



NEWS from U.S. Senator Bob Dole

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FOOD AND AGRICULTURE POLICY
REMARKS BY SENATOR BOB DOLE
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It is both a privilege and a challenging opportunity to address this Information Conference sponsored by the Miller Publishing Company. I am told that most of you are agribusinessmen. As such, you service the most efficient agricultural production and marketing system ever developed. You are an essential element, not only in servicing farmers, but also in the related role of making this the best fed nation on earth. Over fifty people will sit down at their dinner table today because of the hard work and efficiency of one American farmer and his agribusiness counterparts. Less than four percent of our population feeds 215 million Americans and millions more in foreign lands who need our food exports. This is an achievement that has been unsurpassed elsewhere and one that could not have been accomplished without the agricultural service industry that you represent. You are such an integral part of the productive, efficient American agricultural system that you prosper when the American farmer prospers and you suffer economic problems when he experiences hard times. Prosperous farmers are your best customers.

Throughout this speech you will find a basic concept which I am certain you will endorse. That theme is the essential need to utilize the facilities of the Federal Government to make the free market work for the benefit of the producer - the men and women of this great land who daily take the risk of drought, flood, insects, hail, and prices. Fundamentally, this means increasing domestic consumption and exports through wise and timely policy implementation. We must seize opportunities, not lose them. We must avoid placing hurdles on our exports. We must avoid the continuation of subsidizing our competitors.

Last summer when I was doing my utmost to obtain more favorable farm legislation over repeated threats of a veto, I was in close touch with a number of you who service the farm community because I felt that as a barometer of the crisis facing farmers and all of rural America your information would be unexcelled.

On the floor of the U. S. Senate, I used your forecast of impending crisis to impress upon my colleagues and the Administration the seriousness of the situation that was developing. You were right. The ripple effect of the farmers' plight has now occurred and is adversely affecting farm communities.

Farmers In Angry Mood

Farmers who have been experiencing the vice-grip of a terrible cost-price squeeze too long are "fed up." This anger, as you know, has been manifested in calls for a strike and in tractor demonstrations in State Capitols and in Washington.

I have discussed farm issues, policies, and problems with representatives of the American Agriculture Movement. I can understand why they are frustrated. They do not want sympathy; they want a fair price for their crops, livestock and other farm products.

To their credit, they have repeatedly stated that they do not want a Government handout. They deserve the gratitude of all Americans for calling

attention to the seriousness of the situation on the farms and in rural America. Since we cannot have a healthy national economy without a healthy agricultural economy, all Americans, particularly consumers, have a vital interest in the issues of concern to farmers.

I do not endorse a "strike." I did not support the "meat boycott" by consumers in 1973. Neither did I support the soybean "export embargo" in 1973 nor the grain "export moratorium" in 1975. I do, however, feel that we have a real responsibility to do what is feasible in helping farmers everywhere achieve a fair share of the national income. Their basic goal is a fair share of the national income. Such a goal is not unreasonable and would be equitable.

Early Hearings Set

In December, I assured the representatives of the American Agriculture Movement that the Senate Agriculture Committee would hold field hearings early in the new year so that they could present, in a more formal manner, specific ideas for action by the Congress and the Administration. More communication is needed with farmers and with those who service farm businesses in order to select the best approach to the problems now facing not only the farmer but also rural America and indeed our Nation.

At my request, the Senate Agriculture Committee has agreed to hold field hearings so that farmers and others concerned with the farm crisis can communicate with us. The Committee has tentatively set a hearing in Kansas City on January 16. I hope to be joined by a number of my Senate colleague both from rural and urban areas, in conducting this hearing. We shall be searching for new ideas that might be incorporated in existing farm legislation to strengthen the farmers' economic position.

Additionally, farmers and others need a forum from which they will have an opportunity not only to appraise the performance of the legislative branch but also that of the Administration which has now had almost a full year in office. A fair and objective appraisal from time to time is good for all of us.

More Effective Administrative Actions Urged

I have urged the Administration to move more speedily in implementing existing legislative authorities. I am concerned about the lethargic manner in which the Carter Administration has addressed the most serious farm situation that has confronted our Nation since the days of the Great Depression. Net farm income is down approximately \$10 billion from four years ago and the purchasing power of those dollars is reduced by even a greater amount. It is not enough for the Administration to say it is "sensitive" to farm problems or to the needs of hungry people overseas. "Sensitivity" means nothing unless it is translated into "action." This slowness of "action" and delays by the Administration have prompted the angry mood being expressed by farmers in their "tractorades."

