

General Accounting Office

Food, Agriculture, And Nutrition Issues For Planning

National and global factors which affect the food system are becoming increasingly uncertain, and our ability to respond to this uncertainty will depend largely on how effectively we manage the food system. Higher consumer food prices, unstable farm prices, limits on the resources of our industrialized food system, and food impact in world affairs have created new challenges for the 1980s.

This study examines the current and emerging issues relating to Federal involvement in food, agriculture, and nutrition policy and represents the perspective used in organizing GAO audit efforts.



010867



112543



GED-80-94
JUNE 11, 1980

Single copies of GAO reports are available free of charge. Requests (except by Members of Congress) for additional quantities should be accompanied by payment of \$1.00 per copy. (Do not send cash).

Requests for free single copies should be sent to:

U.S. General Accounting Office
Distribution Section, Room 1518
441 G Street, NW
Washington, DC 20548

Requests for multiple copies should be sent with checks or money orders to

U.S. General Accounting Office
Distribution Section
P.O. Box 1020
Washington, DC 20013

Checks or money orders should be made payable to the U.S. General Accounting Office.

To expedite placing your order, call (202) 275-6241.
When ordering by phone or mail, use the report number and date in the lower right corner of the front cover.

GAO reports are now available on microfiche. If such copies will meet your needs, be sure to specify that you want microfiche copies.

FOREWORD

Events of the past several years have brought to the forefront the importance of food, agriculture, and nutrition issues to public policy decisions. Nutrition standards and quality food assurance, the sharp increases in food prices, the concern over the changing farm structure, the potential exhibited by food to have a major impact on world problems, and the trend shown by the U.S. agricultural economy to become more and more interactive with domestic and global systems are some of the more important concerns facing the Nation. In past reports to the Congress we have addressed, in part, all these issues.

As part of our continuing reassessment of critical national issues and as an aid in setting audit objectives, we have identified and described in this study what we believe are the critical food, agriculture, and nutrition issues facing the Congress and the Nation. Discussion of these issues has been useful in planning our work in the food, agriculture, and nutrition program areas.

We hope that others also will find these discussions helpful in their activities and that a better understanding of the crucial issues facing decisionmakers will result.

Questions regarding the content of the study should be directed to William E. Gahr, Senior Group Director, (202) 275-5525.

Henry Eschwege

Director
Community and Economic
Development Division

AGC00022
AGC00042

C o n t e n t s

Page

FOREWORD

CHAPTER

1	INTRODUCTION	1
	Outlook	1
	Possible future conditions	2
2	FOOD POLICY GOALS AND AREAS OF CONCERN	4
	Developing and coordinating national and international food policies	4
	Fulfilling the Nation's commitment to help meet world food demand through assistance measures and commercial exports	4
	Assuring the availability of safe, nutritious food for all segments of the population	5
	Maintaining the economic strength of the food system	5
3	FOOD ISSUES	7
	Developing and coordinating national and international food policies	7
	Area of concern: What improve- ments are needed in Federal effectiveness throughout the food decision system?	8
	Past and ongoing work	9
	Fulfilling the Nation's commitment to help meet world food demand through assistance measures and commercial exports	10
	Area of concern: What can be done to improve food supplies and nutrition worldwide?	13
	Area of concern: What can be done to improve food trade worldwide?	15
	Past and ongoing work	17
	Assuring the availability of safe, nutritious food for all segments of the population	18
	Area of concern: How effective are Federal efforts to promote good nutrition?	19
	Area of concern: Do food quality assurance programs adequately ensure safe, nutritious, food to the consumer?	22

	<u>Page</u>
Area of concern: How effective are the Federal domestic food assistance programs?	26
Past and ongoing work	30
Maintaining the economic strength of the food system	32
Area of concern: How can the Federal Government improve food marketing and distribu- tion?	33
Area of concern: How can the Federal Government maintain an effective food production system?	36
Past and ongoing work	41

APPENDIX

I	Congressional committees with food jurisdiction	45
II	Principal Federal agencies with major food interests	49
III	Other Federal activities and public organizations having food interests	51
IV	Committee referrals of food, agriculture, and nutrition bills and resolutions introduced in the 96th Congress, 1st session	53
V	Major studies at Congressional Research Service, Office of Technology Assessment, and Congressional Budget Office	63
VI	Other food organizations and publications concerning food	65

ABBREVIATIONS

FANI	Food, Agriculture, and Nutrition Inventory
FDA	Food and Drug Administration
FSQS	Food Safety and Quality Service
GAO	General Accounting Office
HEW	Department of Health, Education, and Welfare

LDC Less developed countries
NMFS National Marine Fisheries Service
RDA Recommended dietary allowances
USDA United States Department of Agriculture

CHAPTER 1

INTRODUCTION

For several decades the United States had a food surplus and relatively low food prices. Public concern focused primarily on the problem of managing the surplus. But during the 1970s, we experienced both an oversupply and a shortage of some domestic and worldwide agriculture commodities. We had higher consumer food prices, unstable farm prices, limits on resources to our industrialized food system, and we became concerned about the effects of using food as "power" in world affairs. We now recognize the new importance of the food system in our country and anticipate a greater need for managing it effectively to be able to respond to increased uncertainty in the future.

OUTLOOK

Prior to the early 1970s, the U.S. Government's principal food issue was managing what seemed to be a perpetual surplus. At the same time, we wanted to maintain sufficient farm income levels to ensure adequate food production. But, as world production shortfalls increased and their impact on the domestic food system became apparent, the country became concerned about the availability of food and its quality to the consumer. The issues shifted to include present and future concern about the uncertainty of the future food system.

The 1980s will find agriculture buffeted by a variety of outside influences and driven toward numerous goals that may be mutually exclusive. We will need to manage agricultural resources to meet the world's rapidly expanding food needs while political, social, economic, and environmental goals--in addition to weather--will influence agricultural production and ultimate food costs.

Steadily increasing international food demand and vacillating world food production has led to a situation where the future of the food system is uncertain. In the past, global food considerations could be isolated from our domestic awareness, but now we are realizing that global interdependence is every nation's responsibility. Two-thirds of the world's population lives in less developed countries (LDCs) which have the fastest population growth rates, but the least productive agriculture. While LDCs depend on food imports, 10 percent of the world's population cannot afford to import and is in a chronic food deficit position.

This uncertainty in the food system will also be affected by domestic factors. Accelerating food prices due to inflation have been a primary factor in causing food assistance programs to keep burgeoning in size and dollar spending. Higher food prices will also force consumers to be more selective in choosing their diet. Consumers will need good research data to decide what food they want and at what cost and risk factors. Land, water, and energy resources available for agricultural production will be in short supply in the 1980s. Farmland is now being used for homes, shopping centers, and industrial parks, and decreases in land fertility and topsoil will require more resources to maintain productivity. Irrigation water is also in short supply in some regions, and loss in water and farmland may lead to lower crop production and still higher food prices. Agricultural policies will need to adjust to this supply scarcity.

Managing the food system effectively means the Federal Government will have to consider the nature of its future agricultural policy in the United States. What type of agriculture will best fit the United States in the future? Can we rely on industrialized agriculture which has evolved, or are modifications to this system necessary to reduce reliance on fragile resources? How can food exports be used to improve national interests? Are farm margins sufficient to maintain family farms? How can nutrition education and food assistance continue to improve health? These are just a few of the agricultural questions that require political decisions. The answers will shape the future of American agriculture into the 21st century.

Possible future conditions

Various analyses, judgments, factors, and projections have produced a multitude of questions. Some of these are:

- How soon will world population outstrip food production given no major developments to curtail population or increase production?
- In what regions and how soon can we expect famines, given current, optimistic, or pessimistic trends?
- How much effort should be devoted to technology research and industrialized farming to increase worldwide food productivity?

- What must be done to merge the concerns inherent in health, nutrition, and food to more adequately meet the needs of the world's people?
- How should we allocate resources to meet world and domestic demands for food, transportation, safety, etc.?
- When must we initiate a comprehensive food policy to deal with the issues of domestic and international development, food self-reliance, the efficiency and economies of food production, and unexpected occurrences (i.e., droughts, famines, embargoes, etc.)?
- What is needed to stimulate LDCs to change their policies and begin to build their agricultural infrastructure?

Based on just these few questions, there are many critical choices ahead that we believe will warrant Government action. We feel that efforts will continue to develop a national food policy incorporating the goals of the current agricultural, nutritional, food delivery, and international food systems. International and domestic interest in the relationship among health, nutrition, and agricultural production will also continue. Technological breakthroughs and the new farming techniques will require changing our Nation's approach to agricultural production and distribution.

CHAPTER 2

FOOD POLICY GOALS AND AREAS OF CONCERN

We are entering a period when we must integrate our approaches to and perceptions of all sectors of the food system. Even though the specific elements of a national policy are yet to be determined, it will be based on several underlying goals. These are

- developing and coordinating national and international food policies;
- fulfilling the Nation's commitment to help meet world food demand through humanitarian measures and commercial exports;
- assuring the availability of safe, nutritious food for all segments of the population; and
- maintaining the economic strength of the food system.

DEVELOPING AND COORDINATING NATIONAL AND INTERNATIONAL FOOD POLICIES

This goal is based on the philosophies that balance among interdependent competing interests is important, matching basic resources to needs becomes more important as supply uncertainty grows, effective use of Federal resources becomes more important as economic growth decreases and the rate of change increases, and attention to future environments requires an improved understanding of the whole set of current programs and patterns of direction.

All programs covered by the three other goals discussed below are important in satisfying this goal to integrate Federal activities in meeting current needs and in adapting to the changing environment. Under this particular goal, the area of concern that will be addressed is: What improvements are needed in Federal effectiveness throughout the food decision system?

FULFILLING THE NATION'S COMMITMENT TO HELP MEET WORLD FOOD DEMAND THROUGH ASSISTANCE MEASURES AND COMMERCIAL EXPORTS

This goal is based on the philosophies that the world is one island, sovereign nations are mutually dependent, world stability is better than instability, and comparative

advantage in production does exist and results in worldwide trade.

Major efforts to reach this goal include food aid, development assistance, trade policies, and trade promotion activities. Under this goal, important areas of concern that will be addressed are:

--What can be done to improve food supplies and nutrition worldwide?

--What can be done to improve food trade worldwide?

ASSURING THE AVAILABILITY OF SAFE, NUTRITIOUS FOOD FOR ALL SEGMENTS OF THE POPULATION

This goal is based on the philosophy that well-fed Americans are happy, healthy, more productive and are less taxing on the medical and social system than poorly fed Americans. Major efforts to reach this goal include nutrition research, education, surveillance, and standards; food assistance programs, such as Food Stamps, School Lunch, and Women, Infant, and Children; quality assurance programs for food inspection, grading, and safety; and food purchasing programs. These programs directly affect the ability of consumers to receive an adequate and nutritious diet. Under this goal, important areas of concern that will be addressed are:

--How effective are Federal efforts to promote good nutrition?

--Do food quality assurance programs adequately ensure the provision of safe, nutritious food to consumers?

--How effective are the Federal domestic food assistance programs?

MAINTAINING THE ECONOMIC STRENGTH OF THE FOOD SYSTEM

This goal is based on the philosophy that American resources are limited and require national attention on research, development, and regulation to channel resources, increase productivity, stabilize wide fluctuations in prices and quantities, and streamline production and distribution systems for basic necessities.

Major food programs and activities oriented toward achieving this goal include farm price supports; agricultural research; farm input assistance; and regulations, research, and administration affecting food marketing and distribution. Under this goal, important areas of concern that will be addressed are:

- What can the Federal Government do to improve the food marketing and distribution process?
- What can the Federal Government do to maintain an effective food production system?

CHAPTER 3

FOOD ISSUES

To increase our responsiveness to the Congress in evaluating Federal programs and policies that deal with food, agriculture, and nutrition, we have identified and analyzed critical issues that address the areas of concern under the food system goals. These issues, which are discussed below, will guide us in planning future work.

