

United States Senate

WASHINGTON, D.C. 20510

October 7, 1980

The Honorable Bob Bergland
Secretary of Agriculture
U.S. Department of Agriculture
Washington, D.C. 20250

Dear Bob:

The news media has reported that as President Carter's agricultural spokesman you want to debate someone who can speak for Governor Reagan on agricultural issues.

There have been numerous problems in the agricultural area the past few years. Agricultural income is down significantly and there is justifiable unrest in the rural community. Many farmers feel the authority given to the Secretary by the Congress has been used to limit farm income instead of raising farm income to levels high enough to make a profit.

I believe it is important to have some facts established before public debates are even considered.

I would appreciate receiving answers to the following questions at your earliest convenience:

1. Farmers tell me it is hard to have confidence in the farm policies of an Administration when net farm income has dropped almost 30% in nominal terms and nearly 40% in real terms in the last year alone. Why should your administration deserve the confidence of American farmers in light of the above statistics? How long do you expect farm income to be at these very low levels?

2. Net farm income in real terms (1967 dollars) is estimated by USDA to be \$9.7 billion for 1980. That is the lowest for any year since the depths of the Great Depression in 1934 when it was \$9.4 billion in 1967 dollars. How long do you think the depression in American agriculture will last?

3. Farm debt was \$90.8 billion in 1976. In 1980 it is estimated to be near 160 billion -- an increase of almost 75%. Doesn't this mean that farmers are financing the cheap food policies by increasing their burden of debt? Doesn't this mean that farmers are subsidizing food policies by refinancing their land? Hasn't your administration done as much to force the family farm out of existence as any other administration in our history?

4. The income of the family farmers always seems to be behind during times of double digit inflation. Given the present farm policies, will the family farmer ever catch up with the Carter inflation rate of 12.8% and the "misery index" (the sum of the inflation rate and the unemployment rate) of 20.4%?

5. It has been widely reported that President Carter awarded the USDA Chief Economist a \$20,000 bonus because he successfully made the shift in USDA policy from producer oriented to consumer oriented policy and budgetary matters. Is it fair to farmers to give awards in the USDA for changing the emphasis in USDA from producers to consumers? If USDA is not going to be an advocate for farmers, who is? Also, with farm income down drastically this year, how do you justify a \$20,000 bonus to the chief economic architect who designed the current farm program.

6. One of the most amazing actions the Carter Administration has taken toward the farm economy was its initial refusal to provide for a specific priority for farming and agriculture in the plan that would go into effect in the event of gasoline rationing. Farmers were saved from being left out only because the House of Representatives defeated the plan, which was subsequently re-written to provide agriculture an adequate priority. Why didn't you speak up for farmers? Why did you leave it to the Senate and the House to insist upon an agricultural priority in the plan?

7. Every time there is an unnecessary federal regulation imposed on farmers it adds to the costs -- the costs they

cannot pass on by increasing their prices. There is no greater incidence of unnecessary and excessive federal regulation than the U.S. Department of Labor's incorrect interpretation of the FLCRA laws that require registration of virtually every agricultural employer. Why has the Carter Administration insisted upon the excessive interpretation? Have you spoken out about this burden to farmers?

8. This Administration has taken many actions hostile to tobacco farmers. Specifically, (A) Why has the Administration decided to deny the farmers' petition to properly classify foreign scrap tobacco, thereby allowing a flood of cheap foreign imports to unfairly compete against U.S. growers? (B) Why has the Administration called for the repeal of the Tobacco Seed and Plant Protection Act of 1940 -- which can only expedite the transfer of tobacco technology to our grower's foreign competition? (C) Why has the Carter Administration continued to fund massive anti-tobacco campaigns through the Department of Health and Human Services yet refuse to fund essential tobacco research that could help make tobacco less objectionable from a health standpoint?

9. It seems characteristic of the Administration that it indulges in reflex regulation rather than carefully considering either the needs or the costs of such action. Take the question of nitrites on the one hand and the herbicide 2,45-T on the other.

Why did USDA sit idly by when FDA proposed a phaseout of nitrite use based on a study which has not been adequately reviewed by the scientific community?

Why did USDA sit idly by while EPA suspended a useful herbicide without ever having submitted the action taken to your own panel of scientific advisors?

10. Mr. Secretary, how can you possibly defend the Administrations effort to destroy USDA by "reorganizing" important soil conservation functions to the Department of the Interior and the Forest Service to a new Department of Natural Resources?

11. It is widely rumored that you intend to eliminate the separate, permanent authorization for the peanut program by incorporating it into the 1981 Farm Bill. Most everyone agrees that would weaken the peanut program. How can you justify this in the face of the most difficult times for peanut farms caused by the repeated droughts and aflatoxin problems?

