

8. Support of continued investigation of Remote Sensing such as the LACIE Program, so that when Remote Sensing is an operational tool, the USDA will be able to utilize the system both on the domestic and foreign scene.

9. A World Crop Reporting Board be set up within the USDA that would review all sources of country production information (attache reports, foreign released statistics, weather-yield analysis, check data, etc.) from all departments of government on a timely basis. This Board would set a forecast or estimate that would be acknowledged within government (USDA, State Department, etc.) as the best number. Thus, we would eliminate duplicate numbers floating within government. This would eventually lead to more credibility for the private user.

Chairman HUMPHREY. You may proceed, Mr. Sjerven.

STATEMENT OF MELVIN S. SJERVEN, SENIOR EDITOR, MARKETS,
MILLING & BANKING NEWS, KANSAS CITY, MO.

Mr. SJERVEN. I am Melvin Sjerven. I don't suppose there is a publication outside of Government, outside the Government Printing Office, that uses more of the crop reports and the information of the Department of Agriculture than we do, and I want to say that some of the misgivings that we have about information, as mentioned in my statement are being corrected, and I think the people in the Department should be commended for what they are doing to correct errors.

And the other thin that hasn't been mentioned is the openness. If there's information that they can tell us, we can talk to the people in the department, and discuss with them how they arrive at a certain evaluation.

I certainly agree with both of these witnesses, and what they have to say about the information services. From our point of view I did want to touch on domestic utilization a little bit, and I did that at some length *in* referring to the study which I won't even go into, but it's an example, I think, of the important informational service on the domestic side. I think it's easy for us to get all tied up in looking at export projections and carryover projections and not to pay any attention to nutrition and the domestic side of business.

The study itself, entitled the Schnake-Leath Study, recognizes one limitation, and there is another study of the household food consumption survey which incredibly comes out every 10 years, and it ranks with the Bureau of census and Manufacturing as being an untimely report, and hopefully something will be done about that on the domestic side, or at least that these kinds of studies will be done in some particular place other than the household consumption survey.

But certainly once every 10 years is not enough to publish that kind of domestic utilization information. About the number of reports--if there was in 1972 a scarcity of information about what was going on, we may have a surplus of information now, and maybe the effort is to eliminate all surprise., and if that's the case, we question whether that in itself is a desirable goal, unless uncommon confidence prevails in the accuracy of those projections.

While we would commend FAS and ERS for their data, there is one report that causes a lot of problems--one conflict of reports, and that is the conflict between the exports as reported by the Foreign Agricultural Service in their Weekly U.S. Export Sales, and actual inspection as reported by Agricultural Marketing Service. There was

a 53 million bushel discrepancy at the end of the crop year. Well, anyone who is using one or the other of those reports, you could see what it would do to your carryover.

I notice this year's total, the first 2 months of the crop reporting that those two figures are very close together. Now, maybe somebody has already corrected that, I'm not sure.

Chairman HUMPHREY. Yes; that is something we should check into.

Mr. SJERVEN. The things that I have in my statement are exclusive of flour.

Chairman HUMPHREY. Yes.

Mr. SJERVEN. Flour is even worse, but it's a smaller amount. Flour is even worse though. Flour is 40 million bushels exported, and I think the export sales show them much higher than that.

So that becomes difficult. And in defense of FAS, I guess I can say that they always put a cautionary statement on there saying that it's a mistake to add these things together and come up with that, but then they proceed to do it themselves in the report. And we do that.

Getting back to what Mr. Harkness said, too, if you have conflicting numbers floating around, both numbers have the imprimatur of the Department of Agriculture and any newspaper, any publication like our own that picks it up and uses it, we explain it, but I'm not sure really how many people read the explanation. They look at the tables, and this is a figure that has imprimatur of the Department of Agriculture and that's what they accept it as. And that much of a gap is too much.

We certainly hold a high regard for the integrity of the Statistical Reporting Service, and nothing was detracted from the intense interest in the reports, but I do have one interesting and almost amusing little objection from our friends in our part of the country, Mr. Humphrey.

Arizona is probably going to replace Montana as the second largest producer of durum in 1976, and it isn't even listed as a durum-producing State in the crop report.

Chairman HUMPHREY. I would like to include this in the questions we'll be sending to the Department officials, and tell them I am doing this on behalf of Barry Goldwater.

Mr. SJERVEN. There is enough acreage contracted in Arizona this past year so that it was very close to Minnesota in durum, but it's probably going to replace--and it's fall-seeded durum.

Chairman HUMPHREY. Yes.

Mr. SJERVEN. And our macaroni manufacturers wouldn't like it very well, but the Italians would like it and the exporters are selling it.

Here's another problem; you see durum is a small crop, and here is durum that is not produced according to the production report, but it is exported according to export reports.

