

REMARKS OF SENATOR HUBERT H. HUMPHREY

GROCERY MANUFACTURERS OF AMERICA

PUBLIC POLICY FORUM

Washington, D. C.

June 9, 1976

Events of recent years have pointed up the need for a comprehensive food policy.

And yet this administration, by design or default, has served to drive producers and consumers apart -- in spite of their many common interests.

Since the sale of 19 million tons of grain and soybeans to the Soviet Union in 1972, our food stocks have become depleted, and prices paid to farmers have fluctuated wildly. Net farm incomes fell by 25 percent from 1973 to 1975.

At the same time, world food supplies have been allowed to dwindle from a supply of several months to less than one month.

But our consumers usually see little if any change in their food costs when farm prices drop. In 1975, as wheat prices dropped over a dollar per bushel, bread prices went up by ten percent.

The farmer, in the midst of this new turbulent price and supply situation, has faced one constant fact -- his production costs have been steadily increasing. They were up 21 percent in 1973, 18 percent in 1974 and around 5 percent in 1975. In many cases, this has meant more than a doubling of land and machinery costs, along with sharp increases in labor, fuel and taxes.

Meanwhile, farm indebtedness has increased from \$52.5 billion in 1971 to over \$90 billion today.

Despite these danger signals and turbulent conditions, the administration in 1975 refused to accept the emergency one year farm bill to provide farmers more realistic support prices.

Consumers were told that the price of such legislation was prohibitive -- the cost would run to billions of dollars -- when, in fact, the Senate Agriculture Committee estimated that the cost might run only up to \$200 million.

In passing that legislation, Congress was concerned with what would happen to farm prices in the case of a build-up of U.S. grain stocks. Soviet purchases, as a result of their disastrous harvest last year of only 140 million tons, served to prevent excessive U.S. stock build-up but only temporarily.

Barring new weather disasters, our American farmers today face the build-up of grain stocks and a further deterioration in prices. For example, wheat stocks are likely to increase from 525 to 725 million bushels during the 1976-1977 crop year.

However, for this crop year, price support loan levels on wheat and feed grains are less than 40 percent of parity. And target prices are well below the production costs.

But consumers should not view this situation with enthusiasm. Falling prices will hurt farmers and perhaps slow wholesale price inflation, but this will not mean lower consumer food prices.

Contrary to Secretary Butz's earlier support of increased production to blunt inflation, I believe that farmers need to obtain a fair return if we expect to have abundant food supplies.

Consumers have not benefited from the uncertainty regarding food prices and supplies. Food prices increased by 28 percent over the past three years, and the American housewife has been thrown into competition with the world's giant trading companies.

Consumers and producers have been given the full taste of the Butz boom and bust farm policy, and it has been bitter.

The Nixon administration made a great fuss over freeing the farmer and moving away from farm stabilization programs which, the argument ran, cost too much. It's true, the farm programs did cost some money -- about \$40 billion from 1933 to 1972.

But little mention is made of the fact that the food bill for our consumers has increased by \$57 billion in just the last three years alone.

In short, there doesn't have to be any great debate about what has happened to producers or consumers since we went to the so-called "market-oriented" farm policy. Farm incomes fell while food prices rose dramatically.

We have seen exports curbed in one way or another in each of the last three years. It is no wonder that our farmers are extremely distrustful over the administration's so-called full production policy.

They must find it very difficult to believe the President on the campaign trail with Secretary Butz in tow, when he again promises not to curb exports.

The White House always seems reluctant to act on farm imports -- whether it be dairy, beef or palm oil. But it has been almost eager to interfere with farm exports.

So really, the administration's rhetoric about the free market and access to world markets is just that. And farmers, consumers and importing nations have no clue as to when the government may next intervene in the market.

What can Congress do to turn the situation around?

First we can give consumers the full food picture from farm to supermarket.

I have introduced legislation to do that -- to establish a blue ribbon National Food Commission, able to conduct an in-depth study of the costs, pricing, structure and performance of the food industry. The Commission would specifically examine:

- The trends and changes related to food industry performance;
- Recent trends in economic concentration and anti-competitive structures and practices;
- The degree of responsiveness, of the food marketing process to changes in farm-level prices;
- The impact of facts affecting labor costs in food marketing;
- Consumer protection provided by local, state and federal laws and regulations and their impact on the total food system;
- The relationship between costs and nutritional quality of food production and market promotional activities employed for such products; and
- The effectiveness of present statutes, policies, and programs bearing upon food marketing in servicing national objectives and needs, and the need for changes in such statutes, policies and programs.

That's quite an assignment, but we need these answers to determine how we should proceed in the future.

I also have developed legislation to begin the process of putting together a national food policy.