DEVELOPING AND COORDINATING NATIONAL AND INTERNATIONAL FOOD POLICIES

The United States is completing another year of food supply uncertainty. During the last few years, increased emphasis has been placed on consumer interests, rising food prices, food availability, and nutrition. Entering an era of uncertain food supplies has ushered in an era of food policy as opposed to agriculture policy. This shift in emphasis is continuing and is recognized by the Congress and the administration in their numerous references to the importance of food and agriculture. The President's announcement of a grain embargo against the Soviet Union demonstrates how much our agricultural sector means to American and world economies. Progress has been made toward placing the United States in a position to exercise a coherent national food policy, but much remains to be done.

We at GAO have done some work in this area, but have only scratched the surface in developing an ability to understand and assess interrelated policies, issues, and programs. Considerable work has been done to identify sources of information and programs on a Governmentwide basis. With the assistance of the Department of Agriculture (USDA) and the Office of Management and Budget (OMB), we designed an inventory of Federal programs in the food area.

This identification process, however, is only the first step in developing an understanding of an issue area as complex as food. The next step is to assess the use of management tools that allow Federal agencies to determine how policies and programs affect the environment and can be coordinated to meet national short-range and long-range goals.

Area of concern: What improvements are needed in Federal effectiveness throughout the food decision system?

Historically, food and agriculture policies have been made on an ad hoc basis as a reaction to one-time problems. Long-range goals have not been set to respond to recurring problems or pervasive issues. In a supply scarcity situation, specific goals are needed to form the basis for a food policy framework.

Existing policies throughout Government agencies adhere to some shared goals, but when a crisis occurs or when conditions change, new priorities have to be set and subsequent actions need to be taken. A policy framework which identifies existing goals, objectives, and interrelationships with other programs could be very helpful in week-to-week decisionmaking. Present policies have no such framework, nor do they subscribe to an integrated set of goals or objectives.

The many executive agencies and congressional committees that make or influence food policies suggest analyzing program and policy overlap. The Food, Agriculture, and Nutrition Inventory (FANI), developed at the request of the Senate Appropriations Committee, shows where many of these overlaps exist; the ongoing update of FANI by USDA will show even more. Analyzing these overlaps and interactions could serve as an integral step in developing an integrated national and international food policy that can respond to the interests of consumers, producers, and foreign customers and can operate under changing economic conditions.

The increasing complexity of today's environment makes it necessary to use system analysis tools to adequately analyze the food issue as it interacts with other systems. USDA is expanding its capabilities to evaluate the interrelationships of food, energy, and the environment. We have reviewed some system and planning tools in the food area, but we could do much more to improve the agencies' capabilities.

Issue: Coordination Among Federal Programs Affecting Food Policy Can Be Improved

We at GAO are responsible for improving the effectiveness of the Federal programs and, implicitly, the effectiveness of the entire Federal system. This responsibility can be partially met by successfully addressing this issue. Better coordination and cooperation among existing programs can lead toward a more rational and effective policy framework.

Many programs throughout the Federal Government have responsibility for implementing the same or similar legislative mandates. These programs need to be identified, the mandates examined, and recommendations made to most effectively carry out the intent of the Congress.

Two questions need to be considered in addressing this issue.

1. Have criteria for measuring the effectiveness of food programs been developed so that functional coordination among agencies can be measured?
2. How effective is Federal program coordination and can it be improved?

Issue: What are the best management and planning techniques applicable to the food system and how can these techniques be used in setting Federal food policy?

Within all branches of Government, an unknown number of management tools already exist, most of which were designed to measure program impact on the existing environment. These tools are in the form of manual as well as automated systems. For the most part, they were built to give decisionmakers a better understanding of how well the programs manage work. These tools need to be evaluated according to their relative usefulness, areas of application, relationship to one another, and usefulness for assessing different policy options.

The following questions need to be considered in addressing this issue:

1. Are management tools effectively providing current and necessary information for food program decisions?
2. Do Federal managers and planners effectively use these tools to respond to changing conditions?

PAST AND ONGOING WORK

The following list includes GAO work completed and ongoing since October 1978 in the area of Federal food decisionmaking.

GAO Reports

Inventory Of Federal Food, Nutrition, And Agriculture Programs (CED-79-125, Sept. 11, 1979)

Food Price Inflation In The United States And Other Countries (CED-80-24, Dec. 18, 1979)

Does Nitrite Cause Cancer? Concern About Validity Of FDA-Sponsored Study Delay Answer (HRD-80-46, Jan. 31, 1980)

Studies in Progress

U.S. Actions In Forecasting And Responding To World Grain Production And Market Fluctuations (097340)

Preparation Of Transfer Report: Case Study On Improving The Usefulness Of Multiprogram Evaluations In The Oversight Process (628930)

Oversight Of USDA's Update Of The Food, Agriculture, And Nutrition Inventory (972890)

Integration Of Research Project Data Bases With The Food, Agriculture, And Nutrition Inventory (FANI)

Assistance To The State Of Indiana In Developing A State-wide Food, Agriculture, And Nutrition Inventory And In Integrating Their And Federal Food And Agriculture Policies (097390)

FULFILLING THE NATION'S COMMITMENT TO HELP MEET WORLD FOOD DEMAND THROUGH ASSISTANCE MEASURES AND COMMERCIAL EXPORTS

The United States, with its agricultural abundance and humanitarian outlook, is looked upon as playing a major role in marshalling efforts to combat world hunger. Few nations in the world can grow enough food to meet their needs. Many can purchase sufficient amounts of imported food to fulfill their demand while others, representing about 10 percent of the world's population, cannot afford to rely on imports and are in a chronic net food deficit position. In both cases, much of the world is relying more on the United States for expanded food aid and related development assistance and commercial exports.

U.S. agricultural exports have emerged as a major force in the domestic and international marketplace. Food exports have increased threefold since the early 1970s and now provide farmers with 25 percent of their income and

are the principal reason why the U.S. balance of trade is not worse. Abroad, the United States has emerged as the dominant world food trader. Coinciding with this surge in food exports has been a more than 100-percent increase in food prices since 1967 and several dramatic market intervention actions by the Federal Government, including imposing export controls, negotiating international commodity agreements, and imposing the Soviet grain embargo. Such actions have significantly influenced domestic supply and prices and our foreign economic objectives.

During the 1960s, U.S. agricultural abundance presented Government officials with a surplus disposal problem. Farmland was diverted from production and the Government accumulated large amounts of surplus grain as part of its farm income maintenance programs. Food exports were low, and while much of the world was hungry and in a food deficit position, U.S. exports were not significantly within economic reach. The Government accelerated its Food for Peace Program during this period primarily as a tool for disposing of surplus grain and for developing needed export markets. The value of food exports during the 1960s ranged between \$54.8 million and \$6.8 billion annually; Public Law 480 1/ shipments accounted for 17 percent to 27 percent of the total.

Beginning in the early 1970s, the world marketplace underwent a dramatic change; the United States emerged as the major beneficiary of a new economic order.

--Two successive dollar devaluations in 1971 and 1973, a Japanese yen appreciation, other currency realignments, and international moves to float exchange rates all increased demand for U.S. exports by making them more competitive in world markets.

--Global weather reversals in 1972-73--causing the first decline in world food output in decades--sent demand for U.S. food soaring and caused a total drawdown of world food reserves.

--Centrally planned economies, principally the Soviet Union, entered the free world marketplace

1/Agricultural Trade Development and Assistance Act of 1954, commonly known as Public Law 480 and often referred to as the Food for Peace Program.

following decisions to upgrade their diets (creating the need for feed grains) and supplement low outputs. These countries now purchase 25 percent of the world wheat and feed grain market.

--The Fishery Conservation and Management Act of 1976 extended U.S. jurisdiction over fishery resources to 200 miles from the territorial sea baseline. As a result, the United States can make greater use of its fishery resources. Ultimately, this increased use should result in a greatly expanded domestic fishing industry and greatly reduced foreign fishing in U.S. waters.

As a result of the above factors, U.S. food exports quickly surged from \$7.7 billion in 1971 to \$18 billion in 1974 and to \$24 billion in 1977--a 300-percent increase in just 6 years. One out of three harvested acres are for export markets, and about half of all the wheat and soybean harvest is now sold abroad.

Despite the well-publicized Russian grain purchases, Asia is the largest buyer of U.S. grain (\$7.3 billion in fiscal year 1976), followed by Western Europe (\$7 billion), Latin America, and Russia (\$2 billion each). About 40 percent of U.S. grain exports go to developed countries, 30 percent to LDCs, and 30 percent to centrally planned economies.

Food imports have also increased and now stand at nearly \$16 billion in 1979, giving a total agriculture trade surplus of about \$16 billion in 1979.

Aside from boosting the farm sector, the following are other significant benefits accruing from the large export market.

--\$32 billion in 1979 agricultural exports resulted in at least \$32 billion of economic stimulation through supporting services (farm inputs, transportation, etc.). About 70 percent of this additional economic activity is in nonfarm industries and translates into over 650,000 additional nonfarm jobs.

--Agricultural trade is the primary reason the U.S. balance of payments has been positive in 2 of the last 6 years.

The United States now accounts for nearly 50 percent of all food in international trade and is one of only five

major countries having a net export food balance. Clearly, the United States is the dominant power in world food trade and is now highly dependent on a continued level of high export activity to support domestic interest in both farm and nonfarm sectors.

Given the United States' food resources and commitment to help meet the needs of other nations, existing programs designed to achieve these objectives need close and continuous monitoring of their effect on domestic interests and foreign needs. The need to achieve a balance among political, economic, and humanitarian objectives requires particular attention.

Area of concern: What can be done to improve food supplies and nutrition worldwide?

There is a continuing need to look at both the quantity and quality of food, not only in LDCs but around the world. This area of concern also reflects the current debate over the effectiveness of humanitarian versus development assistance--keeping in mind the political and economic ramifications of each. The underlying goal is to provide the appropriate type of assistance to LDCs that will meet their varying nutritional and food needs.

The United States has vital economic, political, and humanitarian interests in the LDCs' future. By the end of this century, about 6 billion people will be crowded together on the globe. A large part of the world will be struggling with massive economic and social problems. Efforts must be made by the world community to help these countries solve their problems, or else the prospects for a stable and tranquil world order seem to be very bleak. Thus, helping develop the poor countries of the world is in this country's self-interest. Also, the United States has a deep humanitarian interest in helping to alleviate the suffering of the poorest people of the world.

The principal instruments by which the United States attempts to achieve its development and humanitarian objectives, bilaterally and multilaterally, are its foreign economic assistance program, food aid program, and foreign trade in agricultural products. The United States allocated \$673 million in fiscal year 1979 for development programs aimed at alleviating hunger and improving nutrition in the developing countries. An additional \$1.4 billion was programmed for Public Law 480 food assistance to achieve both humanitarian and development objectives.

Issue: Effectiveness of Federal efforts
to promote international food and
agriculture development assistance

Global hunger persists as a major world problem. The World Bank estimates that about one-third of the world's population is malnourished. People in this segment are underfed or are missing critical nutrients from their cereal-dominated diet, and they likely suffer from health problems caused by poor diets. They are often young and poor and live in environments unable to produce or purchase sufficient food to feed the surrounding populace. They are growing in numbers--faster than their well-fed counterparts in the developed world. At best, their future is discussed with cautious optimism; at worst, their plight will deteriorate to the point of massive famine if harsh weather occurs without international safeguards.

World food supplies are badly distributed. The developed world represents 30 percent of the population yet consumes over half of all food produced. On a global basis, enough food is produced to meet 104 percent of human food energy needs, but because of ecological, technological, economic, and social factors, LDCs consume only 95 percent of their requirements while developed countries consume 123 percent of theirs. The LDCs' farm sectors are not advanced, yields are very low, and distribution and storage systems are inadequate. Government policies to keep domestic consumer food prices low discourage farmers from producing more. Population increases negate virtually any increase in food output.

Consumption patterns of the developed world are not encouraging to LDCs. The average LDC individual consumes 300 pounds of grain annually, most of it directly. The average American consumes an equivalent of 1,850 pounds of grain yearly--200 pounds directly; the remainder is fed to livestock. The centrally planned economies, in an attempt to upgrade their diets, are intensifying their livestock grain-feeding efforts. Russia and the United States each now feed over 100 million metric tons of grain to livestock annually, compared with just 30 million metric tons totally for all LDCs. These trends put additional upward competing pressure on grains--the staple diet for LDCs.

