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CHINA GRAIN DEAL SHOULD NOT DRIVE UP CONSUMER PRICES, DOLE SAYS

TOPEKA -- Senator Bob Dole (R-Kan.) charged today that reports that consumer prices will rise as a result of the U.S.-China grain agreement "are completely unfounded."

At a news conference here, Dole said, "An entire myth has been perpetuated about the American farmer as a profiteer at the consumer's expense. Nothing could be further from the truth.

"There have been many problems in the agricultural community during the past few years. Agricultural income is down significantly and there is justifiable unrest in the rural community. I hope that a new grain sale pact with the Peoples Republic of China would help alleviate some of these problems.

"Until now, food prices have not gone up as fast as the overall inflation rate. But food prices, like prices for other commodities cannot continually withstand the onslaught of double-digit inflation which this Administration has encouraged. It is likely that food prices will rise in the coming months as a result.

"But it is unfair that the American farmer be blamed for that price rise. Already we are seeing reports that the resulting profit some see for farmers from this grain deal will be the culprit in any food price rises.

"This is simply not realistic. The six to nine million metric tons earmarked for China, added to the current level of exports, will not put any significant strain on food prices in this country.

"It is interesting to note, however, that some of us in Congress have encouraged the Administration to work with the Chinese these past three years to no avail. Yet, just before the presidential election, they feel free to announce a pending grain deal.

"If an agreement is signed, I hope this and future administrations will not treat the Chinese as we have the Soviets. I know the Chinese are concerned about the reliability of the United States as a supplier, in light of recent American grain embargoes. But in my opinion, these embargoes have solved none of our domestic or international problems, and have in most cases worked to the detriment of the American farmer. I'd like to express my hope now that embargoes not be used as a foreign policy tool in our relationship with China."