

Exit Interview with Lynn Daft, Domestic Policy Staff

Interviewer: Emily Soapes of the Presidential Papers Staff

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Soapes: I will just start by asking a very elementary question. When did you come to DPS and how?

Daft: Well I came to DPS in the beginning, January 21, 1977. I came from the transition team and I worked for Stu Eizenstat on the transition.

Soapes: And what were your duties on the transition team?

Daft: Well officially I was the Agriculture Team leader, which meant that I was the liaison between the incoming administration and the Department of Agriculture. In addition to interviewing all the outgoing policy people, the secretaries of the secretaries, I prepared analysis for the issues the new administration would have to deal with immediately.

Soapes: Such as?

Daft: The largest one was a major farm bill which was due to come up before the Congress in the spring.

Soapes: It was already on the Hill?

Daft: Well, there was no bill per se but they were beginning to form a bill, you know. That was the big – the dominant issue. You see in agriculture there is a continuing stream of decisions to be made that are part of the – simply part of the dynamics of an agricultural economy. So every year our Secretary of Agriculture and/or President have to make a decision with regard to a “feed grain” program, for example, in the fall. Before that they have to make a decision on a wheat program. There is a rice program. There is a cotton program. Later on there is a decision to be made regarding meeting imports. Those sorts of things are ongoing and almost continuous so that ---

Soapes: No matter whose administration?

Daft: That’s right or in fact if you are a lame duck. Right now, I have two or three of those types that I am moving ahead with that need to be made before the first of the year.

Soapes: You must have had some sort of agricultural background?

Daft: Yes, I am trained as an agricultural economist, and I have worked in Washington for seventeen or eighteen years and all of that in agricultural policy or related matters.

Soapes: I had read that one of the criticisms made of DPS was that too many of the people are lawyers rather than economists and that this was the day and age when we had to tackle economic problems. Being an economist what would be your comment on a statement like that?

Daft: Well I would let my biases show and say, “Yes, that’s probably right.” [laughing] I would say I am not strong on having degrees in particular fields. I have a doctorate in economics. Partly I think because I have a doctorate I have come to realize that that piece of paper isn’t all that important. I can point out some people who don’t have doctorates and for all I know don’t even have masters degrees in economics who are first-rate economists. Consequently, I don’t think the academic credentials are all that critical. I do think being grounded in economics is important. I think though ahead of that if I were to make a constructive criticism of our staffing, I would try to have more people on the staff who have some background in the governmental process in Washington. I think again we were thin on that score. In fact, I am very atypical when it comes to experience in Washington and in the executive branch.

Soapes: Did you work for the Agriculture Department...

Daft: I have worked for the Agriculture Department and the Office of Management and Budget, the Congressional Budget Office and served in Defense. I think that is pretty important here because you are right in the middle of that governmental process dealing with agencies and serving as a go-between.

Soapes: In DPS it certainly is a good...

Daft: And that is very much the role that DPS played and the role that any future body will play. It is very much a function of the individual who heads it and his relationship to the President. Now Stu has a particular relationship with the President that placed us, the staff members, in a function that might not resemble the function that someone following us would.

Soapes: Or preceding you?

Daft: That’s right, definitely not the same as the preceding so it is a little dangerous to offer advice because it depends on a number of things.

Soapes: You pointed out the ongoing nature of many of the decisions that you work on. Can you point out something that you have worked on that you felt was more important or had more far reaching consequences than all the other things? And perhaps here you would like to list some of the things, other than what you’ve just mentioned, that would be in the Agricultural Economist’s work.

Daft: Well it is difficult to lift up a list of five or six issues. One could probably do it, but I think it might tend to distort the picture. If I had to mention one item, it would probably be what came to be the Food and Agriculture Act of 1977, which is the major farm bill. Now there will another major farm bill next year in 1981. That was “the” farm bill for this administration. Unfortunately, it came at a very early point in this administration before the key people had really gotten on the ground, gotten – developed a working relationship, developed a frame of reference, a policy orientation, and so forth, so we made some mistakes. But we also, I think, began at that point putting in place a very good farm policy, and I think history will bear that out. Most people will say so now, even people on the other side of the political fence. The single most important part of that bill, and we put it in place even before the authorization was passed, is something called a “farmer owned grain reserve,” a domestic grain reserve which is a new way – yes it is a bank. It’s a means of accumulating grain stalks when markets are depressed and there are ample supplies and then a formal way of releasing that grain onto the market once prices rise, all the while keeping the control in farmers’ hands so that farmers continue to have title to the grain, but they agree to abide by certain rules as to when the grain will be allowed to come back onto the market. Prices have to get up to a certain level. When they reach one trigger level, the farmer stops receiving storage payment and he is able to sell it if he wants to remove it from the reserve. When it goes a little bit higher then he has to repay a loan and take the grain out. Now he doesn’t have to sell it, but he would have to find alternative financing. That is a concept that had been debated for probably two or three decades but never accepted and now it has been accepted. It was accepted in a period of considerable skepticism. Farmers are skeptical about the situation.

