

News from Senator

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FOR IMMEDIATE RELEASE
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REMARKS OF SENATOR BOB DOLE LAND O'LAKES 63RD ANNUAL MEETING FEBRUARY 21, 1984

IF 1983 WAS THE YEAR OF THE PIK PROGRAM, THEN 1984 WILL BE THE YEAR TO INTRODUCE A NEW KIND OF "PIK" -- IT'S SPELLED P-I-C-K, AS IN "LET'S PICK A NEW FARM PROGRAM." THERE MUST BE 20 INITIATIVES UNDERWAY TO DEVELOP SOME CONCEPT OR IDEA THAT WILL RELIEVE OUR CHRONIC PROBLEMS OF INCREASING PRODUCTION, DECLINING MARKETS AND LOW PRICES. AT THE SAME TIME, WE MUST BRING THE COST OF FARM PROGRAMS BACK TO REALITY, AND MAKE A CONTRIBUTION TOWARD REDUCING THE MASSIVE BUDGET DEFICITS STRETCHING OUT OVER THE REST OF THIS DECADE -- SO THE "PICK" WON'T BE EASY.

THE EMPHASIS IS ALWAYS ON FINDING THE "PERFECT" FARM BILL. I'VE BEEN IN CONGRESS, AND ON THE AGRICULTURE COMMITTEES OF BOTH THE HOUSE AND THE SENATE, FOR 24 YEARS, AND MY OWN VIEW IS THAT THERE IS NO SUCH THING. ECONOMIC CIRCUMSTANCES CHANGE, AND FARMERS AND THEIR REPRESENTATIVES MUST RESPOND TO THEM THROUGH CHANGES IN POLICY.

FACING REALITY

ONE THING IS CERTAIN, HOWEVER. WE ARE GOING TO HAVE TREMENDOUS DIFFICULTY PASSING ANY FARM BILL IN 1985. MANY FARM GROUPS, INCLUDING DAIRY AND WHEAT PRODUCERS, OPPOSED PASSAGE OF THE 1981 FARM BILL BECAUSE THEY THOUGHT IT WAS TOO MEAGER. YET IT RESULTED IN A QUINTUPLING OF FARM PROGRAM COSTS, FROM LESS THAN \$4 BILLION IN 1980 TO NEARLY \$19 BILLION IN 1983. THROW IN THE PIK PROGRAM, AND OUTLAYS ALMOST REACHED \$30 BILLION LAST YEAR. LOOK BACK ON THE MARGINS BY WHICH THE 1981 BILL PASSED VARIOUS TESTS IN CONGRESS: TARGET PRICES WERE SUSTAINED BY ONLY ONE VOTE IN THE SENATE AGRICULTURE COMMITTEE AND TWO VOTES ON THE SENATE FLOOR; THE ENTIRE FARM BILL SURVIVED THE HOUSE BY ONLY TWO VOTES. THERE ARE LIBERAL MEMBERS OF CONGRESS FROM URBAN AREAS WHOSE ONLY CONSERVATIVE VOTE IS AGAINST FARM PROGRAMS. INSTEAD OF RESEARCHING ONLY NEW PROGRAM IDEAS, SOMEONE SHOULD STUDY HOW WE ARE GOING TO GET ANY FARM BILL THROUGH NEXT YEAR, AND AT THIS POINT, I DON'T THINK WE SHOULD BE THROWING ANY IDEAS OUT.

WE HAVE LEARNED ONE USEFUL, IF COSTLY, LESSON -- THAT SIMPLY THROWING MONEY AT OUR AGRICULTURAL PROBLEMS IS NOT THE ANSWER. WE SPENT NEARLY \$19 BILLION ON FARM PROGRAMS IN 1983 -- FIVE TIMES THE CARTER BUDGET FOR 1980 -- PLUS \$9 BILLION ON PIK. AND ALL WE BOUGHT WAS A ONE OR TWO YEAR DELAY IN SURPLUS PRODUCTION, STOCK GROWTH, AND LOWER PRICES.

ADMINISTRATION ACHIEVEMENTS

I AM SURE THAT FARMERS WILL BE GIVEN A STEADY DIET OF RHETORIC AND PROMISES AS THIS ELECTION YEAR UNFOLDS -- AND SOME OF BOTH WILL COME FROM BOTH PARTIES. I WOULD ONLY SUGGEST THAT, IN ORDER TO MAINTAIN SOME PERSPECTIVE, WE SHOULD KEEP IN MIND WHERE WE

WERE THREE YEARS AGO WHEN THE REAGAN ADMINISTRATION ARRIVED IN WASHINGTON. QUITE FRANKLY, FARM POLICY WASN'T EVEN IN NEUTRAL IN JANUARY 1981. IT WAS IN REVERSE. BETWEEN THE SOVIET GRAIN EMBARGO, 20 PERCENT-PLUS INTEREST RATES, AND 14 PERCENT INFLATION, FARMERS WERE ALREADY IN AN ECONOMIC TAILSPIN THAT HAS BEEN DIFFICULT TO TURN AROUND.