Chairman HUMPHREY. Very interesting analysis. This is the kind of thing that we should bring to the attention of the Department.

Mr. SJERVEN. The Census of Manufactures, as was discussed, is untimely. It is a fine benchmark report, I can't say enough for it, but it just is untimely when you get it.

This is not in my statement. It has come up since I issued the statement, and is a matter of concern to me in the area of information, and that is the manner in which the ban on exports was extended to Poland

without the knowledge of the Department of Agriculture. What in the world does it do to our understanding of the flow of information if we have a projection of what exports are going to be in another department of the Government, and it can intervene or does intervene and say that this is the way it's going to be. The same thing applies, to some extent, to the negotiations of long-term agreements. If that is a State Department function without coordination or equal status for the Department of Agriculture, we worry about what it does to the flow of agricultural information.

Chairman HUMPHREY. Also, I think it poses the problem in reference to what we call regular customers. If we have a decline in production, and we have an agreement on the fulfillment of certain levels of a crop, or of exports, what do we do? Is this amount taken out of the domestic market at the expense of the American consumer? Or are the amounts sold to regular customers like Brazil, Japan, and the United Kingdom reduced?

Mr. SJERVEN. Well, Senator, I guess the first thing you do in negotiations is negotiate an escape clause in it. In 1974-75 we couldn't have exercised the 10-million-ton minimum agreement with the Soviet Union.

Chairman HUMPHREY. That's right.

Mr. SJERVEN. Look what we've done to the carryover of wheat and corn, and if we had a 10-million-ton agreement with the Soviet Union in 1974-75 we would have had to use an escape clause, and I assume if we have that kind of an escape clause, they would want an escape clause for when their crop is too big.

In other words, the only time this kind of agreement really works is when you don't have to use it.

But it does affect information. because, as you say, if we have that agreement, then what about those other customers, those other traditional customers, what about the American consumers.

And it affects our total information system. And one other point quickly and that is Dr. Paarlberg also gave a very important speech, I thought, last week in which he indicated that the agricultural establishment has lost the ball in establishing farm policy, and the agricultural establishment he described as the Department of Agriculture, the congressional committees on agriculture and that the new agenda on agriculture has as its No. 1 item, food prices, and specifically how to hold them down.

Now, if that be true, what effect does that have on what projections really mean. because in my mind that means that somebody back here is going to be sitting there with a price limit in mind" to the farmer, and when it reaches that level we have to do something about it.

Chairman HUMPHREY. Well, if that's going to be the policy, at least it should be debated and decided upon. If we're going to have a maximum on price, as well as a minimum on price, and a maximum on production as well as a minimum, these are things that should be decided on as policy issues by the Congress of the United States in consultation with the appropriate departments of Government.

Mr. SJERVEN, Thank you, Senator.

[The prepared statement of Mr. Sjerven follows:]

STATEMENT OF MELVIN S. SJERVEN, SENIOR EDITOR MARKETS, MILLING & BAKING
NEWS, KANSAS CITY, MO.

My name is Melvin S. Sjerven. I am senior editor for markets of Milling & Baking News, a weekly trade magazine for managers in grain, milling and baking industries.

In addressing the question of what improvements in the Foreign Agricultural Service and the Economic Research Service have been made since 1972-1973, and what further improvements are feasible, we would want to state at the outset that we have been very much impressed with improvements over that span of time, and that commendation is accompanied by strong urging of further improvements. A case in point claimed much attention in our publication in recent weeks and I would like to discuss it in some detail as one example of the kind of improvement we have noted.

Rarely are editorials in Milling & Baking News continued beyond a single page and in nearly all issues two editorials make up that page. But, scheduled for publication in our issue of Oct. 7 is an editorial entitled "A Landmark Study." That this editorial will fill the page plus half of another gives some indication of the significance we attach to the study. May I read the introductory paragraphs of that editorial?

"Consumption analyses recently issued by the Economic Research Service of the U.S. Department of Agriculture fill a void in data about flour and baked foods usage that rank publication of the information as an important turning point in breadstuffs knowledge. Published in detail in the August 26 and September 2 issues of this journal, the study provides facts about past and current flour consumption trends of a type and of a value never before available. Of even greater importance than the information about the past and present are the clues that the study presents on future flour consumption trends. When combined with the information 'mined' from the 1972 Census of Manufactures for flour milling and baking, which have been extensively reviewed in a number of earlier issues, it would appear that breadstuffs marketing managers have more reliable and more productive statistical tools available to them currently than ever before.