Despite the gloomy picture of global hunger, many experts believe that malnutrition can be diminished over the next several decades for the following reasons.

LDC food production increases--LDC food production growth rates are expected to double (3 to 4 percent yearly)--a feasible expectation since yield improvement opportunities are good and agricultural development policies could be altered to spur innovation and internal production.

Export increases--Developed country exports must also increase--a likely occurrence given the application of existing technology.

International exports increases--International efforts in food aid, development assistance, food research, and technology transfer are all important measures that can be accelerated.

International food reserve established--Such a reserve is needed to help combat a poor crop year--an often discussed, but yet to be implemented, policy tool.

The following questions need to be considered in satisfying this issue:

1. What are trends in hunger and malnutrition and what are their implications?
2. What can the United States do to help combat world hunger and help LDCs to achieve food self-sufficiency?
3. Is the U.S. strategy for combating world hunger effective?

Area of concern: What can be done to improve food trade worldwide?

In view of the Nation's dependence on export markets and the world's dependence on U.S. food, determining whether the United States can maintain strong agricultural export sales is necessary in light of the needs of producers and consumers--both foreign and domestic.

The United States, the world's largest exporter of farm products, accounts for nearly half the world's exports of wheat and feed grains. In 1979 U.S. farm exports were valued at \$32 billion. With the comparative edge enjoyed by the United States, further expansion of world markets is conceivable. Such expansion is vital to sustaining U.S. farm income levels and would greatly help our overseas balance-of-payments situation.

The multilateral trade negotiations take on added significance in light of how important U.S. food exports are to domestic interests. Nearly two-thirds of U.S. exports are subject to foreign market restrictions that are greater than the restrictions the United States imposes on imports (45 percent of U.S. imports are duty free). The United States wants these barriers removed so the principles of comparative advantage and market prices can operate.

An example of how foreign trade barriers adversely affect U.S. exports is the fish area. For example, Japan offers an enormous U.S. marketing opportunity for Alaska bottomfish. However, Japan's restrictive tariff and non-tariff trade barriers hamper U.S. marketing efforts there. Japan maintains a 5- to 15-percent tariff on most imported fish and fish products. Japan's import quotas present an even more formidable barrier to U.S. exports. For example, in 1978 Japan's dollar volume quota for pollock was only \$20 million for 98 countries, including the United States. The European Common Market is particularly important because of its restrictive agriculture policies toward the United States and its sizable market potential.

The multilateral trade negotiations have progressed slowly, however, particularly with respect to agricultural issues. Many developed countries, but principally those in the European Common Market, are sensitive about their agricultural policies and are quick to protect their domestic interests against the United States and other food exporters. The policies followed by the United States in multilateral trade negotiations and other international negotiation forums, such as the United Nations Council on Trade and Development and the Organization for Economic Cooperation and Development, should be monitored for consistency and compatibility with general food trade policy.

Issue: How effective are Federal efforts to maintain strong U.S. agricultural commercial export sales?

In light of U.S. dependence on export markets and the need to protect consumers from high prices and short supplies, several recent Government actions have generated concern over U.S. food trade policy. The Government has

--increased its effort to promote agricultural exports,

--increased target support prices for major commodities,

- entered into a grain agreement with and instituted a subsequent embargo against Russia and others, and
- granted general trade concessions in the current round of multilateral trade negotiations. Talk of using food as a political tool surrounds the debate of Public Law 480 issues.

Two questions need to be considered in addressing this issue.

1. What are the export opportunities for U.S. food surpluses and which should be pursued?
2. What action is needed to manage exports and take advantage of these opportunities?

This area is of considerable importance to the United States. Agricultural exports contribute substantially to balance of trade and payments, but supply shortages will require adjustments in the current system and a closer partnership between Government, exporters, and farmers to respond to export opportunities.

Issue: How do U.S. food import policies affect U.S. food needs?

The United States is generally "free trade" oriented and places few restrictions on imported food products. Only sugar, dairy products, and meat products have significant import restrictions. These restrictions are intended to protect domestic interests for health or economic reasons. Recently, due to the fluctuating market conditions, meat import quotas were imposed for the first time since the Meat Import Act was enacted in 1962.

PAST AND ONGOING WORK

The following list includes GAO work completed and ongoing since October 1978 and addresses the area of food supplies and nutrition and food trade worldwide.

GAO Reports

Agricultural Trade: Issues Affecting U.S. Agricultural Policy (CED-79-130, Sept. 14, 1979)

Changes Needed In The Administration Of The Overseas Food Donation Program (ID-79-25, Oct. 15, 1979)

World Hunger And Malnutrition Continue: Slow Progress In Carrying Out World Food Conference Objectives (ID-80-12, Jan. 11, 1980)

Improvements Needed In Department Of Agriculture's Certification That Export Shipments Of Grain Conform With Phytosanitary Regulations Of Foreign Countries (CED-80-42, Dec. 28, 1979)

Stronger Emphasis On Market Development Needed In Agriculture's Export Credit Sales Program (ID-80-01, Oct. 26, 1979)

Studies in Progress

Multidonor Approach To Indonesian Agricultural Development (471750)

Review Of Public Law 480 Program In Zaire (471760)

Review Of Public Law 480, Title III, Food For Development (471800)

Cooperatives As An Instrument For Development (471730)

Study Of Adequacy Of Competition In Public Law 480 Commodity Procurement (483150)

U.S. Grain Export Marketing System (483160)

USDA Efforts To Increase Agricultural Exports To Latin America (483200)

ASSURING THE AVAILABILITY OF SAFE, NUTRITIOUS FOOD FOR ALL SEGMENTS OF THE POPULATION

Consumers not only assume that the Government will assure that enough food will be available, but also that the food will meet their nutritional needs, will not be detrimental to health, and will be priced within their budget. Some 13 major Federal programs have been developed that provide food or food-related assistance to special target groups (such as the elderly and the poor) who have not been able to acquire safe and nutritious food by themselves.

Since the late 1880s the growing complexity of food distribution, consumer incomes, nutritional needs, and food-processing technology have paved the way for Government involvement in assuring food availability and quality. We now rely on the Government to administer programs dealing with

- nutrition goals, principles, guidelines, standards, surveillance, education, information, and research;
- food safety, grading, identity, information, advertising, research and development, and monitoring; and
- target food programs for children, pregnant women, the elderly, the poor, disabled persons, and military personnel.

The Federal role in nutrition standards, quality food assurance, and food assistance has expanded over the years. Even though significant steps on nutrition standards and quality assurance were taken by the late 1880s, it wasn't until the 1930s and 1940s that the Government expanded into food coupons, school lunches, and food fortification. This role expanded again in the 1960s with the Food Stamp Program and other food assistance measures.

Today, the costs of Federal programs having a direct, nutritional impact on the public total over \$40 billion; \$11 billion of that amount is spent on food assistance. In the 1980s increased Government attention will be placed on consolidating these various programs and making them as nutritionally and economically effective as possible. As more and more interest groups (consumers, researchers, technologists, food manufacturers, processors, and farmers) have recognized nutrition as the explicit goal of all groups in the food system, more and more policymakers have called for integrating the U.S. agriculture, food, and nutrition programs.

Some challenges of the 1980s will include coping with food price inflation; the increased public concern about food, nutrition, and health; the benefits and risks of food processing technology with its annual introduction of thousands of new food products; and the threat of environmental pollutants entering into the food supply.

Area of concern: How effective are Federal efforts to promote good nutrition?

Providing a good reference point to formulate nutrition policy is essential since nutrition standards are the ultimate goals of the entire food system. This reference point consists of nutrition research and development to determine the nutrient needs of different people and to determine--through surveillance--the nutrition status of our population. Determining how to improve the nutrition health status of various population segments--and to what

degree--is then a policy matter. Both food assistance and nutrition education programs have been established to improve the status of nutrition. Direct assistance programs are primarily USDA feeding programs and are so important that they are covered as a separate area of concern.

Both USDA and the Department of Health, Education, and Welfare (HEW) 1/ participation is necessary in successfully administering nutrition programs. However, the congressional impetus for good nutrition comes almost exclusively from the the Senate Committee on Agriculture, Nutrition, and Forestry and the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, House Committee on Agriculture, Nutrition, and Forestry. The 1977 Farm Act directed USDA to take the lead in nutrition research. And whereas nutrition is only one element in the health system, it is the primary objective of the food system and the necessary ingredient in developing explicit goals for that system.

Issue: Adequacy of nutrition goals, principles, guidelines, and standards

Nutrition goals, principles, guidelines, and standards need to be developed and disseminated for use by everyone in the food and health systems and the general public. In 1977 the Senate Select Committee on Nutrition and Human Needs published "Dietary Goals for the United States." These goals marked a controversial turning point in nutrition history because they were the first attempt by the U.S. Government to recommend dietary changes and guidelines for the American public to improve its nutritional health status. Since the goals were published, the Federal Government has been grappling with the difficult and complex task of developing dietary guidelines for the American people that (1) are based on scientific fact or consensus, (2) are specific and useful, (3) are easily understood and effectively communicated, and (4) are generally accepted by the scientific community, the food industry, and the general public.

Nutrition standards are based primarily on the recommended dietary allowances (RDAs) established by the National Academy of Sciences. RDAs are the best estimates of the

1/Effective May 4, 1980, the Department of Health, Education, and Welfare became the Department of Education and the Department of Health and Human Services.

amount of nutrients needed by a healthy individual. However, they are not complete, do not include all the known nutrients, do not apply to the nonhealthy individual, are based on limited data, and do not address the public's concerns about nutrition. The scientific community, with Federal support, is conducting the research needed to expand our knowledge of nutrient requirements so RDAs can be expanded and improved.

Issue: Adequacy of nutrition surveillance

The objective of a nutrition surveillance system is to provide timely and useful information on the nutritional health status of the population and its segments. Our past reports recommended and provided criteria for the development of a nutrition surveillance system. These reports, prepared 2 years ago, gave HEW and USDA an opportunity to integrate existing programs, leverage program funds, and improve the usefulness and timeliness of management information. The agencies have combined program functions to some degree, so now our future jobs will focus on how well the new surveillance system provides answers to three basic questions.

1. What are consumers eating?
2. What problems result from consumer diets?
3. Based on current diet patterns and problems, how should feeding assistance and farm programs be changed?

The answers to these questions will identify target groups and determine their needs for feeding assistance programs. Nutrition surveillance information is also becoming important as design criteria for farm programs as supply limits increase.

Issue: Adequacy of nutrition education and information programs

Food choices are determined in part by many complex factors, such as availability, taste, nutrition knowledge, prices, and marketing and advertising practices. Nutrition problems in the United States are more likely to be associated with eating too much and with imbalance in the kinds of foods eaten rather than from eating too little. In addition, the consumer is often bombarded with an overload of somewhat confusing and conflicting nutrition information.

The objective of the nutrition education/information programs is to impart food and nutrition knowledge to consumers. To satisfactorily manage the Federal effort in this area, three questions must be addressed.

1. Has sufficient information about consumer habits, perceptions, knowledge, myths, and desires been developed to provide reasonable criteria for improving consumer knowledge?
2. Is the information provided on food and nutrition complete and adequate?
3. Are the mechanisms to provide the information appropriate and effective?

Issue: Adequacy and focus of Federal support for human nutrition research

USDA, HEW, and other Federal agencies have increased and expanded their nutrition research programs as a result of congressional and public interest in nutrition. Also, GAO, the Office of Technology Assessment, the Congressional Research Service, and the Office of Science and Technology Policy have all identified nutrition research gaps and needs. They have initiated new nutrition research funding mechanisms and established inter- and intradepartmental coordination of various nutrition research efforts.

Area of concern: Do food quality assurance programs adequately ensure safe, nutritious food for the consumer?

Assuring food quality is the result of three different, sometimes separate, inspection procedures: (1) safety inspection, (2) grading inspection, and (3) a combination of safety, grading, and additional criteria under quality assurance inspection. Over the past several decades, the public has become increasingly dependent on food processed outside the home and therefore wants to be assured of the safety and quality of its food.