We need an approach which strikes a balance between the needs of consumers and producers -- an approach that does not sacrifice the interests of one group on behalf of the other. There is no need to turn our livestock industry off and on again in order to prove an outdated notion of the free market -- the kind of contraction which saw the value of our cattle industry drop from \$41 billion in 1974 to \$21 billion in 1975.

The legislation I have developed would establish a National Council of Food Advisors, and a Public Advisory Committee, and provide for the appointment of a high-level official with full responsibility for the coordination of all the elements of a national food policy. It also would afford appropriate recognition of the growing importance of food as an issue for all of our people and, indeed, the world as well.

The National Council of Food Advisors would make periodic and independent assessments of the impact of actual and prospective policy decisions in the area of food and agriculture. This group, similar in structure to the Council of Economic Advisors, would assure that the President, the Congress and the people have the facts at hand when food and agricultural policy decisions are made.

My bill also would establish an official in the Executive Office of the President to serve as Assistant to the President for Food and Agricultural Affairs with clear responsibility for the coordination of food and agricultural policy.

Such a person would not represent any specific government agency or public interest group. He would independently weigh the effects of policy decisions and provide impartial advice to the President.

In addition, my bill would create a Public Advisory Council on National Food Policy consisting of representatives from agriculture, food processing, marketing and distribution, labor, small business, exporters, consumer groups, farmer cooperatives and the public at large.

This group would bring a useful public participation to food decisions which has been sadly lacking.

What should our national food policy include?

There are certain basic principles which must serve as a foundation for developing such a comprehensive policy.

With our great productive capacity and the world's food shortage, a national food policy must be based upon a commitment to abundance. And it must be integrated with measures relating food production, processing, marketing distribution, exports, trade, consumption and nutrition.

The ingredients which need to be included are:

1. A domestic agricultural policy which assures the American consumer an adequate supply of high quality nutritious and safe foods at reasonable prices;
2. A fair return to farmers to ensure a high level of production;
3. A program of extended crop loans to enable farmers to market their production in an orderly manner:

4. A market stabilization program providing for the protection of domestic markets at the extreme through the accumulation and dispersal of reserve stocks of basic farm commodities;

5. A set of short-supply management rules which would be implemented when the estimated carry-over of a commodity is estimated to approach minimum or "danger" levels, along with a program to assure our reliability as a supplier of food and fiber on the world export market;

6. An expanded long-range agricultural research program, giving priority attention to the urgent need for increased food production;

7. A program of food information collection and analysis, including world climate trends;

8. A humanitarian food aid program appropriate to world needs and our own resources;

9. Assurance of adequate fertilizer, fuel, transportation and credit to meet agricultural production requirements; and

10. A comprehensive nutrition program outlining our nutritional goals and the means and techniques whereby these targets are to be accomplished.

In developing a comprehensive food policy, we must include the international side of the issue. And we need to foster a cooperative new internationalism based -- not on the old imperatives of diplomacy and security -- but on a sense of our interdependence in the areas of commodities, technology, production and trade.

The developing nations of the world have shown their intention to coordinate their policies and demand a better price for their raw commodities.

To demonstrate our serious intentions, we must make a more serious effort to establish a world food reserve. And we need to be hard-boiled about insisting that the reserve be used for emergency and food security purposes, not manipulated to drive the farmer out of business or to hold down prices.

At next week's World Food Council meeting in Rome, I hope that our government will give support to the world food security reserve proposal.

At the same time, we should develop a domestic reserve policy, under which reserves would be held by farmers and the government.

These reserves would be accumulated in years on surplus supply, and released into the market in years when demand exceeds current production. The reserve would be insulated from domestic markets by a release price set well above the price at which the government acquired the reserve.

The existence of such a reserve would stabilize both supplies and prices from year to year. It would enable us to take advantage of commercial opportunities in years when others suffer crop reverses, and it would ensure an adequate supply to meet our commitments to the developing countries in all foreseeable circumstances.

Secretary Butz's contention is true that we currently have a cushion of grain stocks in the United States. But to imply that we already have a system or a program of reserves is, at best, misleading.

To say, as he did, that we do not stockpile automobiles, shoes or bathing suits is really not relevant. Are producers of these goods affected by the weather? Can a farmer shut down his production like an assembly line?

Beyond facing the reserve issue squarely, we also need to make a greater effort to relate our food aid and technical assistance efforts, designed to avert famine.

The food deficit nations can significantly increase their own production by utilizing today's existing technology. For example, rice yields in Bangladesh are only 53 percent of the world average and 24 percent of the U.S. average.

When we provide food aid, it also is important that the recipient nations not discourage their own producers through cheap food policies. This means using our food, not as an instrument of coercion, but as a tool for development and for peace.

And we must more sharply focus our aid programs on food production, rural credit, family planning, research and education -- programs which ultimately tie back to poverty and inadequate food production.

With grain consumption exceeding production in five of the last six years and world population increasing by 70 to 80 million each year, the world food situation is critical.

