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NEWS from

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AGRICULTURE AND AGRIBUSINESS: THE CHALLENGE AHEAD
REMARKS BY SENATOR BOB DOLE
BEFORE THE WISCONSIN FERTILIZER AND CHEMICAL ASSOCIATION
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It is a privilege and a pleasure to take part in this annual conference of the Wisconsin Fertilizer and Chemical Association.

It is a special pleasure to visit with men and women who represent small business enterprise, and who contribute to the most efficient agricultural production and marketing service ever developed.

I would like to share some thoughts with you this afternoon on the challenge that lies ahead for agriculture and agribusiness. Because your businesses are an integral part of the food and fiber industry, you prosper when farmers prosper, and you suffer when farmers suffer.

Today, farmers are suffering. They are caught in the vice grip of rising costs and declining prices. Net farm income is down more than 13 billion dollars from four years ago. While the prices farmers receive have been falling, the prices of everything else have been doubling or tripling. No wonder that farmers are in an angry mood, or that their anger has erupted into a nationwide farm strike.

Hearing In Kansas City

On Monday I chaired a hearing of the Senate Committee on Agriculture, Nutrition, and Forestry in Kansas City, Kansas. The topic of the hearing was the general farm situation.

The hearing made a deep impression on me, and I only wish that some of my colleagues who represent urban and non-farm States could have been there to share the experience with me.

Witness after witness came before the Committee to ask for nothing more than a fair price for their crops and livestock. They reminded the Committee that farmers have always been among the first to support this Nation in time of need. They reminded the Committee that farmers have always contributed their share, and paid their own way.

The farmers who came before the Committee do not want a government hand-out. They do not want a guarantee of profit. What farmers want, and what they are fully entitled to, is a fair chance to share in the prosperity other Americans enjoy. This basic goal is neither unreasonable nor unrealistic.

Let me be clear. I do not support a "strike". I did not support the "meat boycott" by consumers in 1973. I did not support the soybean "export embargo" in 1973 or the grain "export moratorium" in 1975.

However, I do believe that positive steps can be taken now to improve the farm situation.

Need For Strong Export Policy

First and foremost, we need to be far more aggressive in our efforts to sell farm commodities in foreign markets. We have an opportunity right now to take part in what has been a very lively world grain trade.

World trade in wheat and coarse grains this marketing year (July-June) is up from last year, and should reach nearly 150 million metric tons. Unfortunately, the U. S. share of that trade has been disappointingly small.

For example, the People's Republic of China has purchased 9 million metric tons of wheat so far this marketing year. But we haven't sold them a single bushel - it has all been supplied by Canada, Australia, and Argentina!

It is not enough for the Administration to claim that it is "export oriented", or to claim "sensitivity" to the farmers' plight, or to the needs of hungry people overseas. The Administration's "sympathy" needs to be translated into "action".

Constructive Steps

In the past several months, I, with my colleagues in the Congress, have been lobbying the Carter Administration on behalf of several constructive steps that we could take now to boost farm exports. Here is what we could do:

--We could commit additional Commodity Credit Corporation credits for the purchase of farm products by foreign nations, and expand Export-Import Bank financing of farm commodities.

--We could expand the Food for Peace Program and put greater efforts into the development of foreign food markets.

--We could implement existing legislation that permits foreign nations to purchase our grain and store it in the U. S. for subsequent export.

--We could take advantage of the Geneva Trade Negotiations to gain concessions for U. S. farm exports.

--Finally, I urge Secretary Bergland to set a national goal of \$30 billion in farm exports by 1980.

I believe that these steps will boost farm exports and go a long way toward restoring farm prosperity.

But, if we hope to sell more farm products abroad, we must also take steps to preserve favorable conditions of food production and distribution. The need to increase farm exports is a major and immediate challenge facing American agriculture. But there are other challenges as well.

To be specific, the entire food and fiber industry is treated with:

--an uncertain energy supply,

--a hostile regulatory climate,

--and an aging transportation network that may prove adequate to future needs.

Energy For Food And Fiber

Energy, of course, is a central concern to every sector of the nation's economy. But energy, as you know, is especially important to agriculture and agribusiness because this industry utilizes nearly 10 percent of total U. S. consumption. I am told that more than 500 trillion BTU's are consumed each year just for the manufacture of fertilizers and pesticides.

Moreover, food production is heavily dependent upon two fuels - oil and natural gas - whose future supply is very uncertain. This is especially worrisome because even a temporary interruption in energy supply at critical periods in the crop cycle could cripple production for an entire year.

Unfortunately, the Administration's energy package does very little to ease the anxieties of food producers. The whole thrust of the President's policy is to bring about more conservation. This is a commendable goal, and I support it. But farmers - and those who supply farmers - have always been efficient and conservation-minded in their use of energy because they have always operated on slim profit margins.

Of course, there is always room for improvement. Farmers could save more energy by adopting such practices as drip irrigation systems or minimum tillage practices.