PROGRESS HAS BEEN SLOWER THAN FARMERS WOULD LIKE, BUT IT HAS BEEN CLEAR AND MEASUREABLE. THE EMBARGO WAS ENDED AND A NEW AGREEMENT WITH A 50 PERCENT HIGHER MINIMUM PURCHASE GUARANTEE NEGOTIATED WITH THE SOVIET UNION. CONTRACT SANCTITY PROTECTION HAS BEEN BUILT INTO LAW, THANKS TO THE EFFORTS OF SENATOR DAVE DURENGERGER, SENATOR RUDY BOSCHWITZ AND OTHER MEMBERS OF CONGRESS. WE ARE ON THE WAY TOWARD RESTORING OUR REPUTATION AS A RELIABLE SUPPLIER TO FOREIGN MARKETS. WE HAVE ALSO BEGUN TO CONFRONT UNFAIR COMPETITION BY OUR INTERNATIONAL COMPETITORS, AS EXEMPLIFIED BY OUR SIZEABLE WHEAT FLOUR SALE TO EGYPT LAST JANUARY.

MORE WORK TO BE DONE

WE ALL KNOW THAT, WHILE THESE ACHIEVEMENTS HAVE HELPED TO REVERSE THE DOWNTREND, THE EFFORT TO RESTORE PROSPERITY TO AMERICAN AGRICULTURE WILL REQUIRE EVEN GREATER EXERTIONS.

I WAS READING RALPH HOFSTAD'S SPEECH TO THE FARGO, NORTH DAKOTA, FARM FORUM ON JANUARY 30 THE OTHER DAY. ONE OF RALPH'S STATEMENTS STRUCK ME AS PARTICULARLY TRUE: THAT IN OUR EFFORTS TO RECONCILE OVERPRODUCTION AND DEPRESSED FARM INCOME, WE HAVE HAD ONE FOOT ON THE ACCELERATOR AND ONE FOOT ON THE BRAKE. OUR NEED TO PROVIDE SOME SECURITY TO SMALL FAMILY FARMERS HAS BECOME TANGLED UP WITH THE ECONOMIC INCENTIVES WHICH OUR FARM PROGRAMS PROVIDE FOR PRODUCTION. AND THE INCENTIVES HAVE WORKED FOR FOREIGN PRODUCERS AS WELL AS FOR OUR OWN FARMERS.

A BASIC PROBLEM, IN MY VIEW, IS THAT WE HAVE BEEN TRYING TO RESPOND TO LONG-RANGE ECONOMIC TRENDS THROUGH SHORT-TERM SOLUTIONS WHICH, BY THEIR VERY NATURE, PROVE TOO COSTLY TO SUSTAIN AND ARE CONSEQUENTLY DISCOUNTED BY OUR CUSTOMERS AND COMPETITORS IN THE WORLD MARKETPLACE. WHAT WE NEED IS TO SEND SOME EQUALLY LONG-RANGE SIGNALS THAT THE U.S. INTENDS TO REVERSE THOSE FACTORS THAT HAVE ERODED OUR COMPETITIVE POSITION SINCE THE MID-1970'S.

A CHALLENGE TO AGRICULTURE

AS WE APPROACH THE BEGINNING OF DEBATE ON A NEW FARM BILL, WE ALSO HAVE THE OPPORTUNITY TO INCLUDE AGRICULTURE AS A PRIORITY ITEM ON THE AGENDAS OF BOTH POLITICAL PARTIES. I WILL BE THE CHAIRMAN OF THE PLATFORM COMMITTEE ON AGRICULTURE AT THE REPUBLICAN PARTY CONVENTION IN DALLAS THIS AUGUST. AS FAR AS I AM CONCERNED, THE PLATFORM IS WIDE OPEN, AND THE PROCESS SHOULD BE USED TO DEVELOP THE MOST EFFECTIVE AND RESPONSIBLE POLICIES WE CAN.

I WOULD LIKE TO USE THIS OCCASION TO ISSUE A CHALLENGE TO ALL ORGANIZATIONS INVOLVED IN AMERICAN AGRICULTURE TO COME FORWARD AND MAKE A REAL CONTRIBUTION TO THE DEVELOPMENT OF A LONG-RANGE FARM POLICY. I INTEND TO CONSULT WITH MY OWN FARM LEADERS IN KANSAS, AND TO HOLD HEARINGS ON WHAT KANSAS FARMERS BELIEVE SHOULD BE INCLUDED IN FEDERAL PROGRAMS. I INVITE SIMILAR GROUPS AND INDIVIDUALS IN OTHER STATES TO DO THE SAME, AND TO BRING THE RESULTS TO DALLAS FOR A THOROUGH DISCUSSION AND COMPREHENSIVE EFFORT TO CRAFT AN IMPROVED PROGRAM.