A promising new initiative to increase world food production -- first proposed in 1974 at the World Food Conference in Rome -- is the International Fund For Agricultural Development.

The fund will begin operating shortly since pledges of nearly \$1 billion -- to be spent over the next three years -- have been received. These funds are to be furnished by the OPEC countries and the developed countries.

Saudi Arabia and other oil exporting countries are contributing to the Fund, along with Japan and Western Europe. The Congress has acted to fulfill Secretary Kissinger's pledge in his September UN speech that the United States would contribute \$200 million to the Fund.

A bipartisan group of twenty-six Senators and Representatives developed the proposal to set aside repayments on past U.S. bilateral foreign aid loans to finance this contribution. Use of these loans for this purpose would ensure that the U.S. contribution was a net addition to the levels of U.S. aid.

For a billion people in India, Bangladesh, and sub-Saharan Africa, the food problem may be, quite literally, a matter of life and death. As Fred Sanderson pointed out in the May 1975 issue of Science, "the situation of these countries continues to be grim, with hundreds of millions of people living on or below the margins of physical subsistence."

Increasingly, we have to be concerned with the struggle of these people and nations -- from the standpoint of our moral leadership in the world and our own self interest.

Father Theodore M. Hesburgh, President of Notre Dame University declared:

"With a vision of a world which is larger than ourselves and our concerns of the moment, we can see that isolated lives of abundance would be mocked by indifference to the needs and desires of the vast majority of the human family."

We have an obligation, in developing a food policy, to look beyond our own producers and consumers. Ultimately, our decisions will have a major impact on the political stability of the food deficit nations.

Our nation is not an island. We do depend on other countries for many raw materials. The oil embargo should remind us of the folly of a "go-it-alone" policy.

Today we face the challenge of food insecurity -- whether we like it or not. We live in a dangerous world -- like it or not. It is estimated that by 1985, developing countries may face a food deficit of 85 million tons.

We need to respond to that stark reality by shaping a policy which can lead to greater food security -- here and abroad.

We have both a great opportunity and a responsibility. I pledge my best effort to this task.

#

REMARKS OF SENATOR HUBERT H. HUMPHREY

GROCERY MANUFACTURERS OF AMERICA

PUBLIC POLICY FORUM

WASHINGTON, D. C.

JUNE 9, 1976

EVENTS OF RECENT YEARS HAVE POINTED UP THE NEED FOR A
COMPREHENSIVE FOOD POLICY.

~~L AND YET THIS ADMINISTRATION, BY DESIGN OR DEFAULT, HAS
SERVED TO DRIVE PRODUCERS AND CONSUMERS APART -- IN SPIKE OF
THEIR MANY COMMON INTERESTS.~~

L SINCE THE SALE OF 19 MILLION TONS OF GRAIN AND SOYBEANS
TO THE SOVIET UNION IN 1972, OUR FOOD STOCKS HAVE BECOME
DEPLETED, AND PRICES PAID TO FARMERS HAVE FLUCTUATED WILDLY.

L NET FARM INCOMES FELL BY 25 PERCENT FROM 1973 TO 1975.

L AT THE SAME TIME, WORLD FOOD SUPPLIES HAVE BEEN ALLOWED TO
DWINDLE FROM A SUPPLY OF SEVERAL MONTHS TO LESS THAN ONE MONTH.

L BUT OUR CONSUMERS USUALLY SEE LITTLE IF ANY CHANGE IN THEIR
FOOD COSTS WHEN FARM PRICES DROP.

IN 1975, AS WHEAT PRICES DROPPED OVER A DOLLAR PER BUSHEL, BREAD PRICES WENT UP BY TEN PERCENT.

↳ THE FARMER, IN THE MIDST OF THIS NEW TURBULENT PRICE AND SUPPLY SITUATION, HAS FACED ONE CONSTANT FACT -- HIS PRODUCTION COSTS HAVE BEEN STEADILY INCREASING. ↳ THEY WERE UP 21 PERCENT IN 1973, 18 PERCENT IN 1974 AND AROUND 5 PERCENT IN 1975. ↳ IN MANY CASES, THIS HAS MEANT MORE THAN A DOUBLING OF LAND AND MACHINERY COSTS, ALONG WITH SHARP INCREASES IN LABOR, FUEL AND TAXES.

↳ MEANWHILE, FARM INDEBTEDNESS HAS INCREASED FROM \$52.5 BILLION IN 1971 TO OVER \$90 BILLION TODAY.

↳ DESPITE THESE DANGER SIGNALS AND TURBULENT CONDITIONS, THE ADMINISTRATION IN 1975 REFUSED TO ACCEPT THE EMERGENCY ONE YEAR FARM BILL TO PROVIDE FARMERS MORE REALISTIC SUPPORT PRICES.

