of the Census of Agriculture and the activities of the Statistical Reporting Service?

**Answer 9.** Yes. Now that the Census is using the sampling technique rather than attempting to cover the universe of the data, we think the SRS could do a better job. The SRS has developed better cross-check devices.

**Question 10.** What is the relationship between the Secretary of Agriculture and the Food Administrator?

**Answer 10.** We visualize a relationship between the Secretary of Agriculture and the Food Administrator somewhat similar to that which existed between the War Food Administrator and the Secretary in World War II. The Food Administrator would prepare and recommend food policy supported by all available data from all sources to the committee on which the Secretary of Agriculture, the Sec-