Agriculture in a World of Change

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AGRICULTURE IN A WORLD OF CHANGE: QUESTIONS*

Secretary Yeutter and Under Secretary McCormack

QUESTION: I have a question regarding the environment. We may be entering a phase of unilaterially increasing our regulation of the environment. This probably will affect our competitiveness abroad. Would you care to comment on what appropriate U.S. policies may be in this regard?

SECRETARY YEUTTER: Environmental issues are going to require a lot of our attention during the 1990's. Concerns about the environment will not disappear, because they're legitimate concerns. And as you well know, we need to be responsive to these concerns in this Nation and around the world.

But it's important to respond in a balanced way. My view of the recent votes on the "Big Green" environmental initiatives in California is that they reflect the judgment of the American public that the pendulum has swung a bit too far and that we have not been handling environmental issues in a properly balanced way.

At times there are trade-offs between environmental protection and jobs. In keeping with the democratic traditions that Dick McCormack talked about, we have tried to balance those appropriately. We can't swing the pendulum all the way in one direction or the other. We face that here, and with a whole host of other issues as well.

I hope that the votes that we saw two or three weeks ago indicate that the American public has begun to recognize that balance is essential in this area. We do have some trade-offs. It's not a black-and-white kind of situation. There are very difficult, intricate, comprehensive, and sensitive trade-offs involved.

Those trade-offs have to be made by policymakers in good faith whether they are at the Federal level, State level, or local

*Based on a transcript

level. They need to be made based on the best data and information available. Putting it another way, they need to be made on the basis of objective criteria for decision-making and not on the basis of sheer blatant emotionalism. I guess that's really about all one could say about it at this stage without getting into specific issues.

QUESTION: Mr. Secretary, I have a question about the GATT round. I understand that some EC speakers have been saying in the Washington area that the EC is prepared to make some stiff commitments on supply controls. Would the U.S. look favorably upon such a commitment to satisfy its demands in the GATT round, rather than the reduction in subsidies which the EC claims it cannot do for political reasons?

SECRETARY YEUTTER: We'd be delighted if the Community were to make some commitments in the supply control arena; however, that needs to be defined. I assume that setasides would be the principal area of interest in that regard.

As many of you know, the Community has had some setaside programs through the years, but they haven't worked very successfully. They've taken only a minute amount of land out of production; I think the amount is around 1 million acres while we have done 20 or 30 times that much on with just short-term setasides. The Community has begun a few things in the environmental arena that are somewhat comparable to our Conservation Reserve Program here, but not very much.

I've been saying consistently over the last three or four years that it would be tremendously helpful if the Community would move forward in this direction and achieve some environmental benefits at the same time it achieves some foreign policy reform benefits. To me they're compatible. Those kinds of efforts don't have political costs; they are political pluses. In other words, this shouldn't generate opposition within western Europe. It should generate support both from the environmental community and from consumers and others.

We see it as a political plus and as a way to contribute in a very positive way to the negotiating environment. Our judgment is that we've already given away the store in that regard. As you well know we've got 30 some million acres out of production in the Conservation Reserve and we've had something pretty close to that involved in short-term setaside programs. So we'd be delighted if the Community were to emulate that in any kind of a proportionate way.

So far the Community has done very little in that regard; in fact, not many other countries have done a whole lot either. So we'd like to see a contribution in that arena coming from others as well.

But in terms of that meeting the requirements of the negotiations -- that's another matter. We would not consider that to be an acceptable resolution of all the commitments in all of these areas. That has nothing to say about market access. A Community commitment to engage in supply control programs in lieu of providing market access will never sell in the United States or the rest of the world. That's pure protectionism and simply is not defensible. That's what we'd call a Fortress Europe response.

There's no substitute for providing market access or for disciplining exports subsidies. Hopefully, supply controls would reduce the demands in that area because if production is constrained through the use of setaside or other programs, there would be fewer products to dump on the world market. That would be helpful.

It seems to me that through the use of those programs the Community can make and meet commitments for export subsidy disciplines. These are the mechanisms by which the Community can make these kinds of commitments to the rest of the world and meet them. We find it unpersuasive and implausible that the Community is unwilling to make commitments in this area because there are some techniques and mechanisms available to meet those.

QUESTION: What provisions may be made if the Uruguay Round negotiations are not successfully completed in December?