CONSUMERS WERE TOLD THAT THE PRICE OF SUCH LEGISLATION WAS PROHIBITIVE -- THE COST WOULD RUN TO BILLIONS OF DOLLARS --

WHEN, IN FACT, THE SENATE AGRICULTURE COMMITTEE ESTIMATED THAT

^{Budget} THE COST MIGHT RUN ONLY UP TO \$200 MILLION. ^{but assume supply}

IN PASSING THAT LEGISLATION, CONGRESS WAS CONCERNED WITH WHAT WOULD HAPPEN TO FARM PRICES IN THE CASE OF A BUILD-UP OF U.S. GRAIN STOCKS. SOVIET PURCHASES, AS A RESULT OF THEIR DISASTROUS HARVEST LAST YEAR OF ONLY 140 MILLION TONS, SERVED TO

^{AN} PREVENT EXCESSIVE U.S. STOCK BUILD-UP BUT ONLY TEMPORARILY,

BARRING NEW WEATHER DISASTERS, OUR AMERICAN FARMERS TODAY FACE THE BUILD-UP OF GRAIN STOCKS AND A FURTHER DETERIORATION IN PRICES. / FOR EXAMPLE, WHEAT STOCKS ARE LIKELY TO INCREASE FROM 525 TO 725 MILLION BUSHELS DURING THE 1976-1977 CROP YEAR.

HOWEVER, FOR THIS CROP YEAR, PRICE SUPPORT LOAN LEVELS ON
WHEAT AND FEED GRAINS ARE LESS THAN 40 PERCENT OF PARITY, AND
TARGET PRICES ARE WELL BELOW THE PRODUCTION COSTS,

BUT CONSUMERS SHOULD NOT VIEW THIS SITUATION WITH ENTHUSIASM.
FALLING PRICES WILL HURT FARMERS AND PERHAPS SLOW WHOLESALE PRICE
INFLATION, BUT THIS WILL NOT ^{NECESSARILY} MEAN LOWER CONSUMER FOOD PRICES.

CONTRARY TO SECRETARY BUTZ'S EARLIER SUPPORT OF INCREASED
PRODUCTION TO BLUNT INFLATION, I BELIEVE THAT FARMERS NEED TO
OBTAIN A FAIR RETURN IF WE EXPECT TO HAVE ABUNDANT FOOD SUPPLIES.

CONSUMERS HAVE NOT BENEFITED FROM THE UNCERTAINTY REGARDING
FOOD PRICES AND SUPPLIES. FOOD PRICES INCREASED BY 28 PERCENT
OVER THE PAST THREE YEARS, AND THE AMERICAN HOUSEWIFE HAS BEEN
THROWN INTO COMPETITION WITH THE WORLD'S GIANT TRADING COMPANIES.

CONSUMERS AND PRODUCERS HAVE BEEN GIVEN THE FULL TASTE OF THE BUTZ BOOM AND BUST FARM POLICY, AND IT HAS BEEN BITTER.

THE NIXON ADMINISTRATION MADE A GREAT FUSS OVER FREEING THE FARMER AND MOVING AWAY FROM FARM STABILIZATION PROGRAMS WHICH, THE ARGUMENT RAN, COST TOO MUCH. IT'S TRUE, THE FARM PROGRAMS DID COST SOME MONEY -- ABOUT \$40 BILLION FROM 1933 TO 1972.

BUT LITTLE MENTION IS MADE OF THE FACT THAT THE FOOD BILL FOR OUR CONSUMERS HAS INCREASED BY \$57 BILLION IN JUST THE LAST THREE YEARS ALONE.

IN SHORT, THERE DOESN'T HAVE TO BE ANY GREAT DEBATE ABOUT WHAT HAS HAPPENED TO PRODUCERS OR CONSUMERS SINCE WE WENT TO THE SO-CALLED "MARKET-ORIENTED" FARM POLICY. FARM INCOMES FELL WHILE FOOD PRICES ROSE DRAMATICALLY.

WE HAVE SEEN EXPORTS CURBED IN ONE WAY OR ANOTHER IN EACH OF THE LAST THREE YEARS. IT IS NO WONDER THAT OUR FARMERS ARE EXTREMELY DISTRUSTFUL OVER THE ADMINISTRATION'S SO-CALLED FULL PRODUCTION POLICY.

THEY MUST FIND IT VERY DIFFICULT TO BELIEVE THE PRESIDENT ON THE CAMPAIGN TRAIL WITH SECRETARY BUTZ IN TOW, WHEN HE AGAIN PROMISES NOT TO CURB EXPORTS.

THE WHITE HOUSE ALWAYS SEEMS RELUCTANT TO ACT ON FARM IMPORTS -- WHETHER IT BE DAIRY, BEEF OR PALM OIL. BUT IT HAS BEEN ALMOST EAGER TO INTERFERE WITH FARM EXPORTS.

