95th Congress
2d Session

COMMITTEE PRINT

1979 FOOD AND AGRICULTURAL OUTLOOK

Papers Presented at the Food and Agricultural Outlook Conference Sponsored by the U.S. Department of Agriculture—Held in Washington, D.C., November 13–16, 1978

PREPARED FOR THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
UNITED STATES SENATE

DECEMBER 29, 1978

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FOREWORD

The 1979 Food and Agricultural Outlook Conference once again brought together Americans from all segments of the food and fiber system—producer, processor, Government planner, trader, and consumer—to examine a vast range of issues, problems, prospects, and situations.

The Conference, again sponsored by the U.S. Department of Agriculture, focused special attention on two vital concerns that have important implications for all Americans: inflation and energy. "Inflation: How, Why, and Impacts on the Producer, Consumer, and Labor" was the theme of a special panel discussion featuring representatives from organized labor, the Federal Reserve Board, USDA, and the academic community. Energy concerns were expertly treated during another all day session.

Particular attention was paid to the impact of Government programs, policies, and actions on productivity, marketing, and world trade.

Nutrition experts discussed the many issues concerning the diet of Americans. Rural housing problems and prospects received considerable evaluation at a gathering of building industry and Government spokespersons.

These topics, along with a full range of topics covering all aspects of American agriculture from the farm to the consumer, were dealt with in detail by the conferees.

In the interest of providing members of the Senate Committee on Agriculture, Nutrition, and Forestry, the Senate, and the general public with timely and useful information surrounding America's biggest business, agriculture, I have asked that the material presented at the 1979 Food and Agriculture Outlook Conference be published as a committee print.

The views and conclusions presented in this publication are those of the authors and do not necessarily represent the opinions of the committee or USDA; however, the committee certainly recognizes the participants' professionalism and capabilities in their respective fields.

HERMAN E. TALMADGE, *Chairman.*

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CONFERENCE OPENING

(By Howard W. Hjort, Director of Economics, Policy Analysis and Budget, USDA)

On behalf of the Secretary, the Department, and myself, I am pleased to welcome you to this—the 55th Annual Outlook Conference.

First, I want to express my appreciation and the appreciation of the entire Office of the Secretary, to the Conference Committee: Dawson Ahalt (chairperson), Ken Farrell, Tom Saylor, Ray Scott, and, the one who really put it together, Alan Bird. They have, I believe, developed an outstanding program.

When Secretary Henry Wallace called for the first Outlook Conference back in 1923, attendance was by invitation only, I am told, the conference itself was held behind locked doors. In that secretive atmosphere, the initial attendees reviewed the Department's first report on farmers' planting intentions. It was their responsibility to see whether the acreages that farmers had reported were in line with perspective demand. The doors were locked to prevent the information discussed from having an impact on commodity markets.

There have been some changes since that first conference. There have been no locked doors for many years now. As the proceedings have become more open, the content of our outlook conferences has become more varied and of greater relevance to the times, the scope and depth has increased and our audience has become broader.

Yet, the outlook conference has remained unchanged in its function: to serve as a forum for discussion and debate. We all come to this conference with unique experiences and perspectives that we can share. Thus, there are no teachers or students—only sharers and learners, and the information and opinions that we discuss are for everyone's use, to help all of us know better where we are now with respect to food and agriculture, as well as what the prospects are for the coming year.

This conference is one of several ways in which we try to provide timely and accurate intelligence on United States and world agriculture, food and fiber markets, and the use of food and farm products in industry and the home. Knowing the factors affecting our food and agricultural system, understanding the role that our system plays in the larger domestic and international economic, social and environmental concerns, and recognizing the alternatives available to effectively deal with these issues are vital if we as Government representatives, farmers, consumers, and business people are to make wise decisions for the future.

Creating and maintaining a strong system of agricultural and economic information analysis is an awesome responsibility. World leaders and their Ministers of Agriculture, of Food, of Finance and of Planning rely upon assessments of the state of world food and agriculture and judgments on the outlook for the near and longer term.

At present, there are only two agencies in the entire world which provide this global information and analysis: the Food and Agriculture Organization of the United Nations and the U.S. Department of Agriculture.

It is absolutely essential to have objectivity associated with this function of data collection, analysis, and reporting. It is also paramount that this information be reliable and issued in a timely fashion. Developing our intelligence and analysis functions to meet these criteria has been a top priority for this administration—and for me, personally. Over the past 2 years, we have taken steps to ensure that we have an objective, reliable, and timely information system.

Last year, the World Food and Agricultural Outlook and Situation Board was established. The Board's task is to assure that the intelligence responsibilities and reports of the various agencies of the Department are coordinated and consistent and that the very best information from all possible sources is effectively utilized. To assure objectivity and integrity in the intelligence process, the Board is set apart from the administration of programs; it functions as an independent agency. No political appointee is a member of any board; the members are all professional civil servants.

I have traveled to FAO's headquarters in Rome twice to seek ways we can work together more effectively in providing information on food and agriculture.

We have established a Weather and Climate Office with the World Board that is jointly staffed by specialists from NOAA and USDA. Other changes designed to improve our intelligence system have been made.

Our goal is to have the very best intelligence system of its kind to help farmers, consumers, processors, transporters, wholesalers, and retailers as well as those of us in Government, make wise decisions for the future. Given the importance of food and the sensitivity of our agricultural and domestic economy to events around the world, we can afford to do no less.

This conference is an important part of that information-sharing process. For the past 55 years, it has been the forum for the presentation of reports and discussions providing objective, factual, and pertinent information to help us know what factors will affect the United States and world food and agricultural picture in the present and the future.

During the next 4 days, we will have participants from Government and business discussing agricultural policy issues, the outlook for specific commodities, transportation and storage problems, family living concerns, energy problems, and inflation. We'll examine those subjects in detail and hopefully, get your questions and views on these matters. Once the conference has concluded, I hope we will get your views on how we might improve future outlook conferences.

Again, welcome here. Now, let's get on with Outlook '79.