Some 14,000 Federal employees are involved in inspecting and verifying the quality and safety of food. The 12,000 staff members in USDA's Food Safety and Quality Service (FSQS) conduct 80 percent of the inspection work. HEW's Food and Drug Administration (FDA) has 2,000 staffers which cover the rest. State and local inspection efforts complement the Federal force but coordination among the different organizations has historically been a problem. Food safety continues as a source of contention as concern

with overregulation and efficient use of resources increases and as the number of permutations of food ingredients expand.

A major difficulty in coordinating efforts of the various organizations is the lack of a reasonable rule of thumb for assessing safety risk. Despite the rapid expansion of food products, synthetic ingredients, and industrialized growing methods, the general public often is under the impression that all food will be 100 percent safe for all people. The diversity of human beings and their individual needs make providing such assurance an impossible task. Developing and implementing a reasonable risk assessment method could improve coordination of the various inspection organizations and reduce inspection overload.

In addition to food safety, food grading is a complicated and esoteric subject. Food grading refers to all the different ways food products can be measured and described. Grading for quality can mean just about anything, from redness, crispness, inches wide, or grown-in-Florida to prime, jumbo, No. 1, AAA, or canner/cutter. Food grading standards and inspection provide a language for growing, processing, distributing, and using food. Because it was necessary for commerce, food grading has long been the exclusive domain of the producers and distributors. Recently, however, consumers have begun to recognize the economic importance of food grading standards as price-setting specifications. "Choice" beef commands a better price than "canner" beef. Hard red wheat has a different price than soft winter wheat. Presumably, the price has some relationship to the quality standards used for each food, but this is not always the case. Standardizing the myriad food grading standards and the grading inspection procedures as a coherent function will take many years but will help improve resource use, consumer satisfaction, and the food distribution process.

Issue: Adequacy of Federal efforts to ensure safety in food products

Efforts to improve food safety are undertaken under a fragmented set of safety inspection programs separately administered by HEW and USDA.

USDA food safety activities are conducted primarily by the FSQS and include

--inspecting animal and poultry before and after slaughter;

- inspecting meat and poultry processing to ensure that the products are wholesome, are produced under sanitary conditions, and are not adulterated or mislabeled;
- inspecting for harmful pesticides and other chemical and biological residues;
- conducting onsite reviews of foreign inspection systems and plants exporting meat and poultry products to the United States;
- condemning meat and poultry products;
- regulating related industries, including animal food manufacturers, brokers, shippers, and wholesalers, to prevent uninspected or adulterated meat or poultry products from entering human food channels;
- providing support services in the fields of chemistry, microbiology, pathology, parasitology, toxicology, and epidemiology; and
- approving plant and animal facilities and equipment.

Efforts to provide and promote food safety are undertaken by the FDA. Its food safety programs include

- controlling food sanitation;
- ensuring the safety of ingredients added to food;
- preventing chemical contaminants from entering the food supply;
- controlling communicable diseases spread through interstate transportation of food;
- identifying and controlling mycotoxins and other natural poisons in foods;
- improving the public's knowledge of food through nutrient labeling and nutrient composition.
- improving the safety and quality of shellfish; and
- ensuring fair packaging and labeling to prevent adulterated foods from reaching the public.

The objective of these programs is to make sure that available food is safe to eat. Three questions must be considered in addressing this issue.

1. Are safety standards and the standard-setting procedure effective and reasonable?
2. Are safety inspection procedures effective and reasonable?
3. Are standard-setting efforts and safety inspection programs managed as a coherent package?

Issue: What improvements are needed in commodity grading?

The objective of the grading process is to ultimately provide a set of food standards which can conveniently describe the quality of the different products for producers, processors, and consumers. USDA's Agricultural Marketing Service, Federal Grain Inspection Service, and FSQS are responsible for grading numerous products, including cotton, dairy products, fruits and vegetables, grain, and meat and poultry.

Grading was originally established to give wholesalers an indication of size and quality of farm products. Grading has also become a consumer tool, although the various descriptions used for grading may in fact confuse the consumer and are less useful to the consumer than to the distributor.

Changing consumer needs dictate that we use a grading system that will provide information that both marketers and consumers alike can use to make rational economic decisions. Also, standards must meet current demands for more useful information. Possible standard measures include factors such as nutritional value, food stability, and convenience. These factors go beyond the traditional standards of quality based on appearance, texture, uniformity, marbling, and so on.

The standards must ultimately reflect perceptible differences between grades, and the terms used should consistently imply a similar standard of quality across product lines. The current lack of standardization and consistency between grading terms for products makes the current USDA grading system incomprehensible because of its contradictions.

Three questions about food grading, similar to the three concerning food safety inspection, should be addressed.

1. Are the food grading standards and the standard setting procedure effective and reasonable for the producer, processor, and consumer?
2. Are the grading procedures effective and reasonable?
3. Are the standard-setting efforts and the grading programs managed as a coherent package?

Issue: Adequacy of Federal food quality assurance efforts

Quality assurance involves an inspection process that measures food against certain specifications. To a great degree, the standards used in safety inspections and grading are used, but after the processor adds other specifications to ensure a particular quality of food for the circumstances.

Federal inspection for quality assurance involves food procured by Federal agencies. Federal prisons, the military, school feeding programs, and hospitals all have some food specifications and rely on the quality assurance inspection to get their food. The general public also relies on Federal and State food safety inspection and grading programs to provide a quality assurance program.

Two questions need to be considered in addressing this issue:

1. How well do quality assurance programs complement safety inspection and grading efforts?
2. Can the quality assurance program be used effectively to inspect food for the private sector?

Area of concern: How effective are the Federal domestic food assistance programs?

Food assistance programs serve several purposes. They make food available to eligible groups to improve nutrition or combat hunger, they act as an income security program by supplementing available family income, they contribute to farm and retail food sales, and reduce surplus stock.

Thirteen Federal programs directly contribute to the feeding of certain target groups. In fiscal year 1979, the cost to USDA for these programs totaled about \$11 billion. The Food Stamp Program, one of the major programs, assists needy families at an estimated annual cost of \$6.8 billion and serves over 18 million persons at any one time. Food bought with food stamps in fiscal year 1978 totaled 4.5 percent of all food spending in the United States. USDA also contributed about \$3.2 billion in cash and food to child nutrition programs in fiscal 1979, including the School Lunch Program, School Breakfast Program, Summer Feeding Program, Special Milk Program, and Child Care Food Program. The cost for the nutrition program for the elderly, begun in 1975, has climbed from \$1.8 million in fiscal year 1975 to \$54 million in fiscal year 1979. The estimated budgets for the Food Stamp Program and child nutrition programs total close to \$13 billion in 1980 and more than \$14 billion in 1981.

HEW administers title VII programs of the Older Americans Act. These programs provide nutritious meals to those over 60 who cannot afford to eat adequately, lack meal preparation skills, or have limited mobility. For fiscal year 1980, Federal assistance for the program is budgeted at \$254 million.

Another HEW program, Headstart, helps disadvantaged children develop skills before entering school and provides meals to participating children. In fiscal year 1981, HEW is requesting \$825 million to serve 386,000 children in the program. This is a 10-percent increase of children served since 1977 while program costs have nearly doubled.

Finally, HEW's Community Services Administration administers community food and nutrition programs to make Federal, State, and local feeding and nutrition programs more accessible to the needy. These programs have an estimated annual cost of \$26.2 million.

We have reviewed numerous food assistance programs. The programs are no longer inherently controversial, but their impact in both dollars and benefits will continue to make them an area of concern.

Issue: How can the operational efficiency and effectiveness of the Food Stamp Program be improved?

The Food Stamp Act of 1977 changed eligibility and benefit determination rules for food stamp participants. These changes were a result of lengthy debates on food

stamp reform. But increasing food stamp costs in 1979 (\$6.8 billion) have spurred new debates over additional program reforms. The need for long-term program changes to tighten program management and reduce costs was emphasized by both the Congress and the administration in debates over congressional action to change the fiscal year 1979 food stamp appropriation ceiling.

The Food Stamp Program, instituted permanently in 1964, is the primary Federal effort to help low-income households obtain more nutritionally adequate diets. Over time, the program has helped many Americans obtain more adequate diets, and the Federal Government's responsibility to provide such assistance to the needy is generally recognized and accepted. However, rising program costs will continue to challenge the program's ability to assure adequate food for all Americans.

The following questions need to be considered in addressing this issue:

1. Is the appropriate target group being identified?
2. Does the program successfully channel benefits to this group?
3. Do benefits achieve the desired results?

Issue: Improving integrity and effectiveness in child nutrition programs

The child nutrition programs, including the School Lunch, School Breakfast, Summer, and Child Care Food Programs, represent about \$3.2 billion of USDA's annual budget. The piecemeal manner in which these programs have evolved has created a complex administrative structure involving different nutrition goals and funding schemes encompassing various combinations of Federal, State, and local agencies. The complex administrative structure causes actual and possible overlaps of benefits and functions that need assessing to improve the integrity and effectiveness in child nutrition programs.

Improving the nutritional status of children depends on the food delivery system. We need to define target groups more accurately, design alternative strategies, and determine the cost effectiveness of potential solutions.

Questions which need to be addressed for this issue are similar to those that address the food stamp issue.

1. Is the appropriate target group being identified?
2. Do the programs successfully channel benefits to this group?
3. Do benefits achieve desired results?

Our past work in child nutrition has been directed at program results and has provided a base for agency action. Future work will concentrate on the integrity of program operation. The variety of child feeding programs and the different procedures under which they operate is an area which can be improved. The Congress, faced with increasing financial pressure, will insist on improvements. But these adjustments cannot be made at the expense of harming child development. We believe our work will improve program integrity and options for dealing with funding limitations.

Issue: What alternative mechanisms are available to provide food to low-income target populations?

The fundamental purpose of feeding assistance programs is to ensure that adequate, safe, palatable, and nutritious food is available to all Americans. The different programs developed in response to specific problems. These feeding program mechanisms may have been appropriate at the times of authorization for the specific target groups, but under changing conditions, other mechanisms might be more effective.

Feeding assistance programs are not unique to the United States; other countries have had to institute similar programs. Learning from other countries' mistakes and reevaluating the conditions under which we operate the current mix of programs would improve our ability to tailor them to the needs of the target groups.

The following questions should be considered in addressing this issue:

1. Do changing conditions require program adjustments?
2. Can U.S. feeding programs benefit from the experience of other countries and agencies?
3. Can feeding programs be integrated?

In the past, we have concentrated primarily on feeding program operations and results. As a result of one overview report on all feeding programs, we believe a

greater perspective of these programs can result in significant improvements. Fiscal constraints would encourage greater congressional attention to revise these multibillion dollar programs. These changes must be based on factual analysis of all programs, their operations, and intended results.

PAST AND ONGOING WORK

The following list includes GAO work completed and ongoing since October 1978 and addresses the areas of food safety, quality food assurance, and domestic feeding assistance programs.