SO REALLY, THE ADMINISTRATION'S RHETORIC ABOUT THE FREE MARKET AND ACCESS TO WORLD MARKETS IS JUST THAT.

AND FARMERS, CONSUMERS AND IMPORTING NATIONS HAVE NO CLUE AS TO
WHEN THE GOVERNMENT MAY NEXT INTERVENE IN THE MARKET.

WHAT CAN CONGRESS DO TO TURN THE SITUATION AROUND?

FIRST WE CAN GIVE CONSUMERS THE FULL FOOD PICTURE FROM FARM
TO SUPERMARKET.

June 23-25

I HAVE INTRODUCED LEGISLATION TO DO THAT -- TO ESTABLISH A
BLUE RIBBON NATIONAL FOOD COMMISSION, ABLE TO CONDUCT AN IN-DEPTH
STUDY OF THE COSTS, PRICING, STRUCTURE AND PERFORMANCE OF THE
FOOD INDUSTRY. L THE COMMISSION WOULD SPECIFICALLY EXAMINE:

-- THE TRENDS AND CHANGES RELATED TO FOOD INDUSTRY
PERFORMANCE;

-- RECENT TRENDS IN ECONOMIC CONCENTRATION AND
ANTI-COMPETITIVE STRUCTURES AND PRACTICES;

-- THE DEGREE OF RESPONSIVENESS, OF THE FOOD MARKETING PROCESS
TO CHANGES IN FARM-LEVEL PRICES;

-- THE IMPACT OF FACTS AFFECTING LABOR COSTS IN FOOD MARKETING;

-- CONSUMER PROTECTION PROVIDED BY LOCAL, STATE AND FEDERAL
LAWS AND REGULATIONS AND THEIR IMPACT ON THE TOTAL FOOD SYSTEM;

-- THE RELATIONSHIP BETWEEN COSTS AND NUTRITIONAL QUALITY OF
FOOD PRODUCTION AND MARKET PROMOTIONAL ACTIVITIES EMPLOYED FOR
SUCH PRODUCTS; AND

-- THE EFFECTIVENESS OF PRESENT STATUTES, POLICIES, AND PROGRAMS
BEARING UPON FOOD MARKETING IN SERVICING NATIONAL OBJECTIVES AND
NEEDS, AND THE NEED FOR CHANGES IN SUCH STATUTES, POLICIES AND
PROGRAMS.

THAT'S QUITE AN ASSIGNMENT, BUT WE NEED THESE ANSWERS TO
DETERMINE HOW WE SHOULD PROCEED IN THE FUTURE,

st
L I ALSO HAVE DEVELOPED LEGISLATION TO BEGIN THE PROCESS OF
PUTTING TOGETHER A NATIONAL FOOD POLICY.

WE NEED AN APPROACH WHICH STRIKES A BALANCE BETWEEN THE NEEDS
OF CONSUMERS AND PRODUCERS -- AN APPROACH THAT DOES NOT SACRIFICE
THE INTERESTS OF ONE GROUP ON BEHALF OF THE OTHER. L THERE IS NO
NEED TO TURN OUR LIVESTOCK INDUSTRY OFF AND ON AGAIN IN ORDER TO
PROVE AN OUTDATED NOTION OF THE FREE MARKET -- THE KIND OF
CONTRACTION WHICH SAW THE VALUE OF OUR CATTLE INDUSTRY DROP FROM
\$41 BILLION IN 1974 TO \$21 BILLION IN 1975.

L THE LEGISLATION I HAVE DEVELOPED WOULD ESTABLISH A NATIONAL
COUNCIL OF FOOD ADVISORS, AND A PUBLIC ADVISORY COMMITTEE,

AND PROVIDE FOR THE APPOINTMENT OF A HIGH-LEVEL OFFICIAL

WITH FULL RESPONSIBILITY FOR THE COORDINATION OF ALL THE

ELEMENTS OF A NATIONAL FOOD POLICY. IT ALSO WOULD AFFORD

APPROPRIATE RECOGNITION OF THE GROWING IMPORTANCE OF FOOD AS

AN ISSUE FOR ALL OF OUR PEOPLE AND, INDEED, THE WORLD AS WELL.

THE NATIONAL COUNCIL OF FOOD ADVISORS WOULD MAKE PERIODIC

AND INDEPENDENT ASSESSMENTS OF THE IMPACT OF ACTUAL AND

PROSPECTIVE POLICY DECISIONS IN THE AREA OF FOOD AND

AGRICULTURE. THIS GROUP, SIMILAR IN STRUCTURE TO THE COUNCIL

OF ECONOMIC ADVISORS, WOULD ASSURE THAT THE PRESIDENT, THE

CONGRESS AND THE PEOPLE HAVE THE FACTS AT HAND WHEN FOOD

AND AGRICULTURAL POLICY DECISIONS ARE MADE.