Soapes: Yeah, yeah.

Daft: It has proven to be successful, and I think will probably stand as one of the most significant farm policy contributions that we have ever had.

Soapes: And it is going to be an ongoing –

Daft: It is ongoing. Now it could be undermined, but it is unlikely to be undermined. President-elect Reagan has indicated that they plan to keep it, and he has been supportive of it. It will probably remain in place and should be a pretty important device inasmuch as I think the next couple of decades we’ll find fairly tight food supplies here and around the world.

Now there are other things. We’ve had --

Soapes: And there was something that I have seen and thought it looked very significant called “Rural Development Policy Act of 1980.”

Daft: The Rural Development Policy Act was less important than the President’s enunciation of that policy last December. In December of 1979, we put together for really the first time, at least

in recent memory, when a President has lifted that issue up into its own category and indicated that he was going to put machinery in motion to look at the rural side of ongoing federal programs to make sure they were being—the needs were being served. That is in its early stages. I would say it will take probably at least five years to see that that gets firmly established, so it could die or it could be maintained and grow into something useful. Now the act that you mentioned is really putting that in the law now. The Congress, at least certain members of the Congress, were very much in favor of that and passed legislation to put into law the things that the President enunciated last December.

There were other pieces of legislation along the way: Farm Credit legislation, I guess in 1978, which modernized authorities that were badly out of date. I would say the one contribution which would not be perceived as a contribution by some parts at least of the farm constituency would be our rather steady, deliberate reaction to the almost desperate economic situation we inherited. You have to go back into the 70s, into the early 70s, in 1972 through about 1975. The farm economy saw very short supplies and very high prices and high incomes and that got a roller coaster in motion. So coming out of those very high prices, the farm sector started producing more than it should have and the ideology and the general policy direction of the preceding administration was one of free markets, unrestrained markets. Consequently, by the time we got here it was patently obvious that something was wrong because prices were just going down very sharply, farm income was down, livestock herds were being liquidated at a faster rate than ever before in history. So the danger at that point from a public policy point of view was that government might overreact to that situation, and I think one of our contributions which as I say a farm constituency would – if they recognized would probably not say – is that we sort of held steady. We recognized that one had to put a policy in place that guarded against a repeat of that cyclical behavior but didn't overreact to the point that it established a level of price support that was too high and therefore encouraged more production than warranted. I think that was a difficult thing to accomplish but I believe that we accomplished it. We did so in the midst of great unrest within the farm sector. Two years running we had the American Agricultural movement –

Soapes: I was going to ask when the tractors came down, what did that mean for your work?

Daft: Several things. One thing it meant was I could see part of my responsibility here to be a listener, to have an open door to outside interests and although I didn't consider the American Agriculture movement to be part of corps agriculture, to be really the established sort of –

Soapes: Spokesman, sort of?

Daft: That's right. It was a fringe element. Still, it was a legitimate fringe element of people who were hurting. So I met with an awful lot of those folks. I started a series of meetings with them. I met with their leaders. I would guess I met with five hundred, seven hundred-so

American Agriculture movement people while they were in town. I asked their leadership to identify the policy issues that they felt they wanted to talk about to see if we couldn't structure a conversation so that it would be going – so that both sides would be talking and listening and get something going. They did that and I held a series of sessions where they identified the topics, and I invited in federal representatives to talk through the issues with them which were fascinating sessions, reasonably constructive sessions.

But then the pressures that a group like that who uses tactics of that sort are, you know, intimidating in some respects and you have to be careful. You have to give them a signal that you understand that they have a problem and that there is a government that is sensitive to that problem that listens to them. But you also have to try to bring them to understand the constraints that the government has and keep it on that level. I believe for the most part we were able to do that. One interesting sidelight is that one of the founders of the American Agriculture movement was a young fellow who was a farmer, but he had a Masters Degree in Physics and he decided afterward that – he was always very reasonable, and he was one of the people that I worked closely with – decided that he wanted to apply to become a White House Fellow which he did, he was accepted and then he decided he wanted to work for me, so I had on my staff one of the founders of the American Agriculture Movement. I had to be very careful of how I advertised that because many of the established farm groups did not care for the American – do not care for the American Agriculture movement. But I thought it was an interesting commentary that someone who had organized a protest action had become part of the governmental process.