SECRETARY YEUTTER: Well, first of all, I'd prefer not to dwell on a failure of the Uruguay Round. It seems to me that we shouldn't write it off now, pessimistic as prospects may be. We should all go into Brussels next week with a positive attitude and with a commitment try to make the Uruguay Round succeed. But, as I said, we are not going to do that at just any price.

The President, Carla Hills, and Dick McCormack have said that a bad agreement is worse than no agreement at all, and we mean that. So we've go to have the right kind of outcome.

But if the Uruguay Round does fail, a lot of turmoil simply will be inevitable. Markets will be disrupted in a whole host of ways, because we'll have difficulties not only in agriculture, but in the industrial sector, services, intellectual property, and who knows where else.

The whole world will have to try to get itself back in focus again in the aftermath of a failed Uruguay Round -- and it's impossible to predict at this point how that might occur. Secretary McCormack indicated that such a failure could stimulate regional trading arrangements as an alternative to GATT rules. It will certainly stimulate unilateral responses by a lot of countries. The United States certainly will re-evaluate its entire agricultural policy structure and what it must do to protect its own interests. We'll have to do that in other sectors as well.

Inevitably, the entire trading environment will become far more confrontational. In other words, if we think we've got a lot of Section 301 cases and bilateral confrontations at the moment, the numbers and the magnitudes of 1990 will be nothing compared to what we'll see in 1991 and beyond. It's not a happy scenario. All of us will pay a price for the uncertainties involved in that scenario, aside from what may or may not happen in policy changes and counter-changes.

We ought to know better. In other words, the world as a whole ought to have better sense than to go down that road, but if we can't muster the political courage to do what needs to be done in areas like agriculture, it's going to happen. And if it happens those who have not demonstrated courage will pay the price. They may need a lot more political courage to deal with the aftermath than they do to deal with the situation as it exists today.

QUESTION: Mr. Secretary, since 1973 our economy has basically been hostage to the Middle East oil situation. However, at the same time you point out that in that same period of time the export markets for our crops have been steadily shrinking.

It may not be so well known that something like 97 percent of what we call our synthetic chemical industry today could technically if not economically be converted from fossil materials to renewable materials and there I'm speaking mainly corn or wood chips or what have you.

This indeed could take care of something like 50 percent of the corn crop under the right economic situation. I'm just wondering what policies and/or programs the Department of Agriculture has or intends to have to perhaps move from a fossil to a renewable resource economy.

SECRETARY YEUTTER: I'll comment on that a bit; then I'd like Dick to comment on the likelihood of continued uncertainties and vulnerabilities in the international petroleum arena.

If we do have continued challenges in that area and undependability in terms of importer supplies, prudence calls for us to evaluate precisely what we can do from our own petroleum resources. That includes evaluating the potential for alternative fuels: for using renewable resources such as corn, sugar, wood products, and others.

Today we cannot put those products into use at a cost comparable to the cost of imported oils or fuels. But that could change both in terms of future oil import costs and in terms of the costs of obtaining alternative fuels, because we've got an opportunity for research breakthrough in that area in the next decade.

If we put money into research and development activities, who knows what it'll cost to provide ethanol, methanol, or any one of a variety of other fuels five years from now or 10 years from now? We ought to be thinking ahead in making some expenditures in that area to see whether we can provide an economically competitive product. I don't believe we ought to assume that there will be no research breakthrough in that area. We've had research breakthroughs in a lot of other things, including medical science, that have startled everybody in the world. Why should we assume that we cannot have startling breakthroughs in the provision of fuels? So I am favorably disposed.

As long as I'm here as Secretary, we're going to give some attention in the Department of Agriculture to research and development activities and, hopefully, some commercialization activities as well. I think it's worth doing simply in terms of the security of this Nation, aside from the benefits to American agriculture.

So you'll see a much more positive response out of this Secretary and this Department in that area than we've had perhaps in the past. But Dick, why don't you comment on a broader picture?

UNDER SECRETARY McCORMACK: I would just observe that I agree with almost everything that Clayton said. More research and development could result in a breakthrough that presently we can hardly imagine -- but I would add that what we do in our economy has to stand the test of the marketplace.

During wartime, you can substitute higher-cost fuels to deal with a situation, but over the long term your economy has to be competitive internationally. That means making sure that the elements that make up your economy, such as fuels, are competitive with what the other fellow is using in his products. So that is the constraint that we have to deal with.

QUESTION: In the scramble for international markets in the 1990's, I'm wondering if the United States Government will continue to focus on the needs of the Third World in terms of developing its own comparative advantages in the marketplace, or if we simply will view those countries as marketplaces for our products? How much of a role are we going to play in building them up as producers of food?