↳ MY BILL ALSO WOULD ESTABLISH AN OFFICIAL IN THE EXECUTIVE OFFICE OF THE PRESIDENT TO SERVE AS ASSISTANT TO THE PRESIDENT FOR FOOD AND AGRICULTURAL AFFAIRS WITH CLEAR RESPONSIBILITY FOR THE COORDINATION OF FOOD AND AGRICULTURAL POLICY.

↳ SUCH A PERSON WOULD NOT REPRESENT ANY SPECIFIC GOVERNMENT AGENCY OR PUBLIC INTEREST GROUP. ↳ HE WOULD INDEPENDENTLY WEIGH THE EFFECTS OF POLICY DECISIONS AND PROVIDE IMPARTIAL ADVICE TO THE PRESIDENT.

IN ADDITION, MY BILL WOULD CREATE A PUBLIC ADVISORY COUNCIL ON NATIONAL FOOD POLICY CONSISTING OF REPRESENTATIVES FROM AGRICULTURE, FOOD PROCESSING, MARKETING AND DISTRIBUTION, LABOR, SMALL BUSINESS, EXPORTERS, CONSUMER GROUPS, FARMER COOPERATIVES AND THE PUBLIC AT LARGE.

THIS GROUP WOULD BRING A USEFUL PUBLIC PARTICIPATION TO
FOOD DECISIONS WHICH HAS BEEN SADLY LACKING.

WHAT SHOULD OUR NATIONAL FOOD POLICY INCLUDE?

THERE ARE CERTAIN BASIC PRINCIPLES WHICH MUST SERVE AS A
FOUNDATION FOR DEVELOPING SUCH A COMPREHENSIVE POLICY.

WITH OUR GREAT PRODUCTIVE CAPACITY AND THE WORLD'S FOOD
SHORTAGE, A NATIONAL FOOD POLICY MUST BE BASED UPON A COMMITMENT
TO ABUNDANCE, AND IT MUST BE INTEGRATED WITH MEASURES RELATING
FOOD PRODUCTION, PROCESSING, MARKETING DISTRIBUTION, EXPORTS,
TRADE, CONSUMPTION AND NUTRITION.

THE INGREDIENTS WHICH NEED TO BE INCLUDED ARE:

1. A DOMESTIC AGRICULTURAL POLICY WHICH ASSURES THE AMERICAN
CONSUMER AN ADEQUATE SUPPLY OF HIGH QUALITY NUTRITIOUS AND SAFE
FOODS AT REASONABLE PRICES;

2. A FAIR RETURN TO FARMERS TO ENSURE A HIGH LEVEL OF PRODUCTION;

3. A PROGRAM OF EXTENDED CROP LOANS TO ENABLE FARMERS TO MARKET THEIR PRODUCTION IN AN ORDERLY MANNER;

4. A MARKET STABILIZATION PROGRAM PROVIDING FOR THE PROTECTION OF DOMESTIC MARKETS AT THE EXTREMES THROUGH THE ACCUMULATION AND DISPERSAL OF RESERVE STOCKS OF BASIC FARM COMMODITIES;

5. A SET OF SHORT-SUPPLY MANAGEMENT RULES WHICH WOULD BE IMPLEMENTED WHEN THE ESTIMATED CARRY-OVER OF A COMMODITY IS ESTIMATED TO APPROACH MINIMUM OR "DANGER" LEVELS, ALONG WITH A PROGRAM TO ASSURE OUR RELIABILITY AS A SUPPLIER OF FOOD AND FIBER ON THE WORLD EXPORT MARKET;

6. AN EXPANDED LONG-RANGE AGRICULTURAL RESEARCH PROGRAM,
GIVING PRIORITY ATTENTION TO THE URGENT NEED FOR INCREASED
FOOD PRODUCTION;

7. A PROGRAM OF FOOD INFORMATION COLLECTION AND ANALYSIS,
INCLUDING WORLD CLIMATE TRENDS;

8. A HUMANITARIAN FOOD AID PROGRAM APPROPRIATE TO WORLD
NEEDS AND OUR OWN RESOURCES;

9. ASSURANCE OF ADEQUATE FERTILIZER, FUEL, TRANSPORTATION
AND CREDIT TO MEET AGRICULTURAL PRODUCTION REQUIREMENTS; AND

10. A COMPREHENSIVE NUTRITION PROGRAM OUTLINING OUR
NUTRITIONAL GOALS AND THE MEANS AND TECHNIQUES WHEREBY THESE
TARGETS ARE TO BE ACCOMPLISHED.

IN DEVELOPING A COMPREHENSIVE FOOD POLICY, WE MUST INCLUDE
THE INTERNATIONAL SIDE OF THE ISSUE.

AND WE NEED TO FOSTER A COOPERATIVE NEW INTERNATIONALISM

BASED -- NOT ON THE OLD IMPERATIVES OF DIPLOMACY AND SECURITY --

BUT ON A SENSE OF OUR INTERDEPENDENCE IN THE AREAS OF COMMODITIES,

TECHNOLOGY, PRODUCTION AND TRADE.