GAO Reports

Recommended Dietary Allowances: More Research And Better Food Guides Needed (CED-78-169, Nov. 30, 1978)

Future Of The National Nutrition Intelligence System (CED-79-5, Nov. 7, 1978)

Greater Federal Efforts Are Needed To Improve Nutrition Education In United States Medical Schools (CED-80-39, Jan. 2, 1980)

Use Of Nutritional Supplements In Cancer Treatment (HRD-79-46, Jan. 22, 1979)

Federal Export Grain Inspection And Weighing Programs: Improvements Can Make Them More Effective And Less Costly (CED-80-15, Nov. 30, 1979)

Formulated Grain-Fruit Products: Proposed Restrictions On Use In School Breakfast Program Should Be Reevaluated (CED-79-12, Dec. 26, 1978)

Regulation Of Retailers Authorized To Accept Food Stamps Should Be Strengthened (CED-78-183, Dec. 28, 1978)

The Special Supplemental Food Program For Women, Infants, and Children (WIC)--How Can It Work Better? (CED-79-55, Feb. 27, 1979)

Effect Of The Department Of Labor's Resource Allocation Formula On Efforts To Place Food Stamp Recipients In Jobs (A Supplement To Comptroller General's Report (CED-78-60, Apr. 24, 1978) (CED-79-79, Aug. 15, 1979)

The Department Of The Army's Food Irradiation Program--Is It Worth Continuing? (PSAD-78-146, Sept. 29, 1978)

Problems In Preventing The Marketing Of Raw Meat And Poultry Containing Potentially Harmful Residues (HRD-79-10, April 17, 1979)

Food Salvage Industry Should Be Prevented From Selling Unfit And Misbranded Food To The Public (HRD-79-32, Feb. 14, 1979)

Colocating Agriculture Field Offices--More Can Be Done (CED-79-74, Apr. 25, 1979)

Studies in Progress

Food And Drug Administration's Regulation Of Substances Added Directly To Food (108750)

Survey Of The Department Of Agriculture's Efforts To Promote Better Water Management And Conservation (085450)

Improvements Are Needed To Judge The Nutritional Quality Of Foods (097060)

Methods Of Establishing And Promoting Diet And Health Links (097270)

Efforts To Inform The Public About Food (097320)

Review Of USDA's Expanded Food And Nutrition Education Programs (097350)

Review Of Grain Inspection And Weighing In The Interior Of The United States (022320)

Evaluation Of USDA's Progress In Establishing A Government-wide Quality Assurance Program For Food Procured By Federal Agencies (022550)

Survey Of Federal Efforts To Insure Seafood Product's Quality And Safety (082095)

Factors Inhibiting Expansion Of The School Breakfast Program (023960)

Followup On Recommendations Dealing With Domestic Food Assistance Program Mismanagement, Fraud, And Abuse (023020)

Review To Evaluate The Effectiveness Of The Child Care Food Program (023030)

Assessment Of The Department Of Agriculture's Food Stamp Workfare Pilot Projects (023070)

Assessment Of Innovative Food Delivery Techniques In School Feeding Programs (023050)

Study Of Market Impacts From USDA Commodity Purchase/ Donation Programs (022530)

The District Of Columbia Government's Administration Of The Food Stamp Program (427580)

MAINTAINING THE ECONOMIC STRENGTH OF THE FOOD SYSTEM

The economic vitality of those who produce, process, and market food is crucial to provide consumers with a continuous stream of safe, high quality, and relatively low-priced food. Government programs and policies which constrain one or more of the above food system "links" threaten the system's ability to respond to consumers' needs and desires. Such constraints can take the form of inadequate farm policies that dampen production or innovation by not providing proper incentives to produce; conflicting and overlapping Federal and State rules and regulations that impede productivity gains and increase costs of food marketing; or policies that threaten the future supply of basic food-producing resources, such as land, water for irrigation, energy, fertilizer, and money (capital and credit).

The potential impact of Government actions on the operation of the food system is a concern of businesses involved in producing and selling food and consumers who usually shoulder the burden of Government actions via higher retail food prices or higher taxes.

The food system is an intricate pattern of many disciplines and occupations encompassing far more than farming. It includes (1) the so-called agriculture support service industries, which provide the products such as energy, machinery, chemicals used by the farm sector, (2) the farm sector itself, meaning the producers of crops, livestock, and dairy products (one could also include the fishing industry here, although it is not commonly referred to as such), (3) the food processing sector, such as slaughterhouses and meat-packers, grain mills, dairies, canners, packers, and prepared food manufacturers, (4) warehousing, transportation, and distribution, (5) retail food stores and restaurants, and finally, (6) the consumers.

U.S. agriculture is vital to the U.S. and world economies. Agricultural exports account for a growing portion of the Nation's foreign exchange and play a vital role in reducing the balance-of-trade deficit.

The food system is the Nation's largest industry--employing about 20 million workers. As an indicator of the size and importance of the U.S. food industry, consider:

- Food and beverages represent nearly 20 percent of the Consumer Price Index. (This figure becomes more important since food is a day-to-day expense rather than a long-term capital outlay.)
- Personal expenditures for food in 1979 were more than \$218 billion. This amount represents 16 percent of all personal expenditures.
- Agricultural products worth more than \$32 billion were exported in 1979, resulting in a \$16 billion agricultural trade surplus. In fact, since 1971, agricultural trade has created a surplus while nonagricultural trade tallied a huge deficit.
- In 1979 food, nutrition, and agricultural production and support industries accounted for one quarter of the gross national product.
- Agricultural exports paid for over two-thirds of our oil and oil-related imports (\$42.1 billion) in 1978.

Concern with the marketing and processing of food and with agricultural production circumscribe the interest in maintaining the strength of the food system.

Area of concern: How can the Federal Government improve food marketing and distribution?

The food delivery process needs to be made more socially sound, productive, and efficient. It links the farmer and consumer through processing, packaging, and distributing farm products. In 1977 the estimated cost of the marketing bill was \$123.5 billion, approximately two-thirds of the consumer bill for farm-produced foods. Many components of the marketing bill, such as labor, packaging, and transportation, are affected by industry practices and a wide variety of Government

programs, policies, and regulations, ranging from social security taxes to regulations in a host of other areas.

The sharp increases in food prices in this decade--20 percent in 1973, 14 percent in 1974, 9 percent in 1975, 4 to 5 percent in both 1976 and 1977, and about 10 percent in 1978 and 1979--are of great concern to the Congress and consumers. These price increases are occurring despite fluctuating farm prices, i.e., when farm prices fall, there appears to be no proportional decrease in retail prices. The causes of this anomaly are many, not the least of which are Government programs and actions which continue unabated despite their effect on inflationary trends and industry cost structures.

Even though disposable income spent on food is relatively modest, the frequency of purchase has focused consumer attention on the rising cost of food. This attention has provided the impetus for the growth of various alternative methods of food distribution in recent years. Some consumers have formed buyers' cooperatives to enjoy the cost benefits of wholesale buying. Retailers themselves have attempted to provide the consumer with low-cost alternatives primarily in the form of "generic" food and limited-assortment discount food stores.

The Federal Government's role in improving food processing and distribution is centered in the myriad regulations designed to maintain safety, quality, and competition. Limited Federal effort is directed at researching, encouraging, or developing alternative processing and distribution patterns which use resources more effectively. The assumption is that the private sector should make the system more efficient. This assumption fails to recognize that no common motivation exists within industry to make the entire processing/marketing system use the resources available in the most efficient manner.

Individual business and industry sectors may use resources efficiently in particular businesses and, to some degree, in individual sectors. However, the system is not viewed in its entirety and as a result opportunities for making the whole institutional process work better are lacking.

Issue: What Federal actions are needed in the food processing and distribution sectors?

We have made some reviews of farm issues and have begun to deal with some marketing and distribution problems. Food is the largest industry in the United States;

it touches practically every other industry and is a major inflation factor to the consumer. In the past we have conducted broad reviews of food prices, beef marketing, and food loss. In an era of supply constraints, more attention must be placed on the efficiency with which industry converts resources into goods and services. The food processing/marketing industry accounts for 66 percent of the resources spent on food, and it has always been assumed that the free market converts these resources in food processing and marketing efficiently.

No cohesive set of rules has evolved for Federal action on food processing and marketing. Other than antitrust theory and wage and price control mechanisms, little has been done to define the Federal role as the United States begins to shift from a free-growth-oriented society to a controlled growth society due to resource scarcity. Many agencies play a role in food processing and marketing, and their actions do not always result in the anticipated goal. With Federal, State, and local agencies often tripping over themselves in trying to improve society, government goodwill decreases and food distribution becomes more complicated. We believe this is an important issue, if only because of the antagonism some Federal action has caused.

The following questions need to be considered in addressing this issue:

1. How do the myriad Government actions affect the efficiency of the food marketing and distribution system?
2. How can Government actions help the distribution system adjust efficiently to resource limitations such as those on energy?

Issue: Technological advances to increase the efficiency of the processing and marketing sectors must be developed and assessed

This issue is directed at research into and development of new techniques which improve food processing and marketing. A number of USDA laboratories are involved in developing new technology. The Office of Technology Assessment currently is reviewing agriculture research and development, and we feel our effort could more appropriately be directed to food system regulation and the institutional and organizational aspects of food processing and marketing.

Area of concern: How can the Federal Government maintain an effective food production system?

There is considerable concern over the structure of the farm sector. Increasing farm concentration and industrialized cropping systems rely heavily on the availability of energy and specialized farm resources. These can be constrained by political or economic actions far beyond the farmer's control. The United States depends on a farm sector which is losing natural soil fertility and productive land and relying on increased applications of fertilizer, energy, herbicides, and machinery to maintain production. New techniques for increasing productivity are not in the research and development pipeline, and attempts to capitalize on biological production techniques used in other countries have not materialized.

While natural fertility decreases and larger farms continue to rely on a fragile stream of resources, real farm income margins per acre continue to decrease; rural communities, schools, and roads continues to decay; and farm surplus, once again, exists as a result of the Russian grain embargo.

USDA, in little more than a year, has begun to recognize the frailty of relying exclusively on a concentrated, industrialized agricultural sector. USDA has started a dialog with farmers to determine the best way of reorienting the farm structure to deal with uncertain supplies and markets. This dialog has just begun and suggests that our future reviews cannot be limited to existing programs. Some effort must be directed at reviewing the Federal Government's ability to measure and respond to uncertainty and rapid changes in farm resources, productivity, and income and in vacillation between surplus and scarcity.

The U.S. fishing sector has problems similar to those of the farm sector: rising costs, overfished stocks, and the need to adjust to resource limitations. Moreover, the U.S. coastal waters comprise the richest fishing grounds in the world, and yet the United States has generally ignored the opportunity to create a strong fishing industry.

Issue: Effects of scarcity in farm resources

A major concern to producers is the future cost and availability of basic resources used for producing food--land, water, energy, labor, fertilizer, and capital. American agriculture is highly dependent on these

resources for a level of high output, particularly on fertilizer, which is critical for maintaining the high yields characteristic of U.S. agriculture.

U.S. policies affecting each of these resources are often considered separately and not in conjunction with the total resource requirements for food production. The fossil fuel resources are of particular concern because of their finite supply, their rapidly rising cost, and competing non-farm use. Because increased food output will largely come from increased yields rather than bringing more land under cultivation, energy-based fertilizer and water inputs are of uppermost concern. Their limited supply and higher costs will lead to diminishing returns and a potential leveling of output. Already, the high price of fossil fuel has caused adjustments in U.S. agriculture and could lead to even more significant changes during the 1980s. Farm organization may change as producers seek alternative energy sources or explore new production techniques. Farming's capital requirements will undoubtedly be affected.

Farmers, relying more than ever on other sectors for resources such as fertilizer, equipment, and animal feed, have found their costs growing steadily with inflation in these other sectors. The growing cost of producing has substantially increased the farmers' breakeven point and the risk associated with price fluctuations in farm production.

Two questions should be considered in addressing this issue:

1. How do resources limitations affect farm production?
2. What Government actions are needed to adjust to scarce resources?

Issue: What are the trends in fish productivity and opportunities for improvement?

The U.S. fishing industry is an important segment of the Nation's economy. According to National Marine Fisheries Service (NMFS) statistics, in 1979 the fishing industry produced goods and services that contributed approximately \$7 billion to the Nation's gross national product. More than 260,000 individuals are directly employed in this industry, and its products are important protein sources for U.S. consumers.

Although the variety of species in the U.S. catch is great, U.S. fishermen tend to concentrate on a few high-volume species which yield good profits.

The Fishery Conservation and Management Act of 1976 (16 U.S.C. 1801) sets forth the Nation's basic goals for fisheries, i.e., conserving and managing of resources and developing U.S. fishing industry to assure that our citizens benefit from the employment, food supply, and revenue which fisheries can generate. The act provides for U.S. control over all fisheries (except tuna) within 200 miles of our shores. It provides a framework for managing fishery resources on the basis of maximum sustainable biological yields (the balance between the amount of the fishery resource that can be taken and still allow sufficient quantities to permit the fishery resource to renew itself), as modified by social, economic, and ecological factors. U.S. fishermen and processors receive preferential access to fisheries resources within the 200-mile fisheries zone. Foreign harvest is limited to that portion of the allowable catch of each resource which exceeds the U.S. harvesting capacity. Accordingly, the act created opportunities for major industry expansion, especially in the area of underutilized species. NMFS estimates that developing 6 underutilized species could produce 38,000 new jobs and contribute \$1 billion to the U.S. economy by 1990 while reducing the U.S. trade deficit by at least \$1.5 billion.