I have been especially concerned that the Canadians, the Australians and virtually all our competitors seem to have done a better job in marketing their farm products in world markets than we have. For example, the People's Republic of China will import at least 9 million metric tons of wheat this year, but it will be from Canada, Australia and Argentina. Not a single grain will be from the United States. World trade in wheat and coarse grains this marketing year (July-June) is estimated at 149.5 million metric tons, up from 144.5 million metric tons last season. We need a more aggressive export policy to capture a greater share of this increased world trade. We should be out front, not bringing up the rear. The Congress has given the Executive Branch many authorities which should be used wisely and in a timely fashion on behalf of farmers.

More Aggressive Export Policy Needed

Let us together review some of my recent recommendations to the Carter Administration -- specific proposals some of which were implemented too late and in some cases not at all.

(1) Commit Additional CCC Credits Immediately. In a letter on August 24, 1977, I asked Secretary Bergland to stimulate exports by making \$1.5 billion in credits available for export financing. In a letter of October 20, 1977, to President Carter, sixteen of my colleagues on the Senate Agriculture Committee joined me in asking the Administration to double the funding level of \$750 million for CCC credits, announced on August 18, 1977. Three months after my request, Secretary Bergland announced that the CCC credit allocation of \$750 million would be increased to \$1.5 billion.

The CCC credit program, as Secretary Bergland has testified, "makes money for the Government" since the interest rates received by CCC are higher than the rates paid by them to the U. S. Treasury for money. The repayment record also has been excellent. I am pleased that the Administration has now responded to the need for additional CCC credits.

(2) Expand Export-Import Bank Credits. On September 8, 1977, I wrote the President of the Export-Import Bank, asking that the Eximbank's farm commodity export policy be revised. I suggested that the meager \$70-95 million financing of agricultural exports in recent years be increased to at least \$500 million annually. Farm exports, which annually represent over 20 percent of total U. S. exports, deserve a more equitable share of the \$6-10 billion of annual U. S. export financing. If farmers do not get a better break from Eximbank in the near future, I will introduce legislation in the next session of Congress to accomplish that objective.

(3) Support CCC Credit Legislation. Moreover, I invite the Administration to support my bill and that of Senator Humphrey to authorize CCC credits to such non-market economy countries as the People's Republic of China, the Soviet Union and Eastern European countries such as East Germany and Czechoslovakia. In my view, such credits could be utilized in such a way as to increase the numbers of those desiring to emigrate. A little quiet diplomacy could be used to meet both the exports and human rights objectives.

I also oppose extending such credits to Vietnam, North Korea, Cambodia, Laos, and Cuba. I will work with the Administration and my colleagues to obtain legislation which will provide "intermediate" CCC credits so that we can take advantage of export opportunities that require credits with terms longer than the current maximum of three years.

(4) Better Use of Food for Peace. Another important export tool that has not been effectively used by the Administration is the P.L. 480 or Food for Peace Program. This legislation was signed by President Eisenhower back in 1954 with his strong endorsement. During the last 23 years, with bipartisan support, over \$30 billion worth of farm commodities have been exported under its provisions. The great value of this program, in terms of lives saved and new markets developed, is impossible to comprehend. It is one of the great practical humanitarian steps of this and any other generation.

I recommended that \$1 billion worth of grain and other farm commodities be exported under Title I of P.L. 480 to help meet the food needs of developing countries in fiscal year 1978. The Administration was nearly a month late in announcing their FY 78 allocation of only \$800 million worth of commodities. This allocation compares with the Ford Administration's allocation of September 22, 1976, of \$866 million worth of commodities for FY 77.

A year ago, Title I agreements for \$311 million worth of farm commodities representing almost 2 million metric tons were signed in October and November. On November 16, 1977, most of my colleagues on the Senate Agriculture Committee joined me in a letter to Chairman Talmadge asking for Committee hearings on the unusual delay in P.L. 480 programming this fiscal year. Additionally, I asked President Carter to personally intervene to obtain immediate resumption of P.L. 480 programming. It was December 7, over two months after the new fiscal year began, before the first Title I, P.L. 480 agreement was signed. As of now, agreements have been signed with only seven out of 28 program countries. Again, I ask the Administration to speed up programming and to increase funding for P.L. 480, Title I shipments from \$800 million to \$1 billion.

The Carter Administration is good at conducting seminars and appointing task forces but appear to be a bit short on their capability to execute programs that are timely and meaningful to American farmers, as well as to hungry people in developing countries. Starving and hungry people do not eat seminars or option papers. Yesterday's hungry people cannot eat twice as much tomorrow.

