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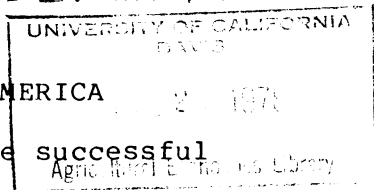
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U.S. Department of Agriculture
Office of the Secretary



CONSUMERS AND FOOD POLICY IN NORTH AMERICA

Anything more than a cursory look at our more successful agricultural policies will demonstrate that they have usually been based on the economic and policy research of people such as you. I applaud your past successes. But I come before you today to ask you to help forge new successes: to turn more of your talents to public policy and social science research in the food and nutrition fields.

We meet at an exciting time for you and your profession. I feel relatively certain that none of you chose agricultural economics as a vocation in the fond hope that you would wind up as lead editorials in The New York Times or The Wall Street Journal. The Economics Journal, maybe. Not Wall Street's.

But you may have been wrong. Food is news today. And two interesting and important things are happening right now -- both of which involve you.

First, the traditional debate over "agricultural" policy has been expanded into a debate over food and nutrition policy. We are no longer concerned only with the mechanisms for producing, processing and distributing food, and what kinds of economic returns are available to producers, processors and distributors. Within the past few years the traditional agricultural arena has been enlarged to include a debate over food composition, nutritional values, chemical additives, and costs to consumers. And these new issues may have an enormous impact on the economy of production, processing and distribution.

Remarks of Carol Tucker Foreman, Assistant Secretary for Food and Consumer Services, at the Conference of American Agricultural Economics Association and Canadian Agricultural Economics Society, Virginia Polytechnic Institute and State University, Blacksburg, Virginia, August 9, 1978 at 8:30 a.m.

Second, we have reached a point in our national life when the people of this country, while still willing to use government action to attack a wide variety of problems, are quite rightly unwilling to tolerate unforeseen, unintended and unfortunate consequences of those actions. We are, it seems to me, in desperate search of competence in government.

Both of these developments are of enormous importance to your profession. You, in turn, can play a crucial role in resolving the problems which they present.

First, let's look at the debate over a food and nutrition policy. It's interesting that it is a debate. Does anyone, anywhere raise food for its own sake? Or because the plants look so pretty popping out of fields? We produce, process, package and market food so that people will buy it, eat it, and be nourished by it. In food, more clearly than any other sphere of the economic world, the consumer is the sole end of production.

But, until recently, government food policy has tended to be overwhelmingly concerned with increasing production, improving processing and enhancing distribution. These are good and worthwhile aims. At one time they were the only things we needed to be concerned about. Now they ignore some very current problems. Let me outline some of the most pressing.

We have for years used chemicals at various points in the food system to increase production, retard spoilage and preserve foods. They seemed a stunningly successful solution to those problems. Now they are presenting problems themselves as we learn that some of the same chemicals, which had such beneficial effects on food, treat the human body rather less kindly.

We have become so dependent upon food processing and upon nationwide food distribution systems that the farm value of production bears little relationship to final costs of food.

Although millions of Americans still are unable to get enough to eat without assistance, for millions of others nutritional problems are a result of consuming too much food.

For those who simply cannot afford an adequate diet, nutrition research and education and food safety regulations are irrelevant.

Another problem area is the dramatic change in American lifestyles over the past 15 years. Educators and nutritionists alike are becoming increasingly concerned about the capability of consumers to make food choice decisions that provide nutritionally sound diets.

Finally, government policies encourage certain kinds of production and marketing and discourage others through support prices, research, and regulation. But we know little about the impact of these programs on nutrition and on consumer prices. Government must deal with these problems. The goal that I would seek is the development of policies that will provide an adequate supply of safe, high quality and nutritious food at reasonable prices, while providing a reasonable return on investment to those who produce and distribute food, and assuring some assistance to those at home and abroad who cannot afford an adequate diet even at reasonable prices.

Obviously, no one program will achieve this goal. It requires a mixture of public and private action. Perhaps more than anything it requires wise, rational, well thought out public policies. Which brings me to my second point -- the need for competence in government action. You and your professional cohorts hold important keys to competency in government action.

When I look back over some of the issues I have wrestled with since entering the government 18 months ago, the potential for your influence and the need for your expertise is overwhelming. The gaps created by their absence are sometimes appalling.

For example, in food assistance programs, one of the very first issues that confronted us was the debate over President Carter's welfare reform program and whether food stamps should be "cashed out."

We know that food stamps account for about \$6 billion a year in federal tax dollars, going to some 16 million people each month. However, with the exception of the work done by my long-time friend, Sylvia Lane, we have little research on the impact of the food stamp program. We have little information on the impact of "cash out" on the nutritional well-being of food stamp families; on the total purchase of food; or on the prices received by farmers.

