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THE FOOD COMMISSION REPORT

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My first reaction to the output of the Commission was one of disappointment—disappointment in that easily digested suggestions or recommendations, which I would have expected, were not available. The prescriptions for problems did not develop for several obvious reasons.

The task before the Commission was monumental. It was to study and appraise:

1. Actual changes during the past two decades in various segments of the entire food industry.
2. Projected changes based on a continuation of present trends.
3. The kind of food industry that would assure efficiency of production, assembly, processing, and distribution; provide appropriate services to consumers; and yet maintain *acceptable* competitive alternatives of procurement and sale in all segments of the industry.
4. Changes in public policy affecting the organization of farming and food assembly, processing, and distribution, and the interrelationship between the segments of the food industry that would achieve the desired distribution of power as well as desired levels of efficiency.
5. The effectiveness of services, including marketing news and regulatory activities of the government, in terms of present and probable developments in the industry.
6. The effect of imported food on U.S. producers, processors, and consumers.

This was truly a broad assignment. The action of the Congress calling for such a study indicated that policy leaders and makers apparently believed facts and data were not available in the form necessary to make policy evaluations.

The six charges to the Commission involved a mixture of assignments. The first assignment was data collection—a massive task. It

recognized deficiencies in data from the census, college departments, and the United States Department of Agriculture. The second assignment was the evaluation of data. Obviously this was a tremendous task. Any of you familiar with research knows it is easier to get data than to evaluate them. Third, a theoretical structural framework was to be developed to make it possible to evaluate the data in light of previous and prospective trends in the food industry. The theoretical structural framework required for evaluation of data in the full range of time dimensions was not fully developed. The fourth assignment was to make policy suggestions and recommendations—in other words, value judgments—over and above the evaluation of data.

Can you imagine doing all these tasks in essentially a year of productive work? This was about the amount of time available. Most of our experiment station projects, at least at our institution, have a three to five year life and deal with very, very small portions of the food industry. Many of these projects are renewed after five years, as a good many of you know, because this is an extremely complex area.

Second, I was disappointed also that the Commission did not treat each of the six charges equally in terms of effort. Probably the most work was done on one, four, and five. The others received less attention essentially because of lack of time and the sheer task that was ahead of us. We did not deal comprehensively with items two and three, projection of changes likely if present trends continue and the kind of food industry that would assure efficiency and competitive alternatives to each segment. We gave limited attention to six, too, which dealt with impact of imports on the U.S. food industry.

Parenthetically I might add that the interest and concerns of the Commission, members and staff alike, probably changed unconsciously about last October. When the world food crisis became apparent last September and October, there was a lot of discussion which probably lessened the sense of urgency about the problems of the food industry. The Commission was conceived, of course, in a period of surpluses and the prospect of further mounting surpluses. The change in the situation might have led to a change in orientation of the effort. There appeared to be considerable and convincing evidence that we did have a highly efficient and dynamic food industry and that the food industry would be a powerful weapon in the world food crisis in the decades ahead—probably the most powerful element with respect to our position in this country against hunger in other sections of the world.

Third, I was disappointed that we did not develop further ideas on the nature of the impact of full-scale economic integration in the food industry. I was impressed with the fact that the traditional role of prices and the pricing system as an allocator of resources between functions and segments of the food industry practically drops out of the picture in the report. Supply responses essentially become decisions of a few men in a few industries—supply responses which have differential effects in different geographical areas. Withdrawal and expansion decisions are far removed from local decision-making processes of producers, local bankers, dealers, etc.

Integration in the processing end of the food distribution sector appears to be increasing, and its implications for agricultural production are not clear. We see that there are real issues here relating to the structure of the entire U.S. economy. However, we were dealing only with the food industry. Will prices, or will the pricing system, be retained or have a role as a resource allocator in the traditional sense when we have a highly integrated system? What are the alternatives?

Fourth, I was disappointed that we did not spend more time on questions of conglomerate organization and the impact of this structural realignment on the competitive interrelationships between different segments of the food industry. I think this is crucial. Prominent economists as well as knowledgeable persons and legal people offered testimony relating to this question, but nothing was really developed concerning how to deal with it.

I wish to comment briefly on the implications of the issues emerging from the study of the food industry. In my view, as desirable as the general Commission report may have been in compliance with the statute, I believe the real issues have yet to be fully identified. The solid work of the Commission is in the technical reports. It was the data collection aspect of the whole activity that provided the lasting value of the effort. Many of you have heard marketing researchers say that they cannot get data on this or that question from cooperating firms or the industry. The Commission, of course, had the power to obtain this data, and I might say the data were obtained with the full cooperation of the industry segments involved.

Another consideration is that issues have to be raised in the context of a theoretical framework and a value system. This remains yet to be done. The essential theoretical framework required for evaluation, I fear, has not been fully developed by economists,

political scientists, and others involved. A value system profile and framework must be developed so that it involves the political aspirations of our society and all participants in the food industry. This, of course, the Commission itself could not do. So I am saying that a new package of issues and recommendations is really not available from the report.

I want to suggest that the next step is homework for the researchers and the USDA and the research and extension personnel of the land-grant colleges. They now must become intimately involved in this process. I want to repeat that the homework is ahead. The identification of issues, the debate of them, and the resolution of them, involving industry groups and others, are yet to be done. The task was simply too monumental to be wrapped up in one neat package for educational use with clientele groups on a wholesale basis. I fear this is what too many people expected. The good work of the staff in the technical reports is an excellent foundation on which to build. True, the Commission had power to obtain data and information not otherwise available, but time and circumstances prevented full digestion of some of the data. The neat package did not become available; and, in the best American tradition, I believe this is good, if I might use a value judgment now, in that the Commission did not provide us with *the final* report but with useful basic information for the development of appropriate research and educational programs.

The finality of the type of report that some hoped for would have been a disservice. It would have precluded further intimate contact with this whole activity for the entire array of talent outside of the Commission and its staff. As I see it, this is the stage we are about to launch, and I urge those in policy education research to make their own independent analyses and studies so that the evolutionary and dynamic character of the U.S. food industry can be retained and strengthened.

One additional thought is that I was and am impressed that the Commission was composed of dedicated and knowledgeable people. The Commission members were people of good will, and matters could be discussed by the Commission with good taste and grace. In my opinion, the staff was excellent and wholly dedicated, but again I re-emphasize that the task before this small group was monumental.

I believe that the activity of the Commission was on balance a highly useful one and did uncover facets for further study and

analysis. Now that the Commission no longer exists and as I reflect upon the past, I believe this was a highly salutary and worthwhile activity. We had the good fortune of having the excellent cooperation of hundreds of individuals in firms of the food industry; and this reflects favorably, I believe, on their attitude toward the complexity of the entire food industry. They wished to contribute to increased understanding of the food industry.