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# USDA TODAY



PHOTOGRAPHS BY JUDITH GOODMAN

## An Interview with Richard E. Lyng

**LYNG:** People think of USDA in terms of how it affects them. Very few think of its entirety. As a matter of fact, when I list USDA's functions in conversations with people who do a lot of business with USDA, they are almost always shocked by the multiple objectives and many purposes of this government agency.

Meat packers think of USDA as an agency that sends inspectors into their plants or grades their beef. And they curse or praise USDA, depending upon their relationship with those USDA employees. Foreign businessmen think of USDA as someone who inspects their shipments of livestock or produce because of quarantine regulations.

USDA's role has always been one of service. Many of its activities provide essential services to agriculture, the food industries and consumers. USDA plays a major role in making our food and fiber system the best the world has ever seen.

**CHOICES:** An important development of the 1930's was the

*The role of the federal government—what it should do and what it should not do—receives great attention these days. Richard Lyng's experience in agribusiness in California, his work as a state Director of Agriculture under then-Governor Reagan and his two jobs at USDA—earlier as Assistant Secretary and then as Deputy Secretary—provide him with important insights about the role of government in agriculture.*

*This interview was conducted by the Editor of CHOICES, Lyle Schertz, in Washington, D.C. shortly after Mr. Lyng left the position of Deputy Secretary of the U.S. Department of Agriculture. He opened the interview by asking Mr. Lyng what he considers the appropriate role of the U.S. Department of Agriculture.*

initiation of substantial USDA intervention in commodity markets. Are we coming to an end of that era?

**LYNG:** No, but perhaps we should be. I hope we may be phasing out of some activities. Economic and political philosophies get involved in all of this. USDA interventions in the 1930's came at a time of serious and grievous economic difficulty on farms. However, in my opinion, those efforts never really accomplished what they promised to accomplish. The goal was to keep everybody out on the farms and to maintain the kind of agriculture we had in the 1920's and even in the previous century. It didn't work that way. I would have to say that those programs even accelerated the demise of family farms. The outcomes were the opposite of what the programs were designed to do.

In spite of a lot of intervention, we've had structural change in agriculture. Much of this change has been necessary in the United States to maintain a strong agricultural production base. In espousing the philosophy of less government intervention, however, we have to recognize that, since the 1930's, the market for agricultural commodities has become global.

The United States cannot ignore intervention policies of other nations. Take sugar, for example. The free market in terms of world sugar trade is only a tiny part of the total sugar actually being moved around the world. So, for the United States to not intervene in some way would ignore the realities of how intervention by other countries affects the global market for sugar. That poses real problems with difficult answers.

These global developments have led to changes in USDA's role from what it was in the '30's, '40's, '50's, '60's or even the '70's. For example, we are now more involved

in trade policy and negotiations that deal with international trade. That's why we should participate more in delegations to GATT meetings (General Agreement on Tariffs and Trade), their agricultural committee discussions and the like. That type of work will become a growing part of USDA's role.

**CHOICES:** What do you see in the area of regulation? You have been involved over time with questions of marketing orders and grades and standards. Where are we headed in these areas?

**LYNG:** USDA serves as a major regulatory agency in protecting agriculture and consumers. Such programs as animal and plant quarantine, meat and poultry inspection and the various marketing orders are important regulations. The technologies of regulations will change. The public will continue to want to be assured about food safety. I think that USDA should have a broader role. I think it's unwise to have meat and poultry and eggs inspected by USDA and all other foods inspected by the Food and Drug Administration; USDA should do it all. The inspection standards, perhaps, should be set by the health agency (Health and Human Services), but USDA should enforce the standards.

You need to go to the farm itself to really protect food quality. That's where regulated activity, such as the use of chemicals, takes place. We have a multiplicity of regulatory agencies now doing this—FDA, Environmental Protection Agency (EPA) and USDA. Inspections should be centralized, and I think some day we will have, in fact, a Department of Food and Agriculture.