There isn't much research on school feeding programs either. To a greater and greater degree, schools want processed foods. They don't want whole chickens. They want pre-cut, pre-breaded, pre-cooked frozen chickens because that reduces labor costs for the school. But what impact does that have on the producer? What impact does it have on the budget of the program at the federal level and the state level? What impact does it have on the nutritional adequacy of the school lunch?

Let's talk about superdonut and its friends. There is a perfect example of the need for your expertise. The superdonut is a formulated grain-fruit product. It is used in the school breakfast program to take the place of both the cereal-bread and vegetable-fruit portions of the breakfast. Usually a school must serve a 3-component meal. With this product, only two components are necessary. But, there is no fruit in the grain-fruit product. It is a donut or cupcake fortified with vitamins and iron. It is also high in sugar and fat.

It was originally introduced in order to encourage schools with no cafeteria facilities to take part in the breakfast program. But, we now know that most of the schools which use it have cafeterias. It is a convenient way to save money on school breakfast. But its use means that vitamin C manufactured in a laboratory is substituting for vitamin C manufactured by a citrus farmer. Further, the superdonut may be teaching children that a sugary, high-fat product is an appropriate item to have for a nutritious breakfast. Surely, it increases the child's sugar and fat consumption. These are unintended, unanticipated and unfortunate results of a government action taken to resolve one problem. It didn't resolve that problem. It created potential new ones. The problems could have been and should have been avoided. They might have been if there had been adequate analysis before we started to use them. We never had any kind of analysis until it was done by Bill Boehm and his staff last year.

Is the superdonut a trivial issue? It is typical of child nutrition problems and child nutrition programs cost \$3.5 billion per year.

Let's take another example. No issue has been more hotly debated in the agricultural community over the past couple of years than the Senate Nutrition Committee's dietary goals. Nutritionists are debating the scientific validity of the goals. Cattle producers are screaming that the goals portend their economic ruin. Do they?

I don't know. You haven't told me. I'm not aware that you have written about the potential economic impact on cattlemen if consumers follow the guidelines, and you haven't analyzed whether cattlemen might gain economically from less grain feeding. You haven't written about whether the production of leaner cattle would reduce consumer prices; reduce imports of lean beef, or any of the other myriad possible results. You haven't analyzed the costs to society of time lost from work as a result of diseases that may be diet-related.

Every time new nutritional and dietary information comes to light, tremors run through the affected industry -- understandably so. Egg producers, or hog raisers, or cattle feeders are told the government is out to get them and that they are going to be driven out of business. Their very natural reaction is to attempt to refute the scientific data or prevent any attempt to act on it. That's normal and natural. It may also be the wrong reaction in terms of national health. But worst of all, it may be a great waste of energy. Perhaps the recommended changes will not cause great economic dislocation. We won't know if we don't have the research. Even if change must come, public policy can be shaped to reduce the the burdens of that change -- if we have research and analysis that will provide policy options.

Let me turn for a moment to regulatory decisions and the absence of economic data on which to base our actions. Nitrite is a good example. The USDA and the meat industry have known for 10 years that the sodium nitrite used in curing meat is implicated in the formation of cancer-causing nitrosamines. We know that this causes the meat to be adulterated under the definition in the Meat Inspection Act. The impact on the industry and the public may be very great. But I cannot find any economic or policy research, except a little done by the affected industry, on the extent of that impact, or on policy strategies that will help us comply with the law and reduce the impact on the industry and the public.

I believe strongly that we must act to protect the public health through vigorous enforcement of food safety laws. When the evidence is clear and strong, I am not much persuaded when the economic health of an industry is used as an argument against an action to protect the physical well-being of the public.

However, we can and should choose the public policy alternative which reduces the economic impact, or at least spreads it as broadly and equitably as possible. To do so requires development of policy alternatives based on economic research data.

These problems aren't going to go away. They're going to increase and in the absence of solid research it will be increasingly difficult to make good policy judgements.

Two years ago your former president, Ken Farrell, gave an address to this association in which he urged you to expand your vision of your field. He chided you then for failing to address the most important policy problems in the food system. I frequently seem

to follow Ken's lead and so I guess much of what I've said today has the ring of "Amen, Brother." Not without reason. I read your Journal from time to time. And I have looked in vain for results of research relevant to the new food agenda. Perhaps you have expanded your research and analysis projects since Ken's speech, but I must confess I have seen little evidence of it. I was pleased to see some items on your agenda here. I hope you would agree that a 2-year gestation period is long enough.

In the past and even today you might plead that you've lacked sufficient funds to do this work. It is a legitimate complaint. Secretary Eob Bergland, Howard Hjort, Ken Farrell and even I are working to end that.