Congressional interest in fisheries management and development remains high. Numerous bills dealing with U.S. fish resources have been introduced by the 96th Congress. The more significant legislation includes bills to provide for a national program of fisheries research and development, foreign investment in the U.S. fishing industry, sources of financing and using foreign technology in the U.S. fishing industry, and increasing U.S. production through aquaculture programs.

The following questions should be considered in addressing this issue:

1. What is the capacity of U.S. fishing waters?
2. What Government efforts are needed to fully use the fishery resource?
3. What would the impact be on the fishing industry, job development, and coastal resources if U.S. waters were fully developed?

Our workload has increased substantially as a result of the significant changes in fisheries management and development brought about by the Fishery Conservation and Management Act. While initially we concentrated on the fishery resource management activities brought about by the act, we are now focusing on the opportunities the act created for the United States to make greater commercial use of its vast fishery resources.

Issue: Adaptability of the food production system to maintain productivity under changing conditions

Since 1950 U.S. farmers have been going out of business at the rate of more than 2,000 weekly. The number of farms dropped from 8 million in 1935 to 5.7 million in 1950 and to 2.34 million in 1974 and has been projected to drop to 1.5 million in 1980. Future farms are expected to become larger and require fewer workers as machinery and capital are substituted for labor. Since 1950 the average farm size has increased about 80 percent. Nearly two-thirds of the Nation's food and fiber is produced by about 200,000 farms and over one-third by fewer than 50,000 farms.

Entering the farm system has become very difficult for the farmer who starts from scratch. Because of general inflation and surging land prices, the amount of capital needed to start a new farm is very high. In 1940 the capital required to start an average farm was about \$6,000; in 1960 it was \$42,000; in 1969 about \$85,000. A 1973 USDA study showed capital needs for a technically optimal one-person farm range from \$158,000 for a Louisiana soybean farm to \$610,000 for an Indiana corn farm.

Agriculture's marketing system has become increasingly geared to large-scale producers, as have the businesses that sell fertilizers, seeds, and other materials to farmers. Spiraling land prices have increased the entry barriers that confront beginning farmers and have helped make agriculture a restricted profession.

Prospects for the 1980s suggest that our agricultural plant may be running close to capacity under currently applied production techniques with that capacity at times severely strained. As a result, most of the readily available cropland will be utilized and demand for product inputs will continue to be strong. The handling system--storage, transportation, and port facilities--may be severely taxed at times.

In the past, little has been done other than to react to change and crisis, such as the Russian grain embargo, to provide a measure of stability. For the 1980s, however, policymakers must face the challenge of anticipating future circumstances and problems confronting the food and agriculture system and begin to plan appropriate actions to deal with them.

The following questions need to be considered in addressing this issue:

1. What are the trends in farm capacity?
2. What options exist for using surplus U.S. crops and capacity?
3. What production control mechanisms will best adjust U.S. capacity to current demand?

Issue: Effectiveness and adequacy of farm programs directed toward maintaining farm income

Public food and agricultural policies seek to accommodate the multiple interests of farmers, consumers, traders, transporters, manufacturers, suppliers, rural communities, and food-deficit countries. Policy issues include the amount and stability of farm income, equitable treatment of producers of various commodities and in different regions, food aid, economic viability of rural areas, and the cost of programs to address these issues.

These programs seek to shift some of the production and price risk from farmers to society and ultimately to maintain and improve farmers' incomes. The U.S. Government has supported prices of major farm crops for many years. Current commodity programs support farm income and prices. Consumers benefit from these programs by being assured of adequate food supplies with reduced price fluctuations.

There is, however, growing concern that these commodity programs have unintended effects on the structure of agriculture. Even though they are aimed at improving the economic viability of farming, they have not stemmed the trend toward larger farms, deterioration of rural communities, fertility loss, and decreased farm sector productivity. Farm margins continue to be squeezed, and the highly leveraged new farmers are particularly prone to failure.

Two questions should be considered in addressing this issue:

1. How do low margins affect the farm sector and its ability to provide food?
2. What Federal action can be taken to bring farm income in line with risk?

Issue: Effects of new developments in agriculture technology

Rapid technological advances in the past helped to offset the pressure of inflation and rising costs on farmers. These advances kept production high and food prices low, freed people for nonfarm jobs, and all but guaranteed ample quantities of food for foreign trade. There seem to be no technological breakthroughs on the immediate horizon that will have an impact on farming comparable to those which occurred in the last 40 years.

World population and income growth are expected to cause major long-run increases in world food demand. This situation relates directly to the long-run capacity for a greater U.S. agricultural output.

Severe turbulence in the world--famine in developing countries, skyrocketing prices for energy supplies to U.S. agriculture, massive Russian grain purchases, low farm prices, the farm "strike," and persistent inflationary pressure--has led to new questions about U.S. agriculture's future capacity to maintain adequate food supplies in domestic and world markets. The need to develop technology which can increase production without serious side effects will continue to challenge our society. At present the Office of Technology Assessment is addressing agriculture research and development, and we do not plan to conduct significant work in the area.

PAST AND ONGOING WORK

The following list includes GAO work completed and ongoing since October 1978 and addresses the areas of food processing, production, and distribution.

GAO Reports

Proposed Changes In Meat And Poultry Net Weight Labeling Regulations Based On Insufficient Data (CED-79-28, Dec. 20, 1978)

Beef Marketing: Issues And Concerns (CED-78-153,
Sept. 26, 1978)

Maze Of Food Regulations--Need For A Regulation Indexing
System (CED-80-44, Feb. 4, 1980)

Changing Character And Structure Of American Agriculture:
An Overview (CED-78-178, Sept. 26, 1978)

Sugar And Other Sweeteners: An Industry Assessment
(CED-79-21, Feb. 26, 1979)

Questionable Payments And Loan Defaults In Sugar Programs
(CED-79-24, Mar. 16, 1979)

Agriculture's Set-Aside Programs Should Be Improved
(CED-80-9, Jan. 11, 1980)

Family Farmers Need Cooperatives--But Some Issues Need To
Be Resolved (CED-79-106, July 26, 1979)

Agriculture's Statistics Agency: Computation Of Average
Market Price Of Rice Questioned--Independent Evaluation
And Unimpeded GAO Access To Records Needed (CED-78-85,
June 25, 1979)

Agricultural Stabilization And Conservation Service:
Improved Procedures Will Help Insure That Farmers Do
Not Receive Payment Above The Limitations Set By Law
(CED-79-31, Jan. 4, 1979)

Agricultural Stabilization And Conservation Service:
Need To Improve Procedures For Measuring Farm-Stored
Grain And For Identifying Grain Bins Containing CCC
Loan Collateral (Group III, Jan. 29, 1979)

Agricultural Stabilization And Conservation Service:
Need To Revise Instructions To Help Ensure The Accuracy
Of Producer-Supplied Information For Emergency Feed
Assistance (Group III, Dec. 11, 1979)

Prices Received By Farmers (Letter Report To The
Administrator, Economics, Statistics, And Cooperatives
Service, Department Of Agriculture, Dec. 15, 1978)

Report To Congressman R. Nolan Concerning Department
Of Commerce Activities Regarding Foreign Investment
In U.S. Farmland (CED-78-173, Sept. 15, 1978)

Foreign Investment In U.S. Agricultural Land--How It
Shapes Up (CED-79-114, July 30, 1979)

Reports To Senator Herman E. Talmadge And Congressman Charles E. Grassley On Implementation Of Agricultural Foreign Investment Disclosure Act (CED-80-37 and CED-80-38, Dec. 18, 1979)

The Pacific Fishing Management Council's Role In Salmon Fisheries (CED-79-4, Nov. 9, 1979)

Progress And Problems Of Fisheries Management Under The Fishery Conservation And Management Act (CED-79-23, Jan. 9, 1979)

National Ocean Policy Study On The Three Interstate Marine Fisheries Commission (CED-79-146, Feb. 26, 1979)

The Fishery Conservation And Management Act's Impact On Selected Fisheries (CED-79-57, Apr. 3, 1979)

Enforcement Problems Hinder Effective Implementation Of New Fishery Management Activities (CED-79-120, Sept. 12, 1979)

Reduction Of The Fee On Imported Sugar (ID-79-43, July 17, 1979)

Followup On Rice Deficiency Payment (CED-80-48, Jan. 29, 1980)

Farm Credit System: Some Opportunities For Improvement (CED-80-12, Jan. 25, 1980)

Studies in Progress

Alternative Methods Of Food Distribution (097220)

Review Of Food Distribution Patterns Under Disruptive Conditions (097400)

Review Of Grain Marketing Patterns (097370)

Impact Of Parity-Level Price Supports On Farm Sector And General Economy (097280)

Survey Of Efforts To Assure The Genetic Diversity Of Seed Stocks (097380)

Study Of The Dairy Surplus Issue And What Can Be Done To Resolve It (022410)

Review Of The Grain Reserve Program's Effectiveness (022500)

Review Of USDA's Grasshopper Control Program (022520)

Adequacy Of Fishery Utilization And Development
Programs (082080)

Assessment Of The Extent And Impact Of Foreign Investment
On The U.S. Fishing Industry (082094)

Evaluation Of USDA's Animal Disease And Pest Control
Efforts (022540)

Survey Of Special Purposes Funds (022490)

Monitoring Of Potential Impacts On The Farm Sector Due
To The Russian Grain Embargo (022570)

CONGRESSIONAL COMMITTEES WITH FOOD JURISDICTION

The tables below list the committees having both direct and indirect jurisdiction over policies affecting the food industry.

Committees With Direct Food Jurisdiction

<u>Senate</u>	<u>House</u>
<u>Agriculture, Nutrition, and Forestry</u> Agriculture - all aspects Agricultural economics and research; engineering Agricultural production, marketing, and stabilization of prices Agricultural commodities Animal industry and diseases Crop insurance and soil conservation Farm credit and farm security Forestry Food from fresh waters Food Stamp Program Inspection of livestock, meat, and agricultural products Nutrition School Lunch Program Summer feeding programs <u>Foreign Relations</u> Matters relating to food, hunger, and nutrition in foreign countries	<u>Agriculture</u> Agriculture - all aspects Agricultural economics and research; engineering Agricultural production, marketing, and stabilization of prices Animal industry and diseases Commodity exchanges Crop insurance and soil conservation Dairy industry Farm credit and farm security Food Stamp Program Nutrition Inspection of livestock, meat, and agricultural products Rural electrification Rural development <u>Education and Labor</u> Labor standards and statistics Regulation of foreign laborers School Lunch Program Summer feeding programs

Labor and Human Resources

Agricultural colleges
 Measures relating to public
 welfare
 Labor standards and labor
 statistics
 Regulation of foreign
 laborers

Foreign Affairs

Economic policy and trade
 International commodity
 agreements
 Customs administration
 Oversight of international
 fishing agreements

Committees With Indirect Food JurisdictionSenateHouseAppropriations

Appropriation matters on
 Agriculture and related
 agencies

Appropriations

Appropriation matters on
 Agriculture and related
 agencies

Armed Services

Food purchases by military

Armed Services

Food purchases by military

Banking, Housing, and Urban
Affairs

Control of commodity
 prices
 Export and foreign trade
 promotion
 Export controls
 Financial aid to commerce
 and industry

Banking, Finance, and Urban
Affairs

Control of commodity
 prices
 Financial aid to commerce
 and industry

Budget

Budgetary matters

Budget

Budgetary matters

Commerce, Science, and
Transportation

Regulation of interstate
 commerce
 Regulation of consumer
 products and services
 Weather activities
 Marine fisheries

Government matters

Economy and efficiency of
 Government activities
 Intergovernmental relation-
 ships

House Administration

House Restaurant

Energy and Natural Resources

Public lands and forests,
including farming
Energy research and
development

Environment and Public
Works

Environmental policy,
research, and development
Environmental protection
and resource utilization

Fisheries

Water resources

Finance

Reciprocal trade agreements
Tariffs and import quotas

Governmental Affairs

Efficiency, economy, and
effectiveness of Govern-
ment activities
Census and collection of
statistics
Intergovernmental relation-
ships

Judiciary

Protection of trade and
commerce

Rules and Administration

Senate Restaurant

Veterans Affairs

Veterans' measures generally

Interior and Insular
Affairs

Land use planning
Water resources
Irrigation and
reclamation

Interstate and Foreign
Commerce

Interstate and foreign
commerce
Regulation of trade
Consumer protection

Judiciary

Protection of trade and
commerce

Merchant Marine and
Fisheries

Fisheries
International fishing
agreements

Post Office and Civil
Service

Census and collection
of statistics

Public Works and Trans-
portation

Transportation, except
railroads

Science and Technology

National weather
Environmental research
and development
Energy research and
development

APPENDIX I

Small Business
(Select Committee)

Small business assistance
Economic development,
marketing, and the
family farmer

APPENDIX I

Small Business

Small business assistance
Antitrust and restraint
of trade affecting
small business

Veterans Affairs

Veterans' measures
generally

Ways and Means

Reciprocal trade
agreements

PRINCIPAL FEDERAL AGENCIES WITH MAJOR FOOD INTERESTSCommodity Futures Trading
Commission

Regulates commodity
futures trading

Department of Agriculture

Agriculture
Rural development
Food and consumer
services
Marketing and transpor-
tation services
International affairs and
commodity programs
Natural resources and
environment
Science and education
Economics, policy
analysis, and budget
Foreign agricultural
attaches

Department of Commerce

Fisheries
Trade programs and
policies

Department of Health
and Human Services

Food safety
Nutrition research
Nutrition education

Department of Interior

Land management
Water management
Fisheries

Department of State

Food for peace coordination
Foreign trade agricultural
policy

Department of Transportation

Highway and rail regulations
affecting agricultural
supply transportation

Treasury Department

International trade policies
Commodities and natural
resources in developing
nations

Environmental Protection Agency

Toxic substance programs
Water management programs

Export-Import Bank of U.S.