**CHOICES:** Do I interpret your remark to suggest that some of the pesticide regulatory work that EPA is now doing might appropriately be in USDA?

**“The Agricultural Department . . . is precisely the people's Department, in which they feel more directly concerned than in any other. I commend it to the continued attention and fostering care of Congress.”**

Abraham Lincoln, Fourth Annual Message to Congress, December 6, 1864.

government regulate the important risks that they, as individuals, cannot observe.

When we get on an airplane, we are delighted to have had the Federal Aviation Administration establish procedures to see that the mechanics, pilots and manufacturers of the airplanes perform their work in ways that minimize the risks. As passengers, we can't do it. I want the government to have a role in it. My family eats meat. I accept and endorse the idea of having the meat animal inspected by an expert to be sure it doesn't have a disease that might be transmitted to humans.

**CHOICES:** But as our society becomes more complex, doesn't that mean more rather than less government?

**LYNG:** Yes, I suppose it does. There is nothing intrinsically bad about government as long as you don't have more government than you need. If you need it, then it makes sense to have it. I think that we inspect some things more than we need to, however, and we offer services which are not truly needed. We need to discriminate among those activities that require close surveillance and those that do not.

You know, if I'm going to use a parachute, I'd like for the quality of the system that services and inspects that parachute to be very, very high. I'd like for someone to spend whatever effort or money is needed for that kind of fail-safe quality control. But if I'm using a toothpick, I don't really care about precise dimensions of the toothpick. Too often we regulate the “toothpicks” of our society as much as we regulate the “parachutes”—and it is uneconomic to do so.

**CHOICES:** The Reagan Administration gave intense attention to marketing orders as part of its efforts to decrease



**LYNG:** Definitely. The Government—USDA, EPA or FDA—must be given the responsibility and the opportunity to openly and wisely carry out risk evaluations and establish a policy of risk acceptance. We now operate on a sort of zero-risk basis; it is impractical. The regulations are not uniformly enforced and we don't have a clear-cut procedure for evaluating risks. We all recognize that there are risks and that minimizing those risks is the fundamental need in food regulation. People are willing to take some chance with the food they eat but they'd like to have their

government regulation. Is it possible to significantly modify marketing orders, or are the economic and political interests associated with them strong enough to prevent changes in these institutions?

**LYNG:** There is too much confusion about marketing orders. Part of the problem is that too many people criticize marketing orders without understanding them and without differentiating among the many very different kinds of marketing orders.

In my view some marketing orders, a very few, went too far when they limited entry into the market or limited participation on a quantity basis. But the temporary set-asides to aid in relieving market gluts are not without merit if carefully administrated.

Changes have taken place in marketing orders. I think they have been improved. More needs to be done and will be done, I am sure. But I don't think we will soon see an end to all marketing orders.

**CHOICES:** Let me explore two other areas. The research and information functions of the Department are as old as USDA itself. They were two of the agency's original func-

be done by the private sector? What can we afford to do today or postpone until tomorrow? Those will always be difficult questions.

**CHOICES:** But, that's why we need Deputy Secretaries.

**LYNG:** Well, Deputy Secretaries are only a part of the process. In this country we fight those battles in the public arena. USDA proposes a budget to the Office of Management and Budget (OMB). OMB does what it thinks is best with that budget, and the President submits the budget to Congress. Then Congress holds hearings. The people go up there and speak and pretty soon the budget is modified.

**“Basic economics is woefully misunderstood among the media and among the people.”**



tions. Where are we headed with respect to these functions? Do the new technologies and the increased interests of private industry in research alter the prospects for USDA?

**LYNG:** The Department's role in research will not end. What you are talking about in a sense is the role of the public sector versus the role of the private sector. The role of government will need to change a lot. It has changed a lot. The kind of research we'll do in the future will get more and more expensive. Some of it is very high risk, and the chances of success may be very, very slim.

