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# THE UNITED STATES FOOD SYSTEM OF THE 1970'S - DISCUSSION

by  
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Industry response to Professor Goldberg's paper.

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After reading Ray Goldberg's thoughtful and, unfortunately, too realistic picture of the world food situation, and also listening to his verbal summarization of this paper, and particularly remembering that I am neither an economist nor a world agriculturalist, I must confess that I feel somewhat akin to the sentiment that is allegedly expressed on W. C. Fields' headstone. I'm told it reads: "Taken as a whole, I'd rather be in Philadelphia".

However, I have been looking at the food scene for approximately thirty years as a manufacturer, and I do have a few convictions pertaining both to the macro-agribusiness picture as well as the nitty-gritty local micro-agribusiness situation. Incidentally, I'm sure Ray would be proud of me for using those two words.

The points that I would like to make are three in number:

1. There is indeed a serious shortage of food facing the world and we as the nation best qualified must help to find ways to do something more about this problem than we have to date. I'm quite sure that we must because if we don't our children and grandchildren will certainly live to rue it.

2. Food currently is the co-villain, along with oil, as the prime perpetrator of our agonizing two-digit inflation. As Dr. Goldberg has pointed out, this situation is likely to persist and I

agree that the day of cheap food, overall, in the U.S. is gone. The farmer for the first time in my memory is truly in the catbird seat with the possible exception of the dairy farmers. I will try to treat with just what this changed role means for both the processor and the consumer.

3. I feel I must make a strong plea that we as an industry don't fall into the usual trap of believing that we can solve all of our problems in this area by legislation and regulations. Ray's final point in his paper suggesting that the Justice Department and the other agencies, which I assume to be FTC, Food & Drug, and the Department of Agriculture, should take a new interest in the activities of the food system, sent a little shiver down my spine. Somehow I have the distinct impression that they have all been quite keenly interested in what went on in the food system for some time back.

Now back to point one. To most Americans, real hunger is but an occasional pang of a delayed meal or a skipped breakfast. However, for an estimated 700 million people, hunger is commonplace and the prospect of an agonizing death by starvation a grim fact of life. These people live in India, Bangladesh, Pakistan, and in parts of Latin and Central America. Many of them live in the drought-stricken regions of Africa. Others live in overpopulated small countries in Asia. Half of the 700 million people that are hungry are children!

Today it is agreed by agricultural, nutritional and economic experts that the current world food situation is

substantially more ominous than it has ever been before. It is true we have had famines, such as the Irish potato famine and famines in India and China at previous times, but these have been spot experiences rather than universal.

A recent State Department report asserts: "History records more acute shortages in individual countries, but it is doubtful whether such a critical food situation has ever been so world-wide".

Last Thursday's Wall Street Journal in its lead article on the front page, right-hand column, was devoted to this subject and it pointed out some of the factors that have lead to this terribly critical situation. Foremost, of course, is the world's staggering population growth. Each week, I am told, there are added to the total number of people in the world to be fed 1.4 million new hungry mouths. This figures out, if my mathematics is correct, that in approximately every 30 months the world's headcount is increased by a number of people equal to the current total population of the United States.

As Americans who enjoy the greatest selection of food choices in the world, and who probably waste more food than any other nation of people anywhere, we are living in a dream-world if we think this situation isn't a time-bomb ticking away relentlessly--a time-bomb that will one day explode unless we find a way to solve it.

I happen to go along with Professor Borgstrom, professor of food science and nutrition at Michigan State University, when he says: "The rich world is on a direct collision course with the poor world. The world at large could be faced with riots, famines, and pestilence. We don't live on a protected oasis. We can't survive behind our Maginot Line of missiles and nuclear warheads".

What then is the solution to this crucial problem. Of course, there are no simple answers, but the cold statistics lead me to some definite conclusions.

1. With U.S. food reserves depleted and shortages of corn, sugar, and soybeans likely to keep our food prices sky-high, it is not only politically but realistically impossible for the U.S. and Canada to continue to fill the ever-growing world void with our domestic production.

2. Population control must be imported. I know what a hot potato this one is. Religion, tradition, and even the paradox of high infant mortality itself which prompts parents to have a large number of children in order to have any survive, in many of the less developed countries are all hurdles to getting the tidal-wave of people production under control. But under control I am sure it must be gotten.

At this point I would like to recount a personal experience while I was with United Fruit Company. As most of you know, United Fruit, with its 50,000 employees located in the tropics, operates a number of very sizeable hospitals at its several locations throughout Central America. These hospitals are all-purpose hospitals but traditionally one-half of their beds have been dedicated to the maternity ward. On my last visit to Honduras, one of the biggest divisions of United Fruit, I found the maternity ward occupied by only one expectant mother. In checking on this I learned that the reason for this is the women workers of that division and the wives of the men workers had discovered the pill, and as a result of this discovery, were practicing very effective birth control. Given the opportunity, these women, who I think are representative of the populations throughout the under-developed world, would much rather have a new refrigerator than another baby.