SECRETARY YEUTTER: We don't have a lot of money to spend on Third World development, as you know. Most of those programs come through the Agency of International Development (AID) and although Dick and Ron Roskins at AID and others are trying to do what they can to help Third World countries through those mini-programs, there are clear severe financial constraints on expenditures in that arena. I'll ask Dick to comment more specifically about that if he'd like to do so.

But I would add that there's a lot that the Third World countries can do to enhance their productivity and efficiency without financial aid from the developed world. These are the economic reforms that many of us have discussed with them and a lot of which are now underway.

I came back from a week in South America about 30 days ago and I was enormously impressed with some of the changes that are taking place in Chile, Argentina, Brazil, and particularly in Uruguay, and in Bolivia. Of course, the same thing is happening in eastern Europe, as Dick discussed extensively.

If the Third World would abandon some of the government entities that have existed through the years and have operated so inefficiently, if they would shift to the market economy that has served us so well, and if they would ignore our shifts away from a market economy that we do foolishly, and do as we say rather than as we sometimes do and put the right kind of market systems in place and the right kinds of economic policies, they would generate some economic growth without a lot of aid coming from the U.S. and other developed countries. So it's a combination of all those things.

Certainly the World Bank, the IMF, and others can play a major role in all of this if they properly focus their programs and that's all in our best interest. Sometimes American farmers see that as a potentially competitive environment and say, "Why are we putting financial assistance into that part of the world, because it'll come back to haunt us."

Now the experience is that that those countries will become agricultural exporters but they'll also become much larger agricultural importers. We'll have a net gain rather than a net loss. That's why I'm enthusiastic about helping eastern Europe, because I think we'll sell more agricultural products in eastern Europe if those economies get on their feet than we do now.

I think we'll sell more agricultural products to the Soviet Union if that economy gets on its feet. The same thing applies to the Third World. In my judgment, we've got everything to gain, and not much to lose in that process.

Dick, do you want to embellish?

UNDER SECRETARY McCORMACK: Well, I simply would add that I spent nearly four years as the U.S. Ambassador to the Organization of American States and I travelled extensively around Latin America. When I first took the assignment Latin America was just coming out of the first phases of the debt crisis. I recall trying to persuade various leaders to adopt policies that we thought might improve the economy, and we had a lot of difficulties.

But gradually, as the consequence of work by the International Monetary Fund which we heavily support, structural adjustment loans by the World Bank, and the sheer weight of evidence, we began to see a change in mentality, ideas, and in concept away from the state and toward free market economics.

People began to look at what happened in Chile, which had been an economic basket case and suddenly became very prosperous with a stable economy. They began to examine not what they were doing politically but what they were doing economically. The Mexicans are beginning to adopt new economic policies. The Brazilians are talking about different economic philosophies and policies. I am absolutely confident that over the next 10 or 15 years you will see dramatic improvements as these basic economic concepts now at the top start to work their way through the system, and be implemented in programs, and as whole new generations of people come from the universities with new and better ideas than those of 20 and 30 years ago.

So I think the solution is to help them get their basic economic policies right -- to work through the IMF and the World Bank to a degree. We can and are doing some things with aid, but the basic solution to those problems is for those countries to get their policies right. When that happens, everything is possible. Without that, nothing is possible.

SECRETARY YEUTTER: And that's why the Uruguay Round is important, too.

A number of the leaders in South America said to me with regularity, "You know we're doing what you folks in the developed world have insisted that we do. You've been telling us to become more market-oriented, you've been telling us to expose our industries and our firms to competition. You've been telling us this is good for us. You've been telling us to let in foreign investment and all of that. And we're doing that because we think that's right and it is the way to go to generate more economic growth.

"But then what happens? Along comes the Uruguay Round. We say we'd like to sell rice in Japan and Japan says, 'Oh no, we have an import ban on rice.'

"We want to sell sugar in the United States and the U.S. says, 'Oh no, we have a quota program on sugar. We can't change that. We have to keep a sugar program that is cost-free to the American taxpayer. Don't sell your sugar here.'

"We go to the European Community and the Community says, 'Oh no, we can't provide market access. We have to have Community preference that favors the farmers in western Europe. They must be our first priority.'