But we still need to know the answers. If we don't know the answers, we can't move ahead and answer other questions. I think in those areas the government will need to do much of the research because the incentive for the private sector to do such expensive and risky research is just not there. Yet we still need to know the answers.

**CHOICES:** And those answers are important to society?

**LYNG:** Yes, and important as a basis for further research. Once the results of basic research are in the public domain, the private sector will see opportunities to develop them and modify them, and thereby improve the quality of life. However, there are many tough questions: For example, what is basic research and what is applied research? What should be done by the public sector and what should

And finally a budget is determined that no one is completely satisfied with but that works pretty well.

**CHOICES:** Many of our readers are agricultural economists—in industry, at universities, in state and federal governments, and with organizations important to the food and agricultural sector and rural America. What advice do you have for these people—how can their contributions to society be more effective?

**LYNG:** With all of the jokes one hears about economists I am a bit surprised you asked that question! Well, I have no jokes. Actually, I believe economists generally do pretty competent historical analytical work, but their power to forecast is very weak. Price forecasting, if done in any precise time frame, is highly inaccurate and should be avoided whenever possible.

Basic economics is woefully misunderstood among the media and among the people. That is why we have such confusion when we try to write tax legislation or farm bills. Economists must continue to be educators. That is very important.

**CHOICES:** The Food Stamp Program is an area in which the Department has had a controversial role. This was certainly the case in the 1970's when you were Assistant Secretary. Should the Food Stamp Program stay in USDA?

**“The Food Stamp Program is a good program. It’s not perfect and there are people who actually cheat on it . . . But on balance it’s been a good program.”**



**LYNG:** It doesn't really matter. Some used to believe that there was some advantage in getting farm bills through or food aid bills through by one side holding the other side hostage. But that hasn't been done in a long time and it is not about to be done. The Food Stamp Program and all of the child nutrition programs could easily be transferred to another department of government, such as Health and Human Services.

I personally think there should be, and eventually there must be, a revision in the welfare system of the Federal Government. The Food Stamp Program should be included in that discussion. Congressional agriculture committees are reluctant to give up their control of some of these programs.

I think USDA does a good job of administering the Food Stamp Program. I don't think that the child nutrition programs suffer by being at the Department of Agriculture.

**CHOICES:** You've emphasized, in some of your talks, the importance of protecting the truly needy. At the same time we see often that the programs get extended beyond the truly needy, whether it be food stamps or the farm credit programs. Why is it so hard to limit these kinds of programs to those who truly need them?

**LYNG:** Well, of course, it's sometimes difficult to define the truly needy. I just came back from a trip to Mexico. If you are out of work there, you have no unemployment insurance and you have no food stamp programs. People sit in the streets, little old ladies sit at the doors of the churches, and they all have their hands out. It breaks your heart. You have to give them money. There are people there who are truly needy. And there is no question that we have people in this country who are truly needy. But there is a question of whether someone earning \$12,000 a year is truly needy.

Although we Americans are concerned about needy people, we'd like to avoid being personally involved with the truly needy. So we say, "Let the government take care of that problem." We've probably gone too far in asking that the government take care of those needs.

These attitudes relate to the complexities of our society. When we were small-town America, we took care of our

truly needy. The town drunk's family was taken care of by other people of the community. Everyone knew what was going on up and down the road. But today, people can starve to death in a high-rise apartment building, and others in the building never know it. Relations have become impersonal in cities and even in small rural towns. At the same time, the government's role has grown much larger.

In the 1930's, 50 percent of Americans lived below the poverty level. It never occurred to the other 50 percent that they could take care of the needy half. So we didn't have very generous programs—they called it relief then. I remember the soup kitchens and the soup lines. But these were meager programs because the country could only afford meager programs.

I was heavily involved in the development of the modern Food Stamp Program when President Nixon enunciated a policy to eliminate hunger and malnutrition caused by poverty. We decided to emphasize food stamps. Although I think that was a good decision, some of those programs were liberalized too much, particularly their eligibility standards. Quite a bit of that has been corrected.