Financing of trade between
the United States and
foreign countries

Farm Credit Administration

Farm credit system

Federal Reserve

Influences credit conditions
Promotes stable prices

Department of Labor

Worker safety
Rural and migrant
workers

Federal Trade Commission

Enforcement of fair trade
practices in food industry
Trade rules affecting food
labeling and advertising

International Trade Commission

Import/export policy
enforcement

Agricultural Policy Advisory
Commission for Trade Negotia-
tions

Overall food policy,
chaired by USDA; composed
of participants from several
agencies

OTHER FEDERAL ACTIVITIES AND PUBLIC
ORGANIZATIONS HAVING FOOD INTERESTS

<u>Central Intelligence Agency</u>	<u>Department of Justice</u>
Analysis of world agricultural situation	Antitrust activities
<u>Congressional Budget Office</u>	<u>Domestic Policy Staff</u>
Budgetary matters Programmatic policy issues	General economic policy; long-range planning
<u>Community Services Administration</u>	<u>Federal Maritime Commission</u>
Community food and nutrition programs	Food export transport via seaways
<u>Council of Economic Advisors</u>	<u>General Accounting Office</u>
Economic analysis; advice on general economic policy	Audits agricultural organizations and programs Advises the Congress on policies and programs
<u>Council on Environmental Quality</u>	<u>Interstate Commerce Commission</u>
Analysis of national environment	Carrier regulation
<u>Council on International Economic Policy</u>	<u>Library of Congress</u>
General international economic policy	Conducts studies for the Congress
<u>Council on Wage and Price Stability</u>	<u>National Science Foundation</u>
Monitors economy	Conducts research into food production, weather
<u>Department of the Army</u>	<u>Office of Management and Budget</u>
Water resource programs Minor food research and development Major food purchaser	General economic policy Budget control

Office of Technology
Assessment

Conducts studies for the
Congress

Organization for Economic
Cooperation and Development

World economic growth and
trade policy promotion

Small Business Administration

Financial assistance

United Nations (Food and
Agriculture Organization,
World Food Council)

Data collection and
analysis

Worldwide food policy
promotion

COMMITTEE REFERRALS OF FOOD, AGRICULTURE, AND
NUTRITION BILLS AND RESOLUTIONS INTRODUCED
IN THE 96TH CONGRESS, 1ST SESSION

The Senate and House Agriculture Committees have general jurisdiction over most food legislation. However, many major food programs and policies fall within the jurisdiction of other committees. As shown in the following table, 1,131 bills and resolutions in the 1st session of the 96th Congress were referred to 31 different House and Senate committees.

<u>Referred To Senate committees</u>	<u>Number of bills and resolutions</u>
Agriculture, Nutrition, and Forestry	95
Appropriations	3
Banking, Housing, and Urban Affairs	6
Commerce, Science, and Transportation	10
Energy and Natural Resources	6
Environment and Public Works	9
Finance	34
Foreign Relations	7
Governmental Affairs	3
Judiciary	5
Labor and Human Resources	13
Small Business	<u>1</u>
Total (note a)	<u>192</u>

COMMITTEE REFERRALS (CONTINUED)

<u>Referred to select committees</u>	<u>Number of bills and resolutions</u>
Senate Labor and Human Resources	174
Senate Rules and Administration	100
Senate Small Business	16
Senate Veterans Affairs	<u>49</u>
Total (note a)	<u>339</u>

COMMITTEE REFERRALS (CONTINUED)

<u>Referred To House Committees</u>	<u>Number Of Bills And Resolutions</u>
Agriculture	229
Appropriations	6
Armed Services	2
Banking, Finance, and Urban Affairs	21
Education and Labor	25
Foreign Affairs	23
Interior and Insular Affairs	13
Interstate and Foreign Commerce	97
Judiciary	38
Post Office and Civil Service	8
Public Works and Transportation	8
Science and Technology	6
Small Business	3
Veterans Affairs	4
Ways and Means	<u>117</u>
Total (Note a)	<u>600</u>

a/Referrals do not equal items introduced, since some bills are not referred to committee while others are referred to more than one committee.

The legislative activities of the 96th Congress cover a wide range of issues concerning food and agriculture. They include price supports for dairy products, sugar, and grain; agricultural trade expansion; crop insurance; grain reserves; foreign investment in agricultural land; preservation of farmland; food aid; gasohol; food stamps; additives; and rising food prices.

Some specific legislative initiatives are discussed below.

Food stamps--The Food Stamp Act of 1977 substantially changed eligibility and benefit determination rules. As a result, early reports following implementation of the new rules indicate that significant numbers of existing food stamp recipients are losing benefits and that benefit losses may be concentrated in certain types of recipient households. In response, congressional proposals have been introduced to restore some lost benefits. Following is a list of major legislation. H.R. 1657 proposes to ban food stamps for households where the principal wage earner is on strike. H.R. 4028 proposes to authorize the Department of Agriculture to make food stamp benefit reductions, if necessary, on other than a "pro-rata" basis. Benefits would be reduced least for those with the lowest incomes. H.R. 4039 proposes to require that food stamp recipients with annual incomes in excess of twice the "poverty level" repay food stamp benefits through the income tax system. H.R. 4303 proposes to allow excess medical expense deductions and remove the ceiling on shelter deductions for households with elderly members or SSI recipients. H.R. 4318 would remove appropriations ceilings, authorize sanctions against States to improve program administration, encourage efforts to combat fraud, and allow more accurate determinations of need. S. 1, among other provisions dealing with farm programs, proposes to remove the Food Stamp Program's appropriation ceilings for fiscal years 1980 and 1981 and calls for the Secretary of Agriculture to recommend legislative changes that would improve program administration and reduce "error rates." S. 84 proposes to ban food stamps for households where the head of the household is on strike. S. 1310 would remove appropriations ceilings, authorize sanctions against States to improve program administration, encourage efforts to combat fraud, and allow more accurate determinations of need.

Food additives--A number of bills have been introduced which would revise the "Delaney" anticancer clause of the Food, Drug, and Cosmetic Act. Bills such as H.R. 12 and 1819 and S. 587 are broad based and generally seek to amend the blanket prohibition against cancer-causing food additives or color additives in food, drugs, or cosmetics. Several other bills would more specifically affect the use of certain additives.

Nitrites--Unless pending legislation is passed, HEW and USDA may be required to ban all nitrite uses. In March 1979 the Department of Justice concluded that nitrite benefits to health cannot be considered to allow the continued use of an otherwise illegal carcinogenic additive. Several of the more prominent bills, including H.R. 48, 1231, 3364, 3368, and 3377 and S. 818 and 886, would prohibit or place a moratorium on banning the use of nitrite until the risks and benefits of its use are weighed.

Saccharin--In May 1979 the saccharin moratorium expired and FDA was permitted to reissue its proposal to restrict the availability of saccharin, a carcinogen. Hearings were held in both Houses in the 96th Congress to consider what further action, if any, should be taken. Pending legislation--H.R. 11, 1509, and 4453--seeks mainly to extend the moratorium on banning the use of saccharin.

Fish--Depletion and overfishing of domestic fishery resources prompted the Congress in 1976 to pass the Fishery Conservation and Management Act (Public Law 94-265). The act, which became effective March 1, 1977, extended U.S. jurisdiction over all fishery resources to within 200 miles of our shores. The act sets forth the Nation's basic fisheries goals--conserving and managing resources and developing the U.S. fishing industry to assure that our citizens benefit from the employment, food supply, and resources generated by this industry. In addition to providing a framework for managing our fishery resources, the act created opportunities for major domestic fishing industry expansion. Subsequently, in May 1979 the administration announced a new fishery development policy and program. Congressional interest in fisheries management and development remains high.

Numerous bills dealing with our fishery resources have been introduced in the 96th Congress. Some of the more significant legislation includes S. 1656 and H.R. 5243, both of which would provide for a national program of fisheries research and development. Another bill, H.R. 5570, would revitalize the fisheries of the United States. The Congress is also interested in the level of foreign investment in the U.S. fishing industry, the need for additional capital, and the influx of foreign technology through "joint ventures." Legislation similar to H.R. 4360, referred to as the AMFISH Bill, in return for foreign training and technology, would allow foreign vessels to harvest underutilized species in U.S. waters.

Aquaculture--Aquaculture, the cultivation of aquatic plants and animals, is practiced all over the world. It takes the form of hatchery-based restocking, sea ranching, and various types of freshwater culture. At present, worldwide output from aquaculture, having doubled in the past 5 years, totals about 6 million metric tons, or about 10 percent, of world fisheries production. In the United States, however, output from aquaculture amounts to only about 2 percent of the total consumption of fisheries products. Thus far, several factors, including market forces, facility development costs, and deficiencies in support technologies are thought to have inhibited the development of a comprehensive U.S. aquaculture program. The Congress has introduced several pieces of legislation to promote such a program. Eleven bills were introduced during the 94th Congress. None passed. Eleven pieces of legislation were introduced during the 95th Congress. On the Senate side, Public Law 95-113 (the Food and Agriculture Act of 1977) contains provisions in title 15 for aquaculture development. H.R. 9370, the National Aquaculture Organic Act of 1977, passed the House in February 1978 and the Senate on October 2, 1978. However, the bill was pocket vetoed. The bill has been reintroduced in the 96th Congress as H.R. 20, the National Aquaculture Act of 1979.

Gasohol--The energy crisis has renewed congressional interest in methanol and ethanol--the two best known and most easily prepared alcohols--as additives

to or substitutes for gasoline. Federal efforts to develop alcohol fuels began rather slowly, but picked up as both the executive and legislative branches took a greater interest in these potential alternative fuel sources. The Congress passed legislation providing for alcohol fuel pilot plants as part of the Food and Agriculture Act of 1977 (Public Law 95-113). The Energy Tax Act, H.R. 5263 (Public Law 95-618), contains an amendment exempting alcohol fuels from the Federal excise tax of 4 cents per gallon. The Surface Transportation Assistance Act (Public Law 95-559) contains an amendment establishing a National Alcohol Fuels Commission to conduct a 1-year study of the alcohol fuels question. President Jimmy Carter has mentioned gasohol as one of the components of his new energy program, and the Departments of Energy and Agriculture have both pledged to give alcohol fuel more serious consideration than they have in the past. Legislation being considered by the House and Senate in the 96th Congress includes the following: The Energy Supply Act (S. 1308), introduced by Senator Henry Jackson on June 11, 1979, includes a section (title VIII) which would set mandatory production levels for the alcohol fuels. S. 892 extends the authorization of appropriations for carrying out rural development research, small farm research, and small farm extension programs and would increase significantly the amount of funding for Federal loan guarantees for pilot alcohol plants. S. 892 would provide \$500 million for this purpose.