"We come to textiles and none of you wants to buy our textiles. What are we supposed to do? How do you expect democratic societies to succeed? How do you expect a market- oriented economy to succeed in Latin America or elsewhere in the world when you developed countries want to close us out of your marketplaces?"

UNDER SECRETARY MCCORMACK: Let me make one final comment. We have seen some important progress in Asia. Forty years ago Asia was a continent of extremely poor people. We're seeing dramatic changes there as they're adopting different policies.

Latin America is beginning to show some promise there. The part of the world that's still is of great concern to people like myself is what's happening in parts of black Africa where you still have massive dislocation, and hunger on a terrible scale. There is and will be a tremendous role for imaginative assistance of various kinds to prevent sheer starvation by the innocents affected by war, dislocation, poor policies, and other horrors descending upon that part of the world.

QUESTION: Mr. Secretary, I realize that this is probably a futile question, but I'll ask it anyway. You said just a few moments ago going into Brussels next week you have to have an open mind. Keeping that in mind, and also keeping in mind that Mr. McCormack said that the U.S. is pretty much at its bottom line, Is there any give at all in the U.S. agricultural negotiating position? If there is, would that pretty much mean that the Cairns Group of countries would bolt from the table?

SECRETARY YEUTTER: Well, I can't speak for the Cairns Group, nor do I want to speak for Ambassador Hills, who will have to make the final decisions on the U.S. negotiating position in agriculture and everything else. However, everybody goes into a negotiating session with some flexibility, I hope. Otherwise we may as all stay home from Brussels next week because it would be a total waste of time.

But clearly the fundamental message is one that we have been delivering for four solid years now. We have to have meaningful, significant, substantial reforms in agriculture in all these areas: export subsidies, internal supports, market access and the sanitary area. You can't be just nibbling at the edges or making marginal changes. That's just not worth doing. Let's do it right and let's make really meaningful improvements in this area over time. I mean let's extend the time if need be so that we have a situation that is politically viable as we go through this adjustment.

We realize it's not easy in any country and so we've got to be practical and pragmatic about it. However, we can't lower our sights too far because if we do we will have the same situation we've experienced over the last 30 or 40 years and things will get worse instead of better. We've gotten some attention on this finally in the Uruguay Round, but we really need to get something meaningful accomplished on agriculture. If we don't, we're going to have a mess on our hands throughout the world, and we'll come back in the next round of negotiations with even more problems than we have right now.

We should have dealt with this issue in the Tokyo Round. The fact of the matter is we should have dealt with it before the Tokyo Round -- but what happened in the mid-1970's is that everybody ultimately punted. We had agriculture on the agenda and everybody said, "Oh it's too hard, we can't generate the political support to do this, we'll have to pay too big a political price." So everybody punted. Nobody did anything in agricultural reform in the Tokyo Round.

Where are we now? We're a dozen or so years later and everybody's saying, "Oh my God, things have really gotten worse in the last 10 or 12 years. Why didn't those blankety blank negotiators do something about this back in the Tokyo Round in the 1970's?"

Well, if we don't get it done now, in about the year 2002, there will be another round of negotiations and everybody will say, "Why didn't those blankety blank folks in political leadership positions back in 1990 do what they should have done?"

Well, the fact is that 1990 is here and all of us who are in positions of political leadership ought to do the right thing in Brussels next week. If we can't screw up the political courage to do that, we're going to pay the price.

QUESTION: What economic opportunities are there for corporations who want to invest in eastern Europe and what incentives will there be? And how would you rank the eastern European countries now in terms of American investment?

SECRETARY YEUTTER: I'd like to ask Dick McCormack to answer that since he's spent a lot of time on eastern Europe.

UNDER SECRETARY McCORMACK: Well, I would like to make the general observation that you cannot make general statements when you're looking in terms of investments. There are individual opportunities, individual countries, and individual sectors. My sense is that Czechoslovakia has some important opportunities right now. The country has some very good, sound economic policies, and it wants investment.

Of course, eastern Germany has got thousands of state-owned factories that the government is currently trying to get rid of. There's some opportunities there.

In the case of Poland there have been some important discussions that have taken place and various opportunities that exist there. As I say, the key thing is for people with specialized knowledge and specialized technologies to look at specialized situations that exist in eastern Europe.

It's there. You've got to weigh every single one of these opportunities, every single business, every single firm, every single industry just as you would if you were investing anywhere else. Is it a good deal or not a good deal? Is the product good or is it not good? Is there an open market here or is there not an open market here? So I just don't think there is a general answer to your question.