Soapes: Coming onto your staff

Daft: That's right.

Soapes: **That's interesting.** Was this series of meetings – now was this the same thing as an outreach program that I have heard about that you had?

Daft: Um, I don't know. I didn't call it an outreach program.

Soapes: You didn't call it an outreach program? I was going to ask what kind of mechanisms did you have for communicating to the farmers of America. Not only the ones who may have had conflict with administration policy?

Daft: Well, first of all I had been, for the most of these four years, I have been the only individual on this staff who has dealt with agriculture. There is only so much you can do in terms of interfacing outside Washington with outside groups, and so forth. Most of the organized farm groups whether they are general farm organizations like the Farm Bureau, or the Grange, all the unions and so forth, know of me. In many cases, I have known them as individuals before. They know I'm here. All the commodity groups, they generally know, the major ones certainly know, I am here and that I am very accessible so there is a lot of just plain movement in my direction

where people call up and they say “can I sit down for 30 minutes and talk about a piece of legislation or a problem we are having.” Or “can I bring my Board of Directors and see the President or see Eizenstat or talk with you?” So that is one way. Another way is traveling. I have not been able to do as much travel as I’ve wanted but I have done a fair amount, taken trips at various points. Last spring we had a pretty tough- a credit problem. Credit was tight everywhere but it was hitting agriculture in a particularly severe way so I took three or four other people and went out to Iowa, went up to Minnesota, made several stops, met with groups of farmers, and I have done a fair amount of that. I have always found that very useful.

I get quite a few written assessments, subscribe to three or four key weekly newsletters of independent – they’re not trade organizations or anything – which do a pretty fair job of keeping the pulse. The White House news summary people, when they clip, they send me copies of relevant agriculture clippings.

I have an awful lot of interaction with people in the Department of Agriculture.

Soapes: I was going to ask, what about dealing with other agencies?

Daft: In part I really think I’ve had – you would really have to test this – you would have to talk with people on the other end to see how they perceive it, but I think it has been a very healthy relationship in part because I am perceived by many at least as one of “them.” Having been in the Department of Agriculture, the Undersecretary of Agriculture for Commodity Programs and International Affairs, for example, was my major professor at Michigan State. Their chief policy person is an old friend. I did not know Secretary Bergland before, but I have known many of them and have many friends over there both in the policy levels and then on down into the organization. So, I’ll consider that one of the three major tasks in this job is a liaison with the agencies. It moves both ways so that they have someone over here who they understand is not their advocate or a lobbyist for their point of view but at least understands them and is accessible to them. I think it has been a good relationship. My guess is in looking around that that is not uniformly true.

Soapes: Yeah, some of the interviews that I’ve done, its complex.

Daft: There have been some cases where there has been just a lot of antagonism. Now I have periods where I don’t agree with them, and sometimes we get a little cross with one another but not terribly.

Soapes: It must have made the last four years much easier on you.

Daft: Yeah.

Soapes: We talked about some of the things that were implemented in the administration. Are there those that were *never* put into action that you mentioned that would be important?

Daft: Well, in the case of agriculture, I think it is such a dynamic sector that even the most satisfied, complacent person could not remain satisfied very long with what you have. It is changing. It is going to change more in the future. Consequently it is not hard to identify things on the horizon which need to be addressed sooner or later in some degree. As I have said, I think the major element of the future for food in the United States and worldwide will be ever tightening markets. We'll be having to be working harder and harder to keep up with demands and keep prices down. We've gone through a period in the United States where the real price of food and the proportion of disposable income that families have devoted to food has steadily receded. It has gone down, down, down. There have only been – I think it is probably accurate to say that in the past 40 or 50 years there have been just maybe 2 or 3 instances where that trend has been temporarily interrupted by a small amount. That is probably going to change at some point before very long. Consequently it is going to become more and more important to look at productivity and what one does as a government to affect that productivity. Research is one of those areas- very difficult to make intelligent judgments and to defend those decisions is investments in research and so forth. I am inclined to believe we have under invested in research.

Soil conservation, another important affecter [break in audio] we have probably not handled as well as we need to handle in the future.

Transportation – there will continue to be constraints on our ability to transport - exports have increased phenomenally-agricultural exports have increased phenomenally. It was not more than –less than 20 years ago where we were importing about the same amount that we were exporting. In fact, there were several years where we imported more agricultural products – coffee, bananas, that sort of thing--sugar--than we exported. Now agricultural exports are far and away our most important earner of foreign exchange and will continue to be. That's going to set up a special set of pressures. Not the sort of pressures we encountered with the Soviet grain suspension which has occupied an awful lot of my time this past year but for economic reasons rather than national security and foreign affairs reasons. That is only beginning to dawn on people. In fact I think, for example, the incoming administration is going to have some problems. They have been talking quite a lot about how they will expand exports. That will be a solution to the US farm problem. It is I think in the future more likely to be a contributor to the problem than the solution because the effects of those exports on domestic prices, inflation, will become more apparent.