↳ THE DEVELOPING NATIONS OF THE WORLD HAVE SHOWN THEIR INTENTION

TO COORDINATE THEIR POLICIES AND DEMAND A BETTER PRICE FOR THEIR

RAW COMMODITIES.

↳ TO DEMONSTRATE OUR SERIOUS INTENTIONS, WE MUST MAKE A MORE

SERIOUS EFFORT TO ESTABLISH A WORLD FOOD RESERVE. AND WE NEED

TO BE HARD-BOILED ABOUT INSISTING THAT THE RESERVE BE USED FOR

EMERGENCY AND FOOD SECURITY PURPOSES, NOT MANIPULATED TO DRIVE

THE FARMER OUT OF BUSINESS OR TO HOLD DOWN PRICES.

Reserve

-16-

AT NEXT WEEK'S WORLD FOOD COUNCIL MEETING IN ROME, I HOPE

THAT OUR GOVERNMENT WILL GIVE SUPPORT TO THE WORLD FOOD SECURITY
RESERVE PROPOSAL.

AT THE SAME TIME, WE SHOULD DEVELOP A DOMESTIC RESERVE POLICY,
UNDER WHICH RESERVES WOULD BE HELD BY FARMERS AND THE GOVERNMENT.

THESE RESERVES WOULD BE ACCUMULATED IN YEARS ON SURPLUS SUPPLY,
AND RELEASED INTO THE MARKET IN YEARS WHEN DEMAND EXCEEDS CURRENT

PRODUCTION. THE RESERVE WOULD BE INSULATED FROM DOMESTIC MARKETS

BY A RELEASE PRICE SET WELL ABOVE THE PRICE AT WHICH THE

GOVERNMENT ACQUIRED THE RESERVE.

THE EXISTENCE OF SUCH A RESERVE WOULD STABILIZE BOTH

SUPPLIES AND PRICES FROM YEAR TO YEAR.

2 IT WOULD ENABLE US TO TAKE ADVANTAGE OF COMMERCIAL OPPORTUNITIES
IN YEARS WHEN OTHERS SUFFER CROP REVERSES, AND IT WOULD ENSURE
AN ADEQUATE SUPPLY TO MEET OUR COMMITMENTS TO THE DEVELOPING
COUNTRIES IN ALL FORESEEABLE CIRCUMSTANCES.

L SECRETARY BUTZ'S CONTENTION IS TRUE THAT WE CURRENTLY HAVE A
CUSHION OF GRAIN STOCKS IN THE UNITED STATES. BUT TO IMPLY THAT
WE ALREADY HAVE A SYSTEM OR A PROGRAM OF RESERVES IS, AT BEST,
MISLEADING.

→
TO SAY, AS HE DID, THAT WE DO NOT STOCKPILE AUTOMOBILES,
SHOES OR BATHING SUITS IS REALLY NOT RELEVANT. ARE PRODUCERS
OF THESE GOODS AFFECTED BY THE WEATHER? CAN A FARMER SHUT
DOWN HIS PRODUCTION LIKE AN ASSEMBLY LINE?

Food aid

-18-

BEYOND FACING THE RESERVE ISSUE SQUARELY, WE ALSO NEED TO
MAKE A GREATER EFFORT TO RELATE OUR FOOD AID AND TECHNICAL
ASSISTANCE EFFORTS, DESIGNED TO AVERT FAMINE.

THE FOOD DEFICIT NATIONS CAN SIGNIFICANTLY INCREASE THEIR
OWN PRODUCTION BY UTILIZING TODAY'S EXISTING TECHNOLOGY. FOR
EXAMPLE, RICE YIELDS IN BANGLADESH ARE ONLY 53 PERCENT OF THE
WORLD AVERAGE AND 24 PERCENT OF THE U.S. AVERAGE.

~~WHEN WE PROVIDE FOOD AID, IT ALSO IS IMPORTANT THAT THE
RECIPIENT NATIONS NOT DISCOURAGE THEIR OWN PRODUCERS THROUGH
CHEAP FOOD POLICIES. THIS MEANS USING OUR FOOD, NOT AS AN
INSTRUMENT OF COERCION, BUT AS A TOOL FOR DEVELOPMENT AND FOR
PEACE.~~

~~WE~~ WE MUST MORE SHARPLY FOCUS OUR AID PROGRAMS ON FOOD
PRODUCTION,

RURAL CREDIT, FAMILY PLANNING, RESEARCH AND EDUCATION --

PROGRAMS WHICH ULTIMATELY TIE BACK TO POVERTY AND INADEQUATE FOOD
PRODUCTION.