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12. With the Senate vote on the grain embargo, why do you persist in keeping the ineffective and discriminatory policy in effect?

13. A recent University of Minnesota study concluded with respect to the Soviet Embargo as follows:

" . . . The problem is that these longer term effects may go beyond Soviet/U.S. trade. International trade, especially of necessities such as food, depends on confidence established between countries..."

"... The U.S. can now expect to see substantial efforts to diversify import sources, and also serious drives towards self sufficiency to reduce the vulnerability of importing countries to the whims of the U.S. international policies..." "...It seems unlikely that the Soviet Union will ever again let itself become dependent on the U.S. for grain."

In light of the University of Minnesota's study, what do you see as the long term effects of the Soviet Grain Embargo?

14. Why must the Administration persist in charging farmers who wish to participate in the commodity loan program, an interest rate long considered usurious at 11½%?

15. With energy independence for agriculture so important, why has it taken the Department so long in implementing programs designed to provide assistance to farmers for the production of alternative fuels such as gasohol, from agricultural commodities?

16. The EEC is continuing to take markets from U.S. wheat producers by it high export subsidies on wheat and flour, further narrowing U.S. producers markets through unfair competition.

The U.S. Trade Representative has withdrawn the wheat growers case under section 30 of the Trade Act. What are you doing as Secretary of Agriculture to protect the interests of the U.S. wheat growers against such predatory tactics?

19. Do you believe target prices and commodity loan rates should be tied to an index of some type so they can respond in an adequate and timely manner to increases in cost of production and inflation?

20. Recently you have been understood to promote the idea that "cross-compliance" regulations should be considered a part of future government farm programs. Such requirements could only be mandatory if they would be effective at all in requiring farmers to engage in certain conservation practices in order to assure themselves access to full farm program benefits. How can you promote such a proposal when the media, many conservation groups and even recent soil conservation hearings conducted by this Committee all indicate that a large majority of farmers believe that only voluntary conservation practices will succeed? Wouldn't it be better to try and fund and make existing programs respond to our soil and water conservation needs, than instituting new, unwanted restrictions?

21. In view of your concern over the effect of government programs on the structure of agriculture, do you believe the family farm, which you are concerned about keeping, could compete in a free market without government farm price, income and production control programs?

22. What should USDA's role be toward the nation's nutritional needs?

23. What should the role be of the federal government in preserving agricultural land for food and fiber production?

24. You have advocated nationalizing the roadbeds of the nation's railroads. Would you provide details concerning how this decision was reached and how the plan would be implemented?

25. In a speech delivered at Millsaps College in Jackson, Mississippi, on September 13, 1980, You stated that "the expansion of export markets for our farm products continues to be a major goal of this administration. It was a major goal in 1978 when the Agricultural Trade Act became law. It remains a goal today."

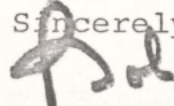
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- Item: The Carter Administration blocked the sale of 17 million tons of grain to the Soviet Union on January 4, 1980, and now advocates the use of our agricultural assets as a tool of foreign policy.
- Item: The Carter Administration has eliminated the agriculture export loan program (GSM-5) for FY 1981 and has replaced it with a credit guarantee program totaling \$2 billion. Meanwhile, the Carter Administration has provided \$4.4 billion in direct loans and \$7.6 billion in guarantees through the export import Bank to promote the export of U.S. manufactured goods.
- Item: It took the Carter Administration almost two years to draft regulations for the implementation of the intermediate credit financing program authorized by the Agricultural Trade Act of 1978. Given that no funds have been allocated for direct financing loans for FY 1981, the newly established intermediate credit financing program will be used one time only, to provide Israel with \$50 million in loans.
- Item: During the period 1977-1979, Australia, Canada, Denmark, France, Israel, the Netherlands, New Zealand, and South Africa have devoted an average of .39% of the value of their annual agricultural exports to market development activities. During that same period of time, the Carter Administration has allocated the equivalent of .10% of the value of annual agricultural exports to market development efforts.

Please explain the glaring inconsistencies between the professed commitment of the Carter Administration to promote U.S. agricultural exports and the actual performance of the Administration to make good on its commitment. Isn't it simply the result of current world event beyond the control of the Administration -- rather than a calculated result of determined effort on the part of the Carter Administration -- that U.S. agricultural exports will reach a record \$40 billion in 1980?

I am looking forward to learning your responses to these questions.

Sincerely,


BOB DOLE
U.S. Senate

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