The structure of American agriculture and by structure I mean the size of the farms, the ownership of those farms, whether they are owned by outside interests or the farmers who operate them. That sort of thing was surfaced in this administration. Secretary Bergland held a series of hearings around the country, 8 or 9 or more, to talk about that and to get people to testify and to think about that and whether we should be doing something in policy to change the trends which have for a long time been a declining number of farms and larger farms. In some

cases, such as the production of broilers, we have essentially become industrialized where individual farmers contract with Ralston Purina or some large firm and the firm tells him everything to do, tells him what to feed the birds, tells him when the birds are supposed to be available to be marketed, everything. Consequently, the farmer loses a lot of his managerial control. That is happening more and more in the Department of Agriculture, so there is a fairly important question there as to whether in the future policy should attempt to stop that trend, reverse it, slow it. That remains unanswered.

Soapes: All of these are really much more long term things than anything ...

Daft: Yeah. There is one issue that I hope you will encounter repeatedly, and I am not the best person to articulate this issue. But it has to do with the way government relates to the population out there and the degree of understanding essentially that exists between a government and its people. I think we have serious problems. Part of this, well the fault is everywhere. It is with government in using its imagination and its resources to hear what people have to say. The media is a significant part of the problem. The problem is everywhere, but I think it is extremely serious. Now some of this is probably because I am part of an administration that is going out. I can remember hearing how the Ford and the Nixon people lamented how they were misunderstood and the media and all the problems, Spiro Agnew's problems with the media, but I think it is an endemic problem and some pretty thoughtful people have written about it. David Broder and a lot of them have written about it. But the fragmentation of the body politic, the specialization of the interest is everywhere. It is in agriculture, in spades, and it is producing a system that is not a very good system, that does not lead – I think that the policy decisions themselves I have concluded, at least over the past four years, have been rather good decisions, I believe. The process by which you get to those decisions is not very good and then the process by which you involve people in the evolution of the decisions and the explanation and the understanding of business. I hope you encounter that a lot.

Soapes: It's something that I, too, have read, I think Broder did write a column on it, or I think I heard him on TV talking about it. But it's something that comes up out in different forms with a number of people. It may be in the short run that we have failed to communicate what the President has done in this four years but as you put it in a more long term framework.

Daft: Yeah. It has to do – well the way Broder looks at it and it is probably true – you need mechanisms that are removed from the President and the presidency and the White House and the administration can only resolve so many conflicts and explain so much and at one point in our history we had political parties and in the case of agriculture you had general farm organizations like the Farm Bureau and The Farmers Union Grange. Both would get in there and hammer out the trade-offs, the conquests, and some of the conflict would be reduced and you would come to some sort of a consensus which would move toward the presidency. Now you have lost those intermediate devices for hammering out some of the conflicts and rather than

people worrying about being say a member of the Farm Bureau which many still are members of the Farm Bureau, but they'll be a member not just of the Wheat Producers but the Washington State Wheat Producers Association, and then you will have the Montana Wheat Producers, and they are all coming straight in here, they all come and sit right here on this couch individually. They will be pleading for solutions that are mutually inconsistent and impossible, and I think the office of the Presidency is being overburdened to the point that it cannot cope. And what happens is you have an awful lot of people who not only are unhappy, but they don't understand why it is that they can't get it. And they will favor general solutions, they will favor reducing governmental interference or balanced budgets or all those sorts of things without seeing the inconsistency with the individual components of what they are seeking.

Soapes: I know I've got to let you go to a meeting. Let me ask you for a place to get in touch with you.

Daft: I think what I will do is give you my parents address and it is Mr. and Mrs. C.R. Daft, 200 Elmwood Ave., Baltimore, Ohio. I think that's 43105 but I'm not positive.

Soapes: Okay, I will put a question mark over that.

Daft: I suspect you will be able to find me in the Washington area.

Soapes: Probably so. I think what I will do is I will put check first DC phone book or DC area phone book.

Daft: The odds are fairly high that we will be around here and if - I am likely to have more time in the next few weeks so if you want, you know, to come back...

Soapes: Okay I'll leave my number with Kathy so that will give me more time to - but thank you for this thirty minutes. It was quite a good distillation. I know you have to get going.

End of interview.