WITH GRAIN CONSUMPTION EXCEEDING PRODUCTION IN FIVE OF THE
LAST SIX YEARS AND WORLD POPULATION INCREASING BY 70 TO 80 MILLION
EACH YEAR, THE WORLD FOOD SITUATION IS CRITICAL.

A PROMISING NEW INITIATIVE TO INCREASE WORLD FOOD PRODUCTION --
FIRST PROPOSED IN 1974 AT THE WORLD FOOD CONFERENCE IN ROME -- IS
THE INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT.

THE FUND WILL BEGIN OPERATING SHORTLY SINCE PLEDGES OF NEARLY
\$1 BILLION -- TO BE SPENT OVER THE NEXT THREE YEARS -- HAVE BEEN
RECEIVED. THESE FUNDS ARE TO BE FURNISHED BY THE OPEC COUNTRIES
AND THE DEVELOPED COUNTRIES.

SAUDI ARABIA AND OTHER OIL EXPORTING COUNTRIES ARE CONTRIBUTING TO THE FUND, ALONG WITH JAPAN AND WESTERN EUROPE. THE CONGRESS HAS ACTED TO FULFILL SECRETARY KISSINGER'S PLEDGE IN HIS SEPTEMBER UN SPEECH THAT THE UNITED STATES WOULD CONTRIBUTE \$200 MILLION TO THE FUND.

A BIPARTISAN GROUP OF TWENTY-SIX SENATORS AND REPRESENTATIVES DEVELOPED THE PROPOSAL TO SET ASIDE REPAYMENTS ON PAST U.S. BILATERAL FOREIGN AID LOANS TO FINANCE THIS CONTRIBUTION. Use of THESE LOANS FOR THIS PURPOSE WOULD ENSURE THAT THE U.S. CONTRIBUTION WAS A NET ADDITION TO THE LEVELS OF U.S. AID.

L FOR A BILLION PEOPLE IN INDIA, BANGLADESH, AND SUB-SAHARAN AFRICA, THE FOOD PROBLEM MAY BE, QUITE LITERALLY, A MATTER OF LIFE AND DEATH.

AS FRED SANDERSON POINTED OUT IN THE MAY 1975 ISSUE OF SCIENCE,

"THE SITUATION OF THESE COUNTRIES CONTINUES TO BE GRIM, WITH HUNDREDS OF MILLIONS OF PEOPLE LIVING ON OR BELOW THE MARGINS OF PHYSICAL SUBSISTENCE."

INCREASINGLY, WE HAVE TO BE CONCERNED WITH THE STRUGGLE OF THESE PEOPLE AND NATIONS -- FROM THE STANDPOINT OF OUR MORAL LEADERSHIP IN THE WORLD AND OUR OWN SELF INTEREST.

FATHER THEODORE M. HESBURGH, PRESIDENT OF NOTRE DAME UNIVERSITY

DECLARED:

"WITH A VISION OF A WORLD WHICH IS LARGER THAN OURSELVES AND OUR CONCERNS OF THE MOMENT, WE CAN SEE THAT ISOLATED LIVES OF ABUNDANCE WOULD BE MOCKED BY INDIFFERENCE TO THE NEEDS AND DESIRES OF THE VAST MAJORITY OF THE HUMAN FAMILY."

WE HAVE AN OBLIGATION, IN DEVELOPING A FOOD POLICY, TO
LOOK BEYOND OUR OWN PRODUCERS AND CONSUMERS. ULTIMATELY, OUR
DECISIONS WILL HAVE A MAJOR IMPACT ON THE POLITICAL STABILITY
OF THE FOOD DEFICIT NATIONS.

OUR NATION IS NOT AN ISLAND. WE DO DEPEND ON OTHER
COUNTRIES FOR MANY RAW MATERIALS. THE OIL EMBARGO SHOULD
REMINDE US OF THE FOLLY OF A "GO-IT-ALONE" POLICY.

TODAY WE FACE THE CHALLENGE OF FOOD INSECURITY -- WHETHER
WE LIKE IT OR NOT. WE LIVE IN A DANGEROUS WORLD -- LIKE IT
OR NOT. IT IS ESTIMATED THAT BY 1985, DEVELOPING COUNTRIES
MAY FACE A FOOD DEFICIT OF 85 MILLION TONS.

WE NEED TO RESPOND TO THAT STARK REALITY BY SHAPING A
POLICY WHICH CAN LEAD TO GREATER FOOD SECURITY -- HERE AND ABROAD.

WE HAVE BOTH A GREAT OPPORTUNITY AND A RESPONSIBILITY.

I PLEDGE MY BEST EFFORT TO THIS TASK.

#



Minnesota Historical Society

Copyright in this digital version belongs to the Minnesota Historical Society and its content may not be copied without the copyright holder's express written permission. Users may print, download, link to, or email content, however, for individual use.

To request permission for commercial or educational use, please contact the Minnesota Historical Society.



www.mnhs.org