IN AND OUT OF THE HOPPER

James C. Webster's Capitol Happenings

Even more than other recent budget proposals, the budget that President Reagan sent to Congress in January was pronounced dead on arrival—perhaps before arrival.

It's not just because the new Congress is controlled by Democrats. It's because the president's budget-writers, as has been their habit for several years, refuse to consider the political realities that drive Congress.

Editor and Publisher of the Food and Fiber Letter

The first trillion-dollar budget any president ever proposed is based on so many unrealistic assumptions that the congressional budget-writers will all but throw it into the ashcan and write their own.

That's because so much of the savings are predicated on Congress scaling back or killing programs that have too much popular support. It's almost unthinkable that Congress will go along with his proposals to phase out the rural electrification and crop insurance programs, charge "user fees" for meat and poultry inspection, or make major cuts in child nutrition program.

Throughout the president's message is an appeal to get the government out of a lot of its current programs and scale it back to provide only what Reagan and his people see as "essential services that are truly public in nature and national in scope."

It's almost as if the Office of Management and Budget lifted some of the language from the memory of a word processor from the days when David Stockman was running the show.

But the chances of winning congressional approval for such a philosophy are, if anything, less than they were six years ago when the president's popularity was at its peak.

New Farm Legislation

There may be a better reception in Congress for features of the budget that call for commodity legislation to "solve the farm program problems once and for all."

Even though such a goal is unattainable, the president is likely to find allies for his goal of cutting the cost of farm programs, estimated at $25.8 billion for fiscal 1986 and $25.3 billion for fiscal 1987. He'll find significant support too for an effective $50,000 payment limitation.

Last year, the largest 50 rice growers got more than $1 million each in price support program benefits, according to the budget message; large cotton growers reaped comparable benefits.

Influential members of Congress from both parties, who represent rice- and cotton-growing areas, will not be eager to see those programs scaled back, but the current system finds little support among non-farm members and among those who represent states where smaller-scale producers are the majority.

New Sugar Program?

High sugar price supports and the law's requirement that USDA operate the sugar price support program at no cost to the government is causing foreign policy difficulties for the United States.

So the president, in his budget message, said he will propose lower price supports and transition assistance for sugar growers. The interim payments would be phased out over five years.

As result of current law, USDA set the 1987 sugar import quota of 1 million short tons. Developing nations dependent on sugar export revenues are hit hardest by the 41 percent cut from 1986. The lowest quota will cost the Philippines and the Dominican Republic alone $250 million.

The president objected to the sugar features when he signed the 1985 agricultural act.

Dairy Program: Change or No?

The administration wants to stick with the current dairy program, which authorizes reductions in the milk price support if production continues at surplus levels above a "trigger" amount.

But after the whole-herd buyout ends this fall, many dairy analysts are convinced that milk production will return to excessive levels.

The National Milk Producers Federation, which represents influential dairy cooperatives, wants standby production restraint rather than price support cuts.

Cooperative leaders haven't agreed on the method, but they are united on the need for a federal program to restrain production. Opinion among co-op leaders leans to a program that would not involve production bases and marketing quotas that are anathema to the administration.

Although Secretary of Agriculture Richard E. Lyng has been expressing hope that the buyout program would curb production enough to forestall a January 1988 price support cut, cooperative and other analysts feel he's optimistic.

They see continued cheap feed and poor alternative farming opportunities as reasons to expect surpluses to continue excessive.

In Memoriam: Bob Poage

As much as anyone in modern times, W.R. (Bob) Poage left an imprint on farm policy and programs. His death at 87 in a Temple, Texas, hospital on January 2 after heart surgery took one of the giants of American agriculture.

Recalling a testy conference over the 1973 farm bill, when Poage was chairman of the House Agriculture Committee, former Senate Agriculture Committee Chairman Herman E. Talmadge, D-Ga., fondly described Poage as "the only man who can become infuriated by the sound of his own voice."

Poage could work up an anger over the prohibition on poison to kill predators that attacked sheep, the explosion of what he considered welfare-like food assistance programs, or the naivete of freshman members of his committee.

Ultimately his bluntness brought him down in 1975 when House Democrats denied him reelection after eight years as committee chairman. He stayed on the committee (the House created the post of vice chairman for him), chairing its key commodity subcommittee until he retired in 1979.

Poage was especially responsive to wheat, livestock, and cotton interests which were dominant in Texas agriculture and he was a champion of New Deal rural programs that matured during his 42 years (1937-1979) in Congress.

New Look in Congress

The Senate Agriculture Committee has a new look. For one of its rare moments in recent history, its chairman is not from the South.

Senator Patrick Leahy, D-Vt., is not only the most liberal Democrat ever to chair the committee but one with enough distance from traditional commodity groups to embark on new approaches to old problems.

Leahy's only commodity identification has been with the dairy program; it's the most significant part of his state's relatively small agricultural sector. However, Leahy does not automatically support everything the dairy producer lobby proposes.

His first staff appointments are a clear signal that he intends something other than business as usual.

The new chief of staff, Charles H. Riemenschneider, is a 34-year-old Rutgers graduate with master's and doctoral degrees from Michigan State University. He has been senior agricultural economist with Chemical Bank in New York and farm analyst on the Senate Budget Committee staff.

Deputy staff director Janet Breslin, 41, has been Leahy's legislative director. General counsel is John D. Podesta, who has been Democratic staff director for Senate Judiciary subcommittees on which Leahy served.

U.S.-EC Trade War?

The European Community and the United States have come closer to a trade war than at any time in the rocky history of their agricultural trade disagreements.

What else is new? Confrontation with the EC has been a central feature of U.S. agricultural debate for at least six years and the two sides have been at the brink before.

After off-and-on negotiations most of last year, they could not agree on compensation for the loss of U.S. feed grain exports to Spain after Spain and Portugal joined the community.

The history of U.S.-EC brinksmanship augurs in favor of some kind of stopgap solution, but there is nothing in the tea leaves that foresees an agreement on the basic issues that pit the two trading giants against one another.

Last summer at the summit meeting of leaders of industrial nations, the heads of government agreed to start working on their common agricultural problems—high price and income guarantees that breed overproduction and surplus.

But so far they've failed to follow through, and until they do so, more skirmishes in the trade war will break out. C

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