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# THE CHANGING CONGRESSIONAL CLIMATE

Clayton K. Yeutter

*Assistant Secretary of Agriculture*

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### THE CHANGING CONGRESSIONAL CLIMATE

The current legislative climate for American agriculture is illustrated by the House Agriculture Committee in the new Congress. The committee in the last session had 37 members and was chaired by Rep. Poage of Texas. The House Agriculture Committee today has 43 members, and is chaired by Rep. Foley of the State of Washington.

The committee was enlarged this session to make room for all of the new Congressmen who wanted to serve on it. Only a few years ago, new Congressmen had to be dragooned onto the Agriculture Committee.

First-term Congressmen this year have been fighting to get onto the Agriculture Committee -- to influence the suddenly glamorous issues of food prices and feeding programs. The profile of a typical new member shows a relatively young person, very articulate - and very liberal. He is from an urban background, with little understanding of agriculture and its problems. However, he feels great empathy for the urban consumer, and has a strong belief that additional income should be transferred to the urban poor.

These Congressmen represent acres of asphalt, not acres of crops. Their constituency still has the general impression that the U.S. Department of Agriculture is deliberately holding large amounts of acreage out of production. They believe that food prices are too high, and that the government should do something about it.

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Remarks by Assistant Secretary of Agriculture Clayton K. Yeutter at the Peanut Progress Day, Tifton, Georgia, Tuesday, February 25, 1975.

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In former Congresses, one might have dismissed the freshman profile as almost irrelevant. After all, it would have taken years for these newcomers to achieve any real power. But the ouster a few weeks ago of senior committee chairmen like Representatives Poage and Hebert indicates that these freshmen and their allies will be listened to far more carefully than that.

The changes in the Agriculture Committee of the House illustrate the radically different Congressional climate for agricultural legislation today.

The public's attitude toward farm legislation has also changed sharply in recent years, in light of significant changes in the world agricultural situation.

Rising incomes and rising food demand in other countries have altered the basic world food supply-demand balance. More people want more and better food - and have the money to pay for it -- than ever before in the world's history. They particularly want high-protein foods.

The United States has found itself the prime supplier for this increased world commercial demand for farm products. Our farm exports totaled about \$6 billion in the late 1960's. They jumped to more than \$20 billion in fiscal 1974, and will likely be at that level again for fiscal 1975. Farm exports have become the strongest prop under the U.S. dollar today.

The dramatic increase in farm export opportunity is the most important reality in agricultural policy today. No longer can American farmers plead for special protection on the grounds of chronic oversupply. The growth in export demand has already shifted U. S. farm policy for the major commodities away from supply management and toward market orientation.

A market-oriented farm policy is the only way to take full advantage of this export opportunity; other approaches, particularly the traditional approaches of the past, simply price us out of the world market and relegate our farmers to a second rate economic status.

The recent strong export demand has also had its effect on American consumers. Massive government-held surpluses of grains that once put a ceiling on food prices in this country are long gone. American consumers are bidding directly against foreign consumers for the available supplies. This, coupled with inflation-fed increases in marketing costs, boosted consumer food prices 41 percent between December 1971, and December of 1974.

As a result, consumers today are highly sensitive about food prices--and sore at anything they feel is artificially increasing those food prices. Farm policy was a rather abstract thing to most housewives as long as food prices stayed relatively low--but their apathy about farm policies has been blotted out like an old supermarket price mark.

There is also a great deal of sympathy among consumers for the plight of the poor whose earning power has been hardest hit by inflation and unemployment. Peanut butter is one of our best sources of low-cost high-quality protein. There is not a great deal of public support for programs which raise the cost of a jar of peanut butter for an unemployed factory worker in Buffalo or Cleveland.

The reality of farm policy today can be summed up as follows: The United States has to have the earnings from agricultural exports. In fact, since our overall trade balance has been running in the red lately, we need even more farm exports than we have had. But consumers are unhappy about the resulting higher cost of food. We cannot afford to shut off exports and hopefully consumers recognize this, but they are certainly in a mood to cut out subsidy policies which raise food prices further. Consumers are reflecting these views to a Congress that is tuned to their wavelength and more likely to act in their favor than any Congress we have had in recent years.

#### The Peanut Policy Problem

The problem in peanuts is that our program is out of phase with today's needs and with the general trend of farm policies. That makes it highly vulnerable to attack from consumers and taxpayers alike.

Most of our farm policies today are geared for opportunity. The commodities which have given the best returns to U.S. farmers in recent years have been the ones with increasing exports. Farmers have boosted their own net incomes--and their contribution to the nation's economy--by growing more of them.

Yet peanut producers have virtually locked themselves out of an export market. About the only peanuts we export are under government subsidy. A peanut farmer cannot plant beyond his allotment for export sales. Few people overseas even know there is such a food as peanut butter. We have made no serious effort to tell them about it, let alone sell it to them.

### Looking to the Future

Many people in the peanut industry agree that a change in the peanut program will have to come. The main question is when that change will take place, and what it will be. The industry seems to think the present approach can survive, at least for a time. We believe, on the other hand, that substantial change will occur in the near future, and that we ought to work together to make the transition as smooth, painless, and rewarding as possible.

We believe that it would be in the best interest of the peanut industry to move for constructive change while there is still an opportunity to guide it. The danger in waiting too long was vividly illustrated just last year. At that time an amendment was offered to the agricultural appropriations bill in the House, which would have prevented any USDA funds from being used to support the price of peanuts.

That amendment may well have passed had it come to a vote. It did not come to a vote, only because of the personal intervention of the Speaker of the House. The Speaker spent some of his political capital to block an immediate end of the peanut program. It was a narrow escape. How long can the peanut industry continue to run that kind of risk? What is the real price tag of preserving the present program, and how long can the industry afford it? Are you prepared to risk abrupt termination of the present program, with nothing to replace it? Or would it be better to develop a new program that can be defended in terms of the public interest?

### Costs will Mount Again

The cost of the present peanut program will soon begin to haunt the industry once again, and haunt taxpayers as well. This was not a problem for the 1973 crop--but last year was an abnormal year.

The shortage of soybean oil raised the price of peanuts for crushing, and prevented the CCC's usual losses on the peanut program.

But, CCC will probably have to take over at least 25 percent of the 1974 peanut crop--the largest U.S. peanut crop on record. And government costs will mount again toward \$100 million a year.

Remember, too, that the cost of the peanut program is going to stand out much more prominently in the future than it has in the past. CCC ledgers are no longer dominated by big outlays on wheat, feed grains, and cotton. You can expect searching questions from taxpayers and their Congressmen about what they are getting for the program dollars spent on peanuts.

They will ask why a peanut farmer must buy or rent <sup>from another farmer --</sup> a franchise from the government to plant peanuts in his own ground. They will wonder why, in a democratic society, a farmer cannot grow peanuts if he wants to do so. They will ask why, in a world hungry for protein, the U.S. government is spending money to hold back production of one of the finest protein foods.

How will the peanut industry answer these questions and many other searching inquiries that will undoubtedly develop in the future?

We believe that the proper answer to all of them is a viable proposal for constructive change. If the industry is prepared to take a positive attitude toward change, we in U.S.D.A. are prepared to cooperate fully in an effort to develop a sound program.

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