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IN AND OUT OF THE HOPPER

James C. Webster's Capitol Happenings



We noticed a couple of flaws in the President's bold proposal to phase out agricultural subsidies by the year 2000.

First, he can't sell it to the other countries who are negotiating a new trade agreement in Geneva. Second, he can't sell it to Congress.

Those two failings aside, it really is a "neat idea."

If people would take it seriously, the United States could rationalize a confusing array of programs that have proliferated over the past century.

If Congress actually considered eliminating everything that affects production and trade—price supports and direct payments, import quotas, export and credit subsidies, irrigation subsidies, research and extension, federal money for overseas market development, etc.—it might find all kinds of new ways to cut the deficit and make some voters happy in the process.

Just a few examples:

—Cotton and rice growers in the south-central states wouldn't have to compete with California production if the west coast had to pay the full cost of irrigation water after the federal subsidy was eliminated.

—Country bankers finally would

get their "level playing field" and pick up a larger share of the farm lending market if they didn't have to compete with the government-aided Farmers Home Administration and Farm Credit System.

—"Family size" farmers—the ones the politicians always say they want to help—finally would be rid of a price support system that delivers most of the benefits to the larger producers who, in turn, buy up the smaller operators.

But don't expect to see lobbyists for these interests start a campaign for the administration's GATT proposal. Instead, look for agriculture's vested interests to resist any change in the status quo.

In any case, the Extension Service appears safe from being negotiated away at Geneva. Nobody is likely to prove that anything it's done in the past 20 years actually helped the U.S. competitive advantage in trade.

Consistent But Doomed

The administration's effort is consistent with President Reagan's philosophy of limited government, consistent as well with his administration's major farm policy proposals ever since he took office.

But it is doomed to failure for the same reason Congress didn't take his earlier ideas seriously: it fails to recognize the fact that agricultural

policy is far broader than economics.

It's why farm proposals that are based solely on economics—as admirable as they might be by economic standards—just don't go anywhere in Congress. To expect otherwise is naive.

In pushing for so much reliance on the marketplace, Representative Dan Glickman, D-Kansas, a rising star in the House Agriculture Committee, observes that the administration doesn't realize that "no country is entirely willing to place its food security in another's hands as might be the case in a trading system governed by the theory of comparative advantage."

Glickman also notes that what the administration "says and does is less important" for the rest of Reagan's term than what happens in Congress and in "the caucuses, conventions and campaign swings out beyond the beltway."

Farm Policy Dilemma

Testimony at a congressional hearing by country singers Willie Nelson and John Cougar Mellenkamp—who've become folk heroes to the victims and followers of the farm crisis—highlights a dilemma for farm-state Democrats and others who want to find a new direction for U.S. farm policy.

They appear to be searching, so far in vain, for a prescription that makes good business sense but at the same time shows compassion for the people displaced by the farm shakeout.

The singers and their allies on the Senate committee talked about a continuing crisis for many individual producers at the same time net cash income from farming (thanks mostly to federal largesse) approaches a record.

Whoever comes up with the scheme that's both economically sound and caring gets the brass ring.

Sirloin by Hitachi?

Farm groups and farm-state con-

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gressmen are just beginning to pay attention to an emerging issue—the U.S. Patent Office decision to grant patents to animals engineered in the laboratory.

Patenting elicits a predictable outcry from animal rights organizations, who say they violate the integrity of animal life. But it has also stirred up less-expected opposition from rural advocacy groups who worry that big corporations would end up owning the most productive cattle or swine, at the expense of family farmers.

Representative Robert W. Kastenmeier, D-Wisconsin, chairman of the House Judiciary Subcommittee on Courts, Civil Liberties and the Administration of Justice, suggests a moratorium until the issue can be examined more thoroughly. One effort to impose a moratorium failed in Congress.

One activist warns that livestock producers could end up renting animals from large companies that hold patents on the animals and would be unable to even breed those animals without paying large royalties.

But other farm groups seem less concerned. Some note that Washington should be cautious before it interferes with the biotechnology process. If the U.S. decides to go slow, it can be certain that Japan and other countries will leap into the gap.

Cheese Labeling Fight

Congress will be the new forum for a classic fight between two special interests—dairy cooperatives, who want more labeling requirements for frozen pizza with imitation cheese, and the big pizza makers.

The decision got tossed into the congressional lap when USDA decided, after looking at the issue for eight years, not to require fuller disclosure.

Legislation has been introduced to require that pizza labels spell out the substitute or imitation cheese content, if any. It would apply to both meat and non-meat frozen pizzas. Dairy lobbyists say it's only a matter of fairness to the consumer to disclose whether the cheese is real.

But pizza manufacturers say more

real cheese will increase the price—and cut sales—while the American Heart Association, which jumped into the fray on the manufacturers' side, says the idea would mean "consumption of greater quantities of dairy cheese" which contains more animal fat.

It's one of those issues that can be fun to watch: lots of money and political muscle on both sides.

The Salmonella Story

It's consistent with Energy Secretary Donald Hodel's flip suggestion that using suntan lotion and big hats to protect against ultraviolet rays is better than governments working to protect the ozone layer.

But that's how the position of the administration on poultry inspection works out—USDA and the usually more-forward-looking poultry industry sticking their heads in the sand and wishing that problem would go away, responding to new fear about poultry contamination by telling consumers that food safety is their problem.

Oversimplified, that's the response to a "60 Minutes" television show in May that noted that current USDA inspection programs don't detect a lot of salmonella contamination and a recent National Academy of Sciences (NAS) report. NAS says today's inspection methods detect visible defects on a bird but don't find microbiological contamination.

But instead of recommending a crash program to adopt a new inspection system that would overcome consumer concerns, industry and government did little more than say consumers need to learn how to cook poultry thoroughly.

Objectively, they may be right. But in a business in which public perception is more important than reality, they could be taking a multi-billion-dollar risk.

Look for the controversy to generate full-blown congressional efforts to reform food inspection laws this year and next.

One bill in the mill would set standards for animal feed, supplement the poultry inspection process with random sampling, establish procedures to trace meat and poultry from processor to retailer, educate consumers on safe food prepa-

ration, protect "whistle blowers" and make seafood inspection mandatory.

Farm Credit Outlook Dim

What once looked almost certain—quick action on legislation to reform and save the Farm Credit System—this summer turned into a question mark.

Neither House nor Senate agriculture committee looked to be in any shape to move a bill before the August summer recess. And nothing approaching consensus on a solution seemed to be developing before Labor Day.

Two external factors contributed to the change in attitude: FCS second quarter losses did not appear as large as congressional leaders feared, and the always-fragmented elements of the system itself were still privately at war with each over a solution.

Lack of hasty action since the system's financial problems became obvious last winter have, however, made for some frayed nerves. House credit subcommittee chairman Ed Jones, D-Tennessee, was irked by a comment in the American Farm Bureau Federation newspaper.

AFBF said Congress appeared to be dragging its feet, "willing to let the Farm Credit System assistance issue go until the next crisis" and then rush to "hasty, poorly reasoned decisions."

Jones countered, noting that his subcommittee has spent "countless hours" since March in "hearings, reviewing testimony from well over 100 witnesses" and would produce a bill in time.

In the Senate side, chairman David L. Boren, D-Oklahoma, of the agricultural credit subcommittee, has been tied up on the Iran-Contra investigating committee and Agriculture Committee Chairman Patrick J. Leahy, D-Vermont, has been involved as head of a Judiciary subcommittee to screen the nomination of Judge Robert H. Bork to the Supreme Court.

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