SECRETARY YEUTTER: You know, there are a lot of places around the world where we Americans can be making investments, not just in agriculture but in other areas as well.

Eastern Europe certainly has some possibilities, but there are plenty of other places. It's important because investment and trade go hand in hand. Admittedly there are some risks in making investments around the world. But if we're unwilling to make investments around the world, we're not going to have the trade volumes that we could have. The two do go hand in hand.

The reason I wanted to add that was that I was in East Asia in August visiting a number of countries including Malaysia and Thailand. In both of those countries the prime ministers strongly encouraged additional American investment. They were asking why more American firms don't put money into Thailand and Malaysia and elsewhere in Asia. The fact is, we ought to.

Here are a couple of countries that right now average economic growth rates of 10 percent per year. How can you find a much more attractive investment environment than that?

And yet, there is little American investment in Thailand and Malaysia. I talked to someone over there and I asked, "How are the American investors doing in Thailand?" He just laughed at me and said, "You've got to really be dumb in order not to make money in Thailand these days."

Why can't we extend our horizons a little bit and do business in countries such as those instead of sitting here complaining that nobody's buying as much as product as we want them to buy? One of the reasons they don't buy more from us is that we haven't been out beating the bushes with either investment or trade.

QUESTION: Let's assume that the EC becomes a stumbling block in the trade negotiations and that there is no way out. Let's also assume that what matters is efficiency in a free trade environment. Would you be willing to isolate the EC and make a deal with the rest of the world, including Third World countries?

SECRETARY YEUTTER: Now that's a very profound question. That's the most profound question of the morning by far and I'm amazed that this is the first time that anybody has asked me that question during all the debates in the Uruguay Round over the last four years. I would have expected that question to have surfaced a long time ago, but it hasn't. I have thought about it because I've posed that question to myself.

I can't answer that today because I really don't want to respond to a hypothetical question, but the thought has crossed my mind. Perhaps we should just leave it at that for the moment.

QUESTION: Mr. Secretary, to what extent will the negotiations over intellectual property rights or trade in services influence the agricultural negotiations next week?

SECRETARY YEUTTER: The fact is they're all interrelated even though they're separate negotiating groups. When you get down to the final negotiating session, everything becomes intertwined with everything else. Groups in the U.S. and other groups in other countries will say, "Oh my goodness, we're going to be traded away for the other guys."

And I was in a session just the other day where somebody was reading a letter from an industrial group to Ambassador Hills asking that she be sure that the industrial sector of the U.S. isn't traded off next week in Brussels.

We're not going to trade the industrial folks off for the agricultural folks. I've been getting letters from the agricultural groups saying, "Make sure that we're not traded off for the industrial sector." And I'm sure that's happening in every country now, but the fact is they all intertwine.

What we have to hope for is acceptable outcomes in every group, but it'll be a very difficult situation for Ambassador Hills to manage. She'll have 15 negotiating groups in Brussels next week, all of which are trying to move to definitive conclusions. Eventually there will be some trade-offs between and among them all. That's bound to occur. It's a very challenging task for Ambassador Hills and her negotiators, but I have a high level of confidence in them.

I sometimes get a little distressed with U.S. groups -- industrial or agricultural -- who worry about somebody giving away the store in Brussels. In my judgment we have an outstanding group of negotiators going into Brussels. We have had an outstanding group negotiating on issues bilaterally and multilaterally for the last several years and to me that ought not be a concern.

We will have to make trade-offs if there is to be a successful outcome next week in Brussels. Not everybody is going to be happy with the trade-offs, but the evaluation has to be on the basis of whether the package that's brought back by Ambassador Hills is in the long-term interest of the United States.

If it is, then it ought to come and the Congress ought to approve it. If it isn't, then I don't think she'll bring it back, because she's certainly perceptive enough to recognize what will be viable here in the United States.

Dick, did you want to add anything?

UNDER SECRETARY McCORMACK: No, I want to just pick up on something that you said here. There are 15 different subject areas, each one of which is unbelievably complicated and technical. I have a friend who is a key official in the GATT who called me a month or so ago to say that even he did not fully understand what was happening in all 15 of these areas.

So what you've had, in a sense, in some of the countries is a disconnection between the technicians as they deal with each one of the 15 areas, and the political leadership in some countries that doesn't really understand all the details. They don't understand the implications of what's happening; they don't understand issue 1 or issue 2 or issue 3 or potential trade-offs. That's made this negotiation a very, very difficult one for the political leadership in many countries to come to grips with.

