



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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STATEMENT BY SENATOR BOB DOLE
BEFORE THE
SUBCOMMITTEE ON AGRICULTURAL CREDIT AND RURAL ELECTRIFICATION
OF THE
COMMITTEE ON AGRICULTURE AND FORESTRY
JUNE 17, 1974

Mr. Chairman, I commend you for your very prompt action in calling these hearings and I appreciate the opportunity to testify on my bill, S. 3624, to extend guaranteed loans to cattlemen and other livestock producers.

My bill is intended to protect livestock producers from economic disaster and to protect consumers from exorbitant meat prices in coming months and years due to a potential loss of our meat producing capacity. Cattlemen and other livestock producers do not want a handout from the Federal government. They do need protection from financial disaster. Consumers do not want subsidized food, paid for with tax dollars. They do need protection from exorbitant meat prices and they need a steady and reliable supply of meat. This bill would help achieve those objectives.

It should be said, to the credit of the livestock producers, that they are not looking for government handouts; they are not looking for subsidies; they do not want some grandiose, expensive Federal relief program. This type of program would invite additional government interference in the industry and in general terms is contrary to the tradition of livestock producers. However, they do, I think, need financial backing to stay in business through this crisis. My bill would provide that without the undesired aspect of subsidies.

Prices At Ten Year Low

A great deal has been said recently on the Senate floor about the tremendous financial losses being suffered by the livestock industry. The livestock producers in Kansas -- and this includes cattlemen, hog farmers, poultry men and all other livestock producers -- are on the verge of bankruptcy. The cattle industry alone in Kansas is a \$2 billion industry. It has taken losses of up to \$600 million. Some cattlemen have already been forced out of business. This is why I have met with the President, the Secretary of Agriculture and other Administration officials, and have introduced legislation to restrict meat imports.

Prices for meat-producing animals have plummeted to new lows in recent days. Experts indicate that the prices being paid for cattle now have not been seen for more than ten years. At the same time, prices for feed, baling wire, fuel, machinery, and other essential materials have continued to climb steadily upward to reach levels double and triple the prices on the same goods of only a year ago.

Biggest Loser Could Be Consumer

The story of repeated \$150 to \$300 losses on choice steers has been told many times before the Senate. Those of us from livestock producing states know and understand the situation well, as should those who represent predominantly urban and consumer states.

Those Senators from consumer areas should be as concerned about these developments as the rest of us. With cattlemen selling off their cowherds, liquidating their breeding stock, cashing in their land and feeding facilities and sometimes going completely out of business, the future supply of choice beef is seriously threatened. Once our producing herds have been slaughtered and our livestock facilities have been sold, it becomes a long road back to our present level of production. That road is never traveled as cheaply as the road we have just been over to reach the existing level of production.

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It would cost more to rebuild cowherds. It would cost more for cattlemen to get back in business -- if they come back at all. These increased costs would have to be passed on to consumers through the price of retail meat.

So to avoid these higher costs to consumers, we need to hold our present livestock industry together until this crisis is over. My bill is designed to accomplish that -- for the benefit of producers and consumers.

Handouts Not Wanted

Mr. Chairman, several bills have been introduced in the Senate to provide loans to cattlemen and hog and other livestock producers at reduced interest rates. I have not given my support to these measures.

I have met and talked to a large number of cattlemen, their representatives, and their organizations. I have also talked with their bankers. Almost to a man, they have opposed government-subsidized loans.

The cattle business and other livestock industries have traditionally been independent of government assistance. They are proud of their tradition of self-sufficiency.

Cattlemen understand the problems of consumers. They do not want to saddle consumers with higher meat prices through a loan program subsidized by tax dollars.

Cattlemen do want to supply choice, abundant, and reasonably priced beef. To do this, they must stay in business until this depression in the market is over. The depressed market will work itself out, but until it does, this measure is needed to keep livestock producers in business.

Government Interference Opposed

Men in the livestock business also oppose government interference in their operations. They are concerned, and properly so, that a subsidized loan program would invite Federal involvement.

As bankers have pointed out, subsidized loan programs already exist under the Farmers Home Administration. For all these reasons, a subsidized loan program is not needed or wanted.

Loan Guarantee Provides Protection

What is needed is a loan guarantee program at market interest rates, as my bill provides. This measure would permit banks to stay with cattlemen on their existing operating loans and provide the necessary additional funds to purchase livestock and feed to stay in the business. Through this protection, we would not lose our meat producing capacity.

Since these loans would be made by commercial enterprises at the normal market interest rate, the cost of the government would be minimal. Loans would be guaranteed at not more than 90 percent of the loan value. With the customary reliability of cattlemen and other livestock producers in repaying debts, the expense to the Federal government could be expected to be essentially nothing. At the same time, we can prevent the possible collapse of the livestock industry.

In the repayment of loans, I think it should be expected that cattlemen will need a fairly long time to recover and pay off their debts. My bill leaves to the Secretary to determine the length of loans, but in all likelihood, it will be a period of time before the industry will recover. It may be a period of years before these debts can be paid off and I hope this will be taken into consideration in setting the length of loans.

Mr. Chairman, I believe this is the best measure to insure consumers of an adequate, reasonably priced supply of beef, protect livestock producers from bankruptcy, and prevent additional strains on the economy without putting large additional costs on the government.

Again, I express my appreciation for the opportunity to testify.

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