3. We must find ways to also import not our food but our American technology and know-how to these LDC's along with capital incentives to make productive agribusiness enterprises overseas both viable and attractive.

4. We must fund more research to discover new strains of crops that produce greater yields and that are more adaptive to the soil and climatic conditions of the have-not countries. Recent breakthroughs on rice and corn are examples of what can be done in this area.

5. We must face up to the fact that in the U.S. we may not be able to enjoy as much meat, poultry and dairy products (I say this latter regretfully) as we have always been accustomed to getting. I leave you to conjure with a figure that the U.S. livestock population alone consumes enough food material each year to feed 1.3 billion people. I am told that if the diet of the average American were switched to that of the average Chinese, we could easily feed somewhere between 800 million and one billion people. And, incidentally, we would all probably be a lot healthier. The average American uses up five times as much agricultural resources as does the average resident of Columbia, South America.

Coming back to our domestic food scene and the changes that are taking place there, I have an observation that I would like to leave with you.

I concur completely with Dr. Goldberg that there is a growing need for closer affiliation between the producer on the farm and the processor and marketer. I personally believe that the current situation of tight supplies of agricultural commodities will speed up this type of cooperation. I know from personal experience that this is what happened in the citrus industry.

When I was in the concentrate industry with Minute Maid, we were successful in setting up a very effective cooperative effort between citrus growers

and the company, in which their supplies of citrus were committed to Minute Maid's concentrate plants in return for a sharing arrangement on the final net income that was received for their fruit through the sale of Minute Maid frozen concentrate.

The advantages of these types of cooperative or joint venture arrangements are many. The greatest benefit comes from an equitable sharing of the risk and the gain as a result of tying the farmer's return directly with the results of the market place.

The wide swings of performance by one segment of the industry vs. another are dampened.

The ability of the processor to plan and promote with an assured supply and with a shared inventory risk is a very great plus, particularly in the case of the seasonal crops. And finally, the farmer gains immeasurably from having a dependable home for his production and access to professional guidance on crop size and mix.

My third point is, let's do everything we can to keep the regulations and bureaucracy to an absolute minimum in our search for new ways to cope with the food problems.

As a fundamental believer in the efficacy of the free, competitive market, I am convinced that most controls and subsidies cause more problems than they solve.

As a direct example of bureaucratic bungling, I can cite the delayed decision of our federal government to permit the import of 100 million pounds of cheese desperately needed to fill the growing demand last fall, but delayed until the spring right at the time of the milk flush in the midwest. The unfortunate timing of this decision without question had a great deal to do with the sky-rocketing price of cheese at the end of last year and the precipitous drop in the bulk cheese market that occurred early this spring. The result of the gyration was to cause losses to all segments of the dairy

industry that were involved in the cheese business.

Another of my pet peeves is the tremendously high costs of our ecology regulations. Furthermore, all industry, and the food industry is no exception, must comply in a short time frame that is proving to be wasteful and in some cases premature.

We at the Hood Company are not opposed to doing our share in cleaning up the environment in which we live, but we do feel that the high costs, which are completely nonproductive, are only adding to the inflationary pressures and are in no way increasing the productive capacity of our manufacturing systems.

The bill that the environmentalists are asking of industry is amounting to over seven billion dollars this year and it is due to increase. The timetable that is being thrust upon us is much too short to thoroughly examine all of the alternative solutions. Furthermore, the state and town authorities seem to be vying with each other to outdo the federal government in the standards that they have set. If nothing else, we certainly should have some uniformity and consistency in these programs.

The Hood Company alone is facing expenditures of well over a million dollars within the next 12 months to comply with the regulations that we face at a number of our processing locations.

As an example of what can be done if a little more thought and time is given to the problem, I cite an instance where our cottage cheese plant in Newport, Maine was on the verge of being closed down because the town's sewerage system was inadequate to handle the acid whey that is a by-product of the cheese-making process.

In order to prevent what would have been a real disaster for Newport's economy, with Governor Curtis's help more time was permitted for us to experiment with the direct feeding of this whey to dairy cattle in the area. These experiments are still going on, but all indications are that they will be a success and the unrealistic expense of three-quarters of a million dollars for a new sewerage system probably will be avoided and the dairy farmers could have a new low-cost source of protein.

As another example of the need to look before we leap, I understand that there is substantial evidence now that the anti-pollution devices on our industry's smoke stacks are raising the acidity level of our rainwater to a degree where it is believed it is stunting the growth of our farm crops and forests.

To sum up, I commend Dr. Goldberg for a thoughtful and useful paper. It is my hope that it will serve to spur some vigorous activity on the part of industry and academia to put the world and domestic food picture back on the track.