My assumption is that by the time that we get to Brussels the briefing processes will have occurred to the point that the political leadership can give direction to the technical people that will enable concessions to be made.

As as you know, in every one of these areas there are political sensitivities. The technical people actually involved in the negotiations were not in a position to make the political compromises necessary to move the negotiations forward. The politicians didn't fully understand what was happening in the negotiating sessions, so they couldn't give instructions to the technicians. That is one of the problems we've had on this negotiation year after year.

SECRETARY YEUTTER: I'd just like to quickly add one political point. I think there is some fear of the GATT and the Uruguay Round process by many people in the U.S., including farmers. That's not true of the group that's here, because you're very knowledgeable and have a comprehensive understanding of the Uruguay Round, but a lot of folks don't and their immediate reaction is "Oh my God, what are those folks doing over there ... we don't understand the GATT ... We don't understand the Uruguay Round ... We don't understand all those 15 negotiating groups. Why don't they just go away and let us live as we have in the past?"

The message we have to deliver on that -- and it's really an educational process for all of us around the world -- is that the GATT isn't going to go away. At the very least, some kind of an institution dealing with international trade is going to exist forever, presumably. We can't stick our heads in the sand and let the rest of the world go by.

As Dick McCormack pointed out earlier, it would be tragic if the United States sought to be isolationist. It would be tragic for the U.S. as well as for the rest of the world. We have to be more intelligent than that. We have to recognize that the rest of the world is going to be here whether we like it or not, and that we're going to have to do business with the rest of the world whether we like it or not. It's going to be in our own self-interest to do that. It is in our own self-interest to do that on as near to a level playing field as we can get.

We're not going to totally flatten the playing field in the Uruguay Round in agriculture or anything else. If people have those kinds of expectations, they ought to lower them right now. That's simply not in the cards, but I would hope we come out of the Uruguay Round with a much flatter playing field than exists today. If not, then it's been four wasted years and we ought to have enough self-confidence to operate on that basis. If we don't, then we'd better go back and figure out why we can't compete with the rest of the world -- and that's a whole different topic in itself.

QUESTION: Mr. Secretaries, has there been an analysis from the agricultural experts in the administration about the possible use of force in the Persian Gulf area in terms of its impact on the agricultural economy?

SECRETARY YEUTTER: I'm not sure that there's been anything specifically done. You might want to pose that question to Bruce Gardner when he comes back later on in this program. I'm certain that there's a data base there on which one can work with a variety of assumptions, but obviously there are some major uncertainties.

It's very difficult to predict what will happen in agriculture when we don't know what would occur in any hostilities that emerged, but one could make various assumptions on that. Aside from that, of course, the question is to what degree can Middle Eastern product be replaced by product elsewhere in the world including in the U.S. Certainly the Energy Department of the U.S., our own people, and others have considerable data with which to work in that arena, but I can't give you anything specific right now. You might pose that to Bruce or you might want to pose it to the Department of Energy people as well.

We're not sleeping on that subject but clearly there one has to have a lot of different hypotheses because of the unknown element in hostilities.

Dick, do you want to supplement?

UNDER SECRETARY McCORMACK: We of course hope Saddam Hussein will see the forces assembled against him and withdraw from Kuwait. That's the President's hope -- that's the hope of all of us. Had this crisis occurred 10 years ago, we would have an altogether different situation, because we would have the prospect of another superpower supporting Iraq.

What you have now is a fairly contained regional problem that has to be dealt with, but its implications on the broader scene are relatively containable. Had we done nothing -- had we let them go on and move into Saudi Arabia and then confronted them, there would have been tremendous warfare which would have destroyed the Saudi Arabian oil fields. Then you would have had an impact on every farm and every family in America, because the price of oil would have gone to $50, $60, $70, $80 a barrel before the thing was over. We don't think that's going to happen now.

We believe we have enough power assembled right now on the Kuwaiti border that there is virtually no prospect of Iraq -- even under a worst case scenario -- being able to disrupt Saudi Arabian oil on any kind of a sustainable basis. They may get a rocket off here or there, but that's about the end of it.

SECRETARY YEUTTER: Again, Dick, thanks so much for joining me here today. Thanks to all of you for coming and please stay with us as we fight through all these battles in the coming weeks and months. There are going to be a lot of them no matter what transpires next week. And in Brussels, we'll do the best we can for American agriculture next week. That's all we can promise you at this point.