What is really needed, however, is more energy production through incentives, and more money for research and development of new energy sources.

But instead of an energy policy emphasizing production, we have an energy policy emphasizing conservation. In the area of natural gas, the Administration proposal would extend regulatory and price controls to such an extent that natural gas producers may be left with little incentive to expand production.

I am told that the source of 95 percent of all nitrogen fertilizers is anhydrous ammonia which is produced from natural gas. Some 450 billion cubic feet of natural gas is used annually to produce the 12 million tons of anhydrous ammonia required by American agriculture. You know better than I how important it is to the fertilizer and agricultural chemical industry to have a production-oriented energy policy.

Threat of Excessive Regulation

Let me point to another area of concern that poses a major challenge to farmers and those who supply farmers. I refer to excessive Federal regulations and paperwork requirements that strangle businessmen in red tape and threaten farmers' basic rights as productive landowners.

No fewer than 75 Federal agencies today have the power to regulate our lives. In 1977 these departments, agencies, and advisory groups issued more than 10 thousand pages of new regulations - all of them in small print!

To take just one agency, it has been estimated that if all the rules, regulations, and explanations issued by the Occupational Safety and Health Administration (OSHA) were piled-up in a single pile, they would reach 17 feet high! Businessmen and farmers are expected to be familiar with that portion of the 17-foot pile with which they must legally comply.

No one denies that many Federal regulations, when implemented and enforced in a sensible manner, have contributed to a cleaner, safer, and healthier environment. The public interest requires some degree of regulation. But we have gone far beyond the requirements of the public interest when we allow bureaucrats to set themselves up as policemen, prosecutors, judges and juries all rolled into one.

Excessive regulation has extracted a high price from the American economy in terms of higher prices, higher taxes, and fewer jobs. The General Accounting Office estimates that the cost in tax money of government regulation of the food industry is approaching \$1 billion.

Excessive regulation creates wasteful delays between the time a regulatory agency opens a case and the time it makes a decision. It took sixteen years for the Food and Drug Administration to make a decision on Red Dye #2.

Excessive regulation retards introduction of new products and thwarts innovation. A case in point is the huge, multi-year backlog of pesticide products that await registration or re-registration by the Environmental Protection Agency before they can be marketed.

Modern agriculture cannot continue to provide sufficient quantities of food and fiber to meet the Nation's needs without the use of agricultural chemicals and drugs. Any interference with the safe and appropriate use of these

Many of you are familiar with FIFRA - the Federal Insecticide, Fungicide, and Rodenticide Act. This basic law, which regulates pesticides, is undergoing Congressional review. One of the first items on the agenda after the Congress reconvenes later this week is final passage of the FIFRA amendments. I am a member of the "Conference Committee", which must reconcile differences in the Senate passed FIFRA amendments and the House of Representatives' version of the bill.

Let me take this opportunity to assure you that I will do everything in my power to pass legislation which will speed up the registration process and ease restrictions on pesticide use, consistent with sound health and safety standards.

Rural Transportation

Finally, I turn to a third major challenge facing the food and fiber industry. I refer to the need to develop a modern, efficient, and responsive transportation network in farm and rural areas.

It has become obvious in recent years that our aging rural transportation network has suffered from neglect. Rural roads, bridges, railroads and waterways are in very poor shape.

The statistics tell the story. More than 60 percent of all roads in rural areas have been identified by the States as deficient in some respect. Nearly 20 percent of the bridges classified on the Federal Aid Highway System are considered structurally deficient or functionally obsolete by the Federal Highway Administration.

Between 1960 and 1977, nearly 25,000 miles of railroads, almost all of which were feeder lines into rural areas, were abandoned.

Many dams and locks on inland rivers are becoming old and hazardous. This is especially true of the 29 locks and dams on the Mississippi, and the 7 locks on the Illinois River which are essential to agriculture.

You may ask what your government is doing to improve the prospects of rural transportation. The good news is that an inter-agency task force is studying options and will soon release a report. The bad news is that:

--The Department of Transportation has taken steps to reclassify the highway system so as to reduce the mileage in rural areas that is eligible for federal aid;

--The Interstate Commerce Commission has permitted an accelerated rate of railroad abandonments, and is expected to permit the abandonment of an additional 20,000 miles of track in the next 5 years;

--Legislation to rebuild Lock and Dam 26 on the Mississippi River is being held hostage pending Congressional approval of a waterway user fee. Such a fee will increase the cost of barging for farm products as well as for fertilizer, fuel and other farm inputs.

Clearly, those of us who are concerned about rural transportation face an up-hill march in our effort to turn current policies around. But this is a challenge that must be met.

In Summary

I have briefly outlined four areas - farm exports, energy, regulatory reform and transportation - that will be debated in Congress during the upcoming session. I welcome your ideas, your good judgement, and your support in obtaining better legislation and national policies. We cannot let up; not if we expect to have a prosperous agriculture, a healthy rural America, and a strong Nation.