SOME IDEAS HAVE ALREADY BEEN RAISED THAT MAY HAVE MERIT, OR MAY AT LEAST GET THE DISCUSSION STARTED:

1. LOAN RATES FOR MAJOR COMMODITIES COULD BE MADE MORE FLEXIBLE BY TIEING THEM TO AN AVERAGE OF MARKET PRICES. THIS WOULD REMOVE THE FLOOR UNDER FOREIGN PRODUCERS, WHO ARE BENEFITTING FROM THE HIGH DOLLAR, AND WOULD ALSO PREVENT THEIR GOVERNMENTS FROM MAKING LONG-RANGE PRODUCTION AND MARKETING PLANS AT OUR EXPENSE.

2. WE SHOULD DEMONSTRATE THAT THE U.S. WILL NOT BE DRIVEN OUT OF FOREIGN MARKETS BY CONTINUING TO RESPOND TO UNFAIR PRICE-CUTTING BY TARGETING SPECIFIC PRODUCTS FOR PRICE OR CREDIT SUBSIDIES TO SELECTED MARKETS. WE SHOULD NOT, HOWEVER, SEEK TO GET INTO AN ACROSS-THE-BOARD TRADE WAR.

3. THE U.S. SHOULD PREPARE TO RETURN TO GENEVA FOR A NEW ROUND OF GATT NEGOTIATIONS WHENEVER THERE IS EVIDENCE THAT OUR TRADING PARTNERS ARE READY TO CLEAR UP THE AMBIGUITIES AND CONFUSION SURROUNDING AGRICULTURAL TRADE. WE PARTICULARLY NEED CLARIFICATION ON THE MEANING OF THE SUBSIDIES CODE, AND ON WAYS TO LIMIT NON-TARIFF TRADE BARRIERS.

4. WE SHOULD LOOK AT A MAJOR AND MULTI-YEAR INCREASE IN OUR FOOD AID COMMITMENT. CONSIDERING THE DEPRESSED STATE OF THIRD WORLD ECONOMIES AND THE DROUGHT IN AFRICA, WE COULD TAKE THE OPPORTUNITY PROVIDED BY THE 30TH ANNIVERSARY OF P.L. 480 ON JULY 10, 1984, TO REDEDICATE OURSELVES TO THE BENEFICIAL EFFECTS OF THE FOOD FOR PEACE PROGRAM.

5. I HAVE WRITTEN PRESIDENT REAGAN TO RECOMMEND CREATION OF A PRESIDENTIAL TASK FORCE ON AGRICULTURAL TRADE AND FOOD ASSISTANCE POLICY, TO REPORT AFTER THE NOVEMBER ELECTIONS AND BEFORE DEBATE BEGINS ON THE NEW FARM BILL. THE GROUP WOULD BE ASKED TO SET OUT A LONG-TERM AGENDA AND COMPREHENSIVE POLICY STATEMENT, AND ALSO TO RATIONALIZE THE COST AND PURPOSE OF EXISTING EXPORT AND ASSISTANCE PROGRAMS.

6. ONE IDEA RAISED BY A RECENT LAND O'LAKES POLICY PAPER WOULD INCREASE INCENTIVES FOR SOIL AND WATER CONSERVATION AS PART OF THE 1985 FARM BILL. THIS AREA HAS BEEN NEGLECTED OR LEFT TO PRIVATE INITIATIVE IN THE PAST, AND IS BECOMING AN URGENT NATIONAL PRIORITY.

7. ANOTHER PROPOSAL BEING PURSUED BY COOPERATIVES AND THEIR UMBRELLA ORGANIZATIONS IN WASHINGTON WOULD SIGNIFICANTLY EXPAND DEVELOPMENT PROJECTS IN LESS DEVELOPED COUNTRIES OVERSEAS. I KNOW OF YOUR SUPPORT FOR RECOVERING PART OF THE VALUE OF DONATED COMMODITIES IN LOCAL CURRENCIES TO BE INVESTED IN SUCH PROJECTS, AND INTEND TO TAKE A CLOSE LOOK AT THE MERITS OF THE IDEA.

8. FINALLY, MANY FARM GROUPS ARE UPSET WITH THE SHARE OF THE P.L. 480 PROGRAM THAT GOES TO PAY FOR HIGHER U.S. FLAG VESSELS UNDER THE CARGO PREFERENCE PROGRAM. AFTER TWO LOPSIDED DEFEATS IN THE LAST TWO YEARS, HOWEVER, THEY MAY WANT TO TRY TO WORK SOME COMPROMISE OUT WITH THE LABOR UNIONS.

CONCLUSION

THE ONLY WORD OF ADVICE I WOULD HAVE FOR FARMERS AT THIS POINT IS THAT THEY NOT GET TOO FAR OUT ON A LIMB WITH ONE APPROACH OR ANOTHER SO EARLY IN THE DEBATE. WE NEED INPUT FROM AS MANY GROUPS AND INDIVIDUALS AS POSSIBLE, AND WE WILL CONTINUE TO NEED INPUT THROUGHOUT 1984 AND 1985 AS WELL.