Rural development--Due to the large number of affected groups--each concentrating on and protective of its own particular role in rural development--coordinating rural development activities is a continuing concern to rural advocates in both the administration and the Congress. Federal efforts to develop rural areas and to improve the living standards of rural residents take a variety of forms. Some of these, such as those authorized by the Rural Development Act of 1972 (Public Law 92-419), are specifically directed at rural areas. Other programs and activities, such as education and manpower, are directed at certain categories of people wherever they may live, and rural areas must compete with urban areas for funds under these programs. H.R. 3580, introduced on April 19, 1979, would establish a rural

development policy and would require coordination of Federal rural development policies. It would also authorize a 2-year extension of authorization for title V of the Rural Development Act of 1972. Public Law 96-153 (Dec. 21, 1979) would extend and reauthorize existing Farmers Home Administration (FmHA) loan and assistance programs and establish new policies for allocating assistance, disposing of FmHA-held projects, and housing migrant farm-workers.

Meat imports--Since 1964 beef and veal imports have been governed by the Meat Import Act, which contains a cyclical formula for determining annual quotas, allowing imports to increase when domestic supplies are plentiful and prices relatively inexpensive, and to decrease when domestic supplies are low and prices relatively higher. The cyclical formula has sparked opposition from both producers and consumers because it not only depresses domestic prices in times of plentiful supply, but also prohibits additional imports in times of scarcity. Producers also oppose the Presidential authority under the present act to suspend quotas. Public Law 96-177, enacted on December 13, 1979, modified the Meat Import Act by changing the formula to a countercyclical basis, allowing imports to rise when domestic supplies are low and to decrease when they are plentiful. The President's authority to suspend quotas was also modified.

Farmer collective bargaining--The major national farm organizations have united in support of legislation that would give farmer bargaining associations increased bargaining power in dealing with handlers and processors. H.R. 414 and S. 1193 would require handlers to bargain in good faith with producer associations. Handlers would also have to offer members of a bargaining association prices and terms as good as those offered to any nonmember producers.

Crop insurance--Disaster assistance for farmers is currently provided by several programs. Spurred by dissatisfaction from farmers and program administrators during heavy crop losses in 1976 and 1977 and by expiration of the disaster payments program in 1981, the Congress is moving

toward major revision of the Federal Crop Insurance Program. Two bills (H.R. 4119 and S. 1125), though considerably different from the original administration proposal, have gained the support of the Department of Agriculture. Though differing in some details, both bills would provide subsidized crop insurance to farmers. There would be a transition period, and the disaster payments program would be eliminated by the end of 1981.

Food aid and food security--In response to concern that reduced food supplies and increased prices would result in a decrease in the commodities available for the concessional and donation programs under the Food for Peace Program, a number of bills have been introduced to establish a wheat reserve to be used for this purpose. Under section 401(a) of the current law, commodities can be denied for the program if the amount requested would reduce supplies below those needed to meet domestic requirements, carryover, and anticipated exports, unless the Secretary of Agriculture determines that some part of the supply should be used to carry out the urgent humanitarian purposes of the program. The proposed reserve would be released through the Food for Peace Program and only when supplies were in such short supply that they would normally be denied. H.R. 3611, introduced on April 10, 1979, provides for the establishment of a wheat reserve of up to 4 million metric tons. An identical bill, H.R. 3612, was introduced on April 10, 1979. The administration's proposal, H.R. 4489, is identical to the other food reserve bills but would provide additional authority to the President to use up to 300,000 tons of the wheat reserve for urgent humanitarian relief in developing countries outside the Food for Peace Program.

Preservation of prime agricultural land--Concern is mounting about the cumulative, long-term impact of the conversion of high quality agricultural land to nonagricultural uses, such as housing, water reservoirs, energy development, and highways. In the past, such conversion was considered a planning problem on the urban fringe, not an agricultural production problem. Now, however, some feel that over the long run, the Nation's agricultural

production goals may be affected if such conversion continues indiscriminately. Major reasons for this concern--which is shared by many agricultural experts--include continuing world demand for U.S. food; uncertain future productivity increases because of limitations in technology, energy, and water; new data which suggests that our reserves of potential cropland are less than had been thought; and mounting conversion pressures.

At least 3 major bills--H.R. 2551, H.R. 4227, and S. 795--have called for studies to assess farmland retention issues and methods of reducing the quantity of such land being converted from agricultural to nonagricultural uses. H.R. 2551 was defeated in the House on February 7, 1980, and the prospects for H.R. 4227 and S. 795 (which were still in the committee) appear dim. Although the Federal Government has recognized that it can be more supportive of farmland preservation efforts through its own various programs, the major issue still remains--that is, the Congress needs to establish a national policy and specific goals for preserving farmland. In light of this policy, the Congress needs to delineate what the Federal role should be in guiding and assisting State and local efforts to achieve such preservation.

MAJOR STUDIES AT CONGRESSIONAL RESEARCH
SERVICE, OFFICE OF TECHNOLOGY ASSESSMENT,
AND CONGRESSIONAL BUDGET OFFICE

Congressional Research Service

Completed:

- Interrelationship between agriculture and energy
- Background information on U.S.-U.S.S.R. grain sales
- Federal trade reorganization and its impact on agriculture and processed food
- Alternative farm policy approaches
- Case history of decision to phaseout nitrite
- Current world refugee situation
- Trade reorganization proposals
- Tobacco programs of the USDA: their operation and cost
- Food For Peace, 1954-1978: major changes in legislation
- Agricultural land bibliography
- Agricultural land trends, value, taxes, uses, ownership
- Nitrite: The proposed phase out
- Overview of food safety regulations and programs of the Federal Government

Ongoing:

- Statistical profile of American agriculture
- Regulation of grain marketing system by Federal agencies
- International commodity agreements

Congressional Budget Office

Completed:

- Consequence of dairy price support

Ongoing:

- Corporations in farming
- Agricultural price support programs: A layman's guide
- Analysis of the nutritional and health impact of Federal child nutrition programs

Office of Technology Assessment

Ongoing:

- Alternative past management strategies in food production
- Use of drug and chemicals as feed additives in livestock production
- Environmental contaminants in food
- Open shelf life dating of food

OTHER FOOD ORGANIZATIONS AND
PUBLICATIONS CONCERNING FOOD

International organizations

U.N. agencies:

United Nations Conference on Trade and Development
United Nations Development Program
UN/FAO World Food Program
Protein Advisory Group

World Bank group:

International Bank for Reconstruction and Development
International Development Association
International Finance Corporation

Independent commodity councils:

International Coffee Organization
International Olive Oil Council
International Sugar Council
International Wheat Council
International Cocoa Organization

Regional and subregional banks:

Inter-American Development Bank
African Development Bank
Asian Development Bank

Autonomous commodity study groups:

International Cotton Advisory Committee
International Wool Study Group
International Rubber Study Group

Others:

International Fund for Agricultural Development
Consultative Group on International Agricultural Research
Consultative Group on Food Production and Investment
Organization for Economic Cooperation and Development
Inter-American Institute of Agricultural Science
International Seed Testing Association
Desert Locust Control Organization for Eastern Africa
Afro-American Rural Reconstruction Council

International Tea Committee
 North-East Atlantic Fisheries Commission
 Arab Center for the Study of Arid Zones and Dry Lands
 Cocoa Producers' Alliance
 Commonwealth Agricultural Bureau
 European Economic Community
 European and Mediterranean Plant Protection Organization
 Inter-American Committee for Crop Protection
 Inter-American Tropical Tuna Commission
 International Commission for Agricultural and Food
 Industries
 International Commission for the Conservation of Atlantic
 Tunas
 International Commission for the Southeast Atlantic
 Fisheries
 International North Pacific Fisheries Commission
 International Regional Organization Against Plant and
 Animal Diseases

Consumer groups

Consumer Federation of America
 Consumer Education Council on World Trade

Miscellaneous groups

Agribusiness Accountability Project
 Center for Science in the Public Interest
 Commission on Critical Choices 1/
 Community Nutrition Institute
 Food Research and Action Center, Inc. 1/
 Interreligious Task Force on U.S. Food Policy
 National Advisory Committee on Oceans and Atmospheres
 National Council on Hunger and Malnutrition
 National Rural Center
 Rural America

Foundations

Children's Foundation
 Farm Foundation 1/
 Field Foundation 1/
 Ford Foundation 1/
 Heritage Foundation
 Nutrition Foundation
 Rockefeller Brothers' Fund, Inc. 1/
 Rockefeller Foundation 1/

Professional organizations

American Association for the Advancement of Science
American Dietetic Association
American Fisheries Society
American Institute of Nutrition
National Nutrition Consortium
National Planning Association

General public policy

American Enterprise Institute
Aspen Institute for Humanistic Studies
Brookings Institution
Institute for Policy Studies

Research groups

Agricultural Research Institute
Council for Agricultural Science and Technology 1/
Federation of American Societies for Experimental Biology
National Academy of Sciences/National Research Council

Trade associations

Agriculture Council of America
American Farm Bureau Federation
American Institute of Food Distribution
American National Cattlemen's Association 1/
Farmers Union
Food Marketing Institute
Great Plains Wheat, Inc.
Grocery Manufacturers of America, Inc.
National Association of Food Chains
National Association of Wheat Growers
National Canners Association
National Council of Agricultural Employers
National Council of Farmer Cooperatives
National Farm Coalition
National Farmers Association
National Federation of Fishermen
National Fisheries Institute
National Food Processors Association
The National Grange
National Live Stock and Meat Board 1/
National Livestock Feeders Association 1/
National Shrimp Congress
National Soybean Processors Association
United Fresh Fruit and Vegetable Association

International research groups

Agricultural Cooperative Development International
International Food Policy Research Institute
Overseas Development Council
Worldwatch Institute

Miscellaneous agricultural publishing organizations

Farm Reports, Inc.
Farm Business, Inc.

Sources of information--periodicals, journals, etc.

National Journal Reports
Congressional Quarterly Weekly
Congressional Monitor
Editorial Research Reports
Fortune
Nation's Business
Business Week
Washington Farmlatter
Kiplinger Farm Newsletter
American Journal of Economics and Sociology
Economic Bulletin for Asia and the Far East
Challenge, Journal of Economic Affairs
Land Economics
Intereconomics
Oriental Economist
Applied Economics
Money Manager
American Journal on Agricultural Economics
Monthly Bulletin of Agricultural Economics and Statistics

News From the National Research Council
Bulletin of the Atomic Scientists
Science
Scientific American
American Scientist
Food Chemical News
Farm Chemicals and Croplife
Agricultural Science Review

Washington Agricultural Record
Farm Journal
Farm Quarterly
Successful Farmer

Ceres
Foreign Agriculture
China Report
China News Analysis
Atlantic Community Quarterly
Journal of Developing Areas

Futurist
Population Bulletin

American Opinion
American Federationist

Foreign Policy
Foreign Affairs
World Politics

Time
Newsweek
U.S. News and World Report
Commentary

Harper's
Nation
Commonwealth

Congressional Record

Federal Reserve Bank of Kansas City Monthly Review

WHO Chronicle

International Social Science Journal
International Perspective

FDA Consumer
Food, Drug, Cosmetic Law Journal
Food Technology
Food Engineering

The American Journal of Clinical Nutrition
Journal of the American Dietetic Association
CNI News Weekly
American Journal of Public Health
Journal of the American Medical Association
Journal of Nutrition Education
Nutrition News
Nutrition Today
Milling and Baking News

Daily newspapers--

Journal of Commerce
Wall Street Journal
New York Times
Washington Post
Des Moines Register

1/Indicates organization is based outside of the
Metropolitan Washington, D.C. area.

AN EQUAL OPPORTUNITY EMPLOYER

**UNITED STATES
GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548**

**OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300**

**POSTAGE AND FEES PAID
U. S. GENERAL ACCOUNTING OFFICE**



THIRD CLASS