"On this score alone, the industry owes a great debt of gratitude to the study's authors, both young holders of doctorate degrees in agricultural economics. Dr. L. D. Schnake is stationed at the Grain Marketing Research Center at Manhattan, Kansas, the federally-funded facility charged with studying all aspects of grain and products markets. Dr. Mack N. Leath is with the Prairie Village, Kansas, office of the Agricultural Stabilization and Conservation Service, where he is project leader for systems analysis in the Grains Program, Area. Many people probably need to be thanked on behalf of the industry for encouraging this pioneering work. Right at the top are Dr. Quentin M. West, administrator of Economic Research Service, and Secretary of Agriculture Earl L. Butz. Gratitude for the study is accompanied by voicing of the hope that the work will be funded for continuation."

Obviously, the Schnake-Leath study struck a responsive chord in the editorial offices of our publication, which we reflected in the amount of coverage we gave to it. The innovative efforts involved, in our opinion, go right to the point of these hearings *into* the timeliness and accuracy of current information on agriculture. This study recognizes the limited usefulness of the Household Food Consumption Survey, which has been the major source of information on wheat products consumption, but which is published only once every 10 years. Our excitement over this study also reflects *the* importance to domestic users of grain and to the growers of the data provided by the various branches of the Department of Agriculture.

Also in the domestic utilization area, we see the need for more attention to wheat feeding in particular and animal feeding in general, instead of treating such usage as residual.

In milling and baking, there is considerable discomfort over whether we have a problem of iron deficiency anemia in this country, or whether that situation

has been politicized. We suggest that the measurement of nutritional well-being ought to be assigned to someone.

Turning to the issuance of projections, estimates and reports generally, in our opinion it can be said that if there was a scarcity of information in 1972 there is almost a surfeit of information in 1975. Once issued, forecasts tend to become subjective and, with an increased number of forecasts, sometimes it appears that the forecasts themselves have a multiplier effect on any problems involved. We sometimes wonder if the issuers of a proliferation of projections at times are not under pressure to eliminate all surprises. We question whether that in itself is a desirable goal unless uncommon confidence prevails in the accuracy of the projections.

With a few notable exceptions, we find the current informational reports of the Department of Agriculture to be timely and accurate.

We do have a few significant problems.

One of the more troublesome is the conflict between wheat export inspection data as provided by Agricultural Marketing Service and accumulated exports as reported by Foreign Agricultural Service in its weekly issuance of "U.S. Export Sales." Export inspections data as published in "Grain Market News" showed July 1974-June 1975 wheat exports, exclusive of flour, at 993,236,000 bus. The total shown in "U.S. Export Sales" was 1,045,900,0(M) bus., also exclusive of flour. That disparity of 53 million bushels is enough to throw out of kilter evaluations of data using one or another of the reports. Careful reading of the report reveals that Grain Market News figures are inspections as reported by A.M.S. and that U.S. Export Sales figures are reports by exporters to F.A.S. Nevertheless, both are published with the imprimatur of the Department of Agriculture. We have noted that thus far in the new crop season the two figures are closer together.

The seriousness of the kind of problem I have just described is that the conflict in information, even though it can be explained as coming from different sources, has a deleterious effect on the credibility of other information issued by U. U.S.D.A. We think a need exists to coordinate information derived by the various agencies before releases are made.

We hold in high regard the integrity of the publications of Statistical Reporting Service. Nothing has detracted from the intense interest concentrated on its monthly estimates of crop production. Those estimates are based on the condition of crops at the time of the S.R.S. survey, "and assuming normal weather will prevail for the balance of the crop growing season." Recent years have shown that the assumption of normal weather is often misleading and perhaps weather technology will provide an alternative.

Crop production data also do not reflect the expanded durum crop of Arizona. Based on reports of contracted acreage, it appears that Arizona could emerge in 1976 as third or even second largest producer of durum after North Dakota.

We find very valuable the situation and outlook reports of Economic Research Service. We would encourage expansion of studies dealing with domestic wheat utilization by class and, again, treating livestock feeding in greater detail.

Census of Manufactures reports as issued by the Bureau of Census provide valuable benchmark information, but they would be much more valuable if issuance were more timely.

We are aware of advanced technologies, such as remote sensing and analysis of weather data and urge more research and applications, but thus far we have seen few timely reports emanating from utilization of the technologies.

We find the World Grain Situation publication of Foreign Agricultural Service of great interest and of improving value. Sometimes its evaluations differ significantly with the international Wheat Council, but we find the data of special interest. Tracing the deterioration of the U.S.S.R. grain crops claimed special attention this season. Question arose from time to time whether F.A.S. lowered the Soviet estimate as much as its information indicated because of concern over the credibility of a report sharply lower. But certainly it must be said that information on Soviet grain production and grain production around the world—was made available much more quickly than in any previous year and for this the Department should be commended.

"Certainly advances in information technology should be pursued and utilized to a maximum in view of the tightening of the world food situation in recent years. We feel that government agency responsibilities should shift from providing a proliferation of projections and estimates to a coordination of information with special emphasis on consumer needs. In the process, some shifting of respon-