(5) More Attention to Market Development. I would like to see the Administration spend less time at international commodity agreement conferences and direct more of their resources into market development activities. The USDA - industry cooperator market development program is not receiving the attention that it should be getting. There is far less real activity by these programs in world markets than there was 10 years ago.

We need to be carrying the message to overseas markets more vigorously than is being done that we are not only a dependable supplier but that we have the widest range of commodity qualities of any exporting country in the world. We should follow up these messages by servicing more adequately the markets in which we sell.

(6) Use of P.L. 480 to Improve Storage and Handling Facilities. I urge the Administration to make use of existing authorities to write into Title I agreement provisions for the generation of foreign currencies to be made available to the Secretary of Agriculture to fund projects to improve storage, handling and distribution of farm commodities. This would materially assist in the consumption, distribution, and reduction of waste of food. Such facilities would be used for both P.L. 480 and commercial imports as we have seen demonstrated in India in the past following U. S. assistance provided that country for storage facilities.

(7) Implement Legislation Enabling Importers to Store Purchases in U. S. Also, I urge the Administration to implement immediately the provisions of legislation that I sponsored to enable commercial grain importing countries to purchase U. S. Grain, and store it in the United States for 12 months or longer for subsequent export without export restraints or controls.

(8) Geneva Trade Negotiations. Further, I would urge that the Administration's trade negotiators in Geneva not be "mousetrapped" into any agreements that would work to the detriment of U. S. farm exports. I believe that we must not give away easier access to U. S. markets for industrial goods or agricultural commodities by reduced tariff or non-tariff barriers without attaining greater access to the markets of the world for U. S. agriculture. Greater access to world markets is the most important objective for U. S. agriculture. Both industrial and farm items must be brought along together as the trade negotiations proceed. We must not be the forgotten relatives as we were during the Kennedy round.

Summary of Recommendations

In summary then, I would like to urge the Administration to facilitate farm exports by:

- (1) Committing the additional CCC credits immediately to lines of credit so that export opportunities do not slip away;
- (2) Increasing P.L. 480, Title I - \$1 billion worth of commodities, up from the \$800 million announced for FY 78 and speed up programming immediately;
- (3) Expanding Eximbank financing of farm commodities from the \$75 million allocated to finance cotton to Japan to at least \$500 million for the export of farm commodities;
- (4) Supporting CCC credit legislation to provide Financing of commodities to better meet competition in countries such as the People's Republic of China, the Soviet Union and certain Eastern European countries;
- (5) Supporting with adequate resources and new ideas a more vigorous market development effort;
- (6) Making the most of U. S. agricultural efficiency and gain concessions for U. S. farm exports in the Geneva Trade Negotiations;
- (7) Using P.L. 480 to improve storage and handling Facilities for U. S. grain and other commodities imported in developing countries; and,
- (8) Implementing legislation enabling commercial grain importers to purchase U. S. grain and store it in the United States for subsequent export.

National Goal of \$30 Billion in Farm Exports Urged

The best way out of the current cost-price squeeze in which so many U. S. farmers are caught is through expanded exports and reduced inflation. I believe that proper attention to these eight recommendations will go a long way toward alleviating the current farm problem and reducing inflation.

I urge Secretary Bergland to set a national goal of \$30 billion in farm exports by 1980 and then to take appropriate actions - such as these which I have mentioned - to make it become a reality. The attendant benefits not only to our farmers, but also to the Nation, would be of great significance.

Seizing opportunities for greater domestic demand and utilizing export authority is extremely important to farmers. Recent failures have been reflected in prices received at lower levels than necessary. I have suggested administrative actions and sponsored legislation which would help farmers in achieving their goal of parity for their commodities. It is my contention that farmers would today be in a much better mood and financial condition if the Carter Administration would have moved quickly to reflect the true situation. Let us have less rhetoric and position papers and more constructive action!

Looking Ahead

This is the season for New Year resolutions and prognostications. I am going to leave most of that to those who make it their business or their hobby to attempt to foretell the future. However, I do know that somehow improvement must come in the current farm situation. Our national economy cannot endure while farmers and rural America continue to suffer the current economic difficulties. Not only is agriculture the keystone of American abundance, its role in the world has never been so vital as now. Never has there been more reason for attention to the needs and problems of our farmers and our rural people.

As we go into a new legislative session we must improve on the Food and Agriculture Act of 1977. The Senate Agriculture Committee Chairman has invited the Administration to offer its views on how best to address the continuing farm problem. I hope to gather some ideas at forthcoming field hearings. Many of my colleagues in the Senate and the House are searching for ways to help their farm constituents.

So as we go into the New Year we have another chance to help farmers overcome their problems. By so doing we will help our Nation and the world.