The USDA's \$5 million competitive grants program for human nutrition research includes for the first time a category for funding studies relating to the social science aspects of nutrition. In addition, the Secretary has noted the need to devote increased resources to the various agencies within USDA responsible for economic research and policy analysis of food and nutrition related issues. Clearly, we are committed to do more than has been done in the past to free money for research on such issues.

Recently, Secretary Bergland announced as a goal of the Department of Agriculture to "improve the analytical capabilities in order to determine the cost effectiveness of nutrition research, education, distribution, food safety and quality regulations and other nutrition programs; as well as the agricultural pricing and stabilization programs as they affect food and nutrition policy within USDA."

Now, you know we need you and you know we're willing to come up with some money. Next comes my "wish list" of the research we need. I hope you will consider devoting resources to some of the following areas.

First, we need to know a lot more than we do now about the intricate web of factors which make people decide what to eat. Singly, and in combination, we should evaluate the influence of education, income, race, region, sex, age, advertising, labeling, and lifestyles on food choice decisions. We should also determine how all these factors and resulting choices relate to health and to farm income. It would also be useful to identify the relationship between the consumer demand for nutrients and the demand for marketing services. Conceptual developments in this area are as old as your profession, but we haven't gotten much beyond a conceptual understanding.

This research can provide the foundation for policy analyses and evaluations of federal programs in nutrition education, food labeling and food quality regulation. It would also help us understand the nutrition-related consequences of federal agricultural production, marketing and income stabilization programs.

Some nutritionists contend that food industry practices, including advertising, are important factors in nutritional decline. In large measure these industry practices are a reflection of, and are encouraged by, technological changes in food processing and retailing. We badly need economic research to evaluate the extent to which these changes actually result in lower per unit costs for consumers. What good is all this technological advance if consumers do not benefit through lower costs?

Economists have long recognized the important trade-off between technical and pricing efficiency. Now we need research to document the magnitude of the relationship. Fritz Mueller and his colleagues believe the effect of inadequate competition in retail food markets is substantial "monopoly overcharges." Others point out the weaknesses of these studies. We must get beyond the point-counterpoint stage.

Research in this area must also deal directly with the economic consequences of such practices as the use of universal product code (UPC) and electronic funds transfer (EFT), vitamin fortification and the proliferation of packaging. It must also deal with the costs and benefits of economic regulation on industry practices. Backhaul regulations would appear to be an obvious case in point.

The third item on my agenda would be analyses to determine the impact of food safety regulations. Surely you can sense that one of the most frustrating aspects of my job at USDA has been the lack of research on the economic impact of various food safety alternatives. Research of this type could help us ease the burden of changing government policies on food system participants.

The fourth item, research in food quality, is probably the one most familiar to agricultural economists. Most of the present food grades and standards are products of the agricultural establishment. But are they meaningful to today's consumers? Do they even know what the grades mean? Evaluation of present regulations is badly needed and I cannot encourage too strongly the initiation of such research.

Finally, it is essential that we know more about how our various domestic food assistance programs actually contribute to nutrition and to farm income, other than encouraging the consumption of surplus products.

"Cash-out" of food stamps appears to be postponed at least for now, but Congress did pass legislation last September to eliminate the purchase requirement for food stamps, and to extend its benefits to an estimated 3 million more needy people.

In addition to the school breakfast and lunch programs, the Women, Infants, Children (WIC) food program has perhaps the greatest potential to use food and nutrition to improve health. It provides prescription food packages to vulnerable persons at nutritional risk during the most critical phase of human growth and development -- that is, to pregnant women, nursing mothers and young children.

WIC legislation was not part of the Food and Agriculture Act of 1977, but amendments are pending now in the Congress. It is important that we research the nutritional contributions of all these programs because they affect people who cannot afford an adequate diet, and because they are taxpayer-supported. I don't have to tell you that we need to get the most of our government's money.

That's a pretty hefty agenda. I present it to you because I believe agricultural economists have the tools and the training to resolve many of these complex issues. Or, at the very least, to shed light rather than heat on them.

To do so will, of course, require an investment of human capital. You'll have to learn as much about food and nutrition programs as you already know about commodity prices, income supports,

and marketing order programs. But you'll be playing a very large role in a very important decision-making process.

I ask you to seize the moment. If you do not, the work will be relegated to analysts who know little or nothing about agriculture. I don't want that to happen, and I don't think you do either. But surely you understand that we will decide and we will act. The absence of good data to help resolve a problem doesn't make the problem go away.

We in government who carry a responsibility for human nutrition do not like to pull and tug at the scientific community. We would much rather follow you. John Dewey once wrote that "every great advance in science has issued from a new audacity of imagination." Or one could simply say, "Behold the turtle, he makes progress by sticking his neck out."

I hope you will help us proceed in a more rational fashion to deal with food and nutrition issues.

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