The Food Stamp Program is a good program. It's not perfect and there are people who actually cheat on it. They falsify, which is difficult always to detect. But on balance it's been a good program.

**CHOICES:** You spoke of the division of labor among different people in the government. Is the authority of the Secretary of Agriculture different today than it was when you were in the Department in the 1970's? Is it more or is it less?

**LYNG:** I don't think there's been any fundamental change. There has always been talk about the relations between the Secretary of Agriculture, the Secretary of State, the Director of the Office of Management and Budget and the National Security Council. The fact is that those relationships have more to do with personalities than with anything else.

When Earl Butz was Secretary of Agriculture and Henry Kissinger was Secretary of State, their very strong person-

alities made the sparks fly every once in a while. I don't think that Earl Butz fared any better with Henry Kissinger—perhaps not even as well as Jack Block, who is more mild mannered, has fared with the also good-natured George Schultz. I think USDA has a good relationship with the State Department and other offices of the Reagan Administration.

**CHOICES:** Is Congress any more difficult to work with today than it was in the 1970's?

**LYNG:** It has been easier in the Reagan Administration because we've had a Republican Senate. But it's only been marginally easier, not substantially easier. Republican senators are not always as easy to work with as the Republican Executive Branch wishes they were. But they are easier to work with than Democratic senators, at least most of the time.

**CHOICES:** What about Congress' commodity subcommittee system? Does it complicate getting desirable commodity legislation?

**LYNG:** Oh yes, it's a major problem because nobody wants to get on the other fellow's turf. Thus, you wind up with the

Jack Block accomplish it. We worked very hard to hire people who were farmers or people who were closely related to farmers in their dealings.

USDA needs to have a primary interest with the producing side of agriculture. And it's been vitally important that we had this kind of team at USDA during one of the most difficult adjustment periods production agriculture has ever had. We went through an adjustment from years of inflation—where any kind of trend-line planning would indicate that the inflation would continue—to sudden, sharp deflation in land values, with many farmers overextended in terms of debt.

I think that having a farmer as the Secretary of Agriculture and having people who are close to farmers in key positions throughout USDA has made it possible to relate to these severe conditions. Even though farmers weren't happy with conditions, they didn't feel like their interests were totally being ignored. We've kept a better relationship. That has been an important accomplishment.

Another major accomplishment has been our ability to generate a better understanding about the global nature of agriculture. We clearly made a strong effort to reestablish the United States as a reliable supplier. We are just beginning to fully understand the effect of production in Argentina or China or Canada on U.S. agriculture. Although we

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wheat people working on the wheat committee and the dairy people working on the dairy committee. You end up with an omnibus bill that reflects trade-offs of one with the other. You get legislation that's not consistent across programs.

It would be nice if that didn't happen but that's the way it has been and that's the way it is going to be. In one sense, it is responsive to the desires of these grower objectives. That is the good side, perhaps.

**CHOICES:** When you think back over the first term of the Reagan Administration, what are two things that you consider to be major accomplishments by the Department of Agriculture?

**LYNG:** People in key USDA positions during the first 4 years of the Reagan Administration have close ties to production agriculture. I was in charge of the transition and I helped

still don't fully understand the global relationships as a nation nor as a Department of Agriculture, we have made major strides in that direction.

**CHOICES:** Any challenges for those who are here in the Department under Reagan's second term?

**LYNG:** Agriculture is so dynamic, both here and abroad. There are big questions. Examples: What is China going to do? How is that country with a billion-plus people going to evolve? What are they capable of doing? What are their economic, social and political systems going to be? Along similar lines is the question of our relationship with the Soviet Union.

Of course, our big challenge is to remain competitive by producing a bushel of this and a ton of that at a price that will permit it to be marketed in this global society. It will be an ever more challenging, perhaps frustrating time. But it will also be exciting!