

News from Senator

BOB DOLE



(R - Kansas)
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1990: THE MAKING OF A FARM BILL ASCS STATE CONFERENCE MANHATTAN, KANSAS

IT'S A NEW YEAR, AND IN WASHINGTON THAT MEANS ANOTHER CONGRESS, ANOTHER BUDGET AND ANOTHER YEAR OF CHOICES -- TOUGH ONES, I HOPE.

1990 ALSO MEANS IT'S TIME TO WRITE A NEW FARM BILL. THIS YEAR, THE HUGE FEDERAL DEFICIT WILL PLAY A MAJOR ROLE IN SHAPING THE NEW FARM PACKAGE.

PEACE DIVIDEND?

THE PRESIDENT'S BUDGET WILL BE UNVEILED ON JANUARY 29TH. ALREADY, SOME OF OUR LIBERAL FRIENDS ARE DEMANDING THE PRESIDENT CASH-IN THE SO-CALLED PEACE DIVIDEND -- THAT'S THE EXPECTED WINDFALL FROM MASSIVE CUTS IN THE DEFENSE BUDGET THANKS TO THE FREEDOM EPIDEMIC AROUND THE WORLD.

IN OTHER WORDS, NOW THAT THE WALL IS DOWN AND GORBACHEV IS PINNED DOWN ON ALL FRONTS, UNCLE SAM DOESN'T NEED MUCH DEFENSE ANY MORE.

I DON'T BUY IT. NO QUESTION, THERE WILL BE NEW PRIORITIES AND NEW OPPORTUNITIES ALL ACROSS THE BUDGET, BUT FOR SOME MEMBERS OF CONGRESS, ALL THE "PEACE DIVIDEND" MEANS IS AN EXCUSE TO START SPENDING TAXPAYER DOLLARS ON COSTLY, NEW, BIG GOVERNMENT PROGRAMS. THAT'S NOT A DIVIDEND, THAT'S A DISASTER.

FEDERAL DEFICIT AND TARGET PRICES

THE TRUTH IS, WE CAN'T AFFORD TO WASTE ANOTHER PENNY. CONGRESS WILL BE STRUGGLING ONCE MORE TO MEET THE GRAMM/RUDMAN DEFICIT REDUCTION TARGETS. THIS PAST YEAR, CONGRESS CUT THE DEFICIT ABOUT \$15 BILLION AND WILL BE FACED WITH CUTTING AN ADDITIONAL \$36 BILLION THIS YEAR.

SO THE DEFICIT IS STILL ISSUE NUMBER ONE. IT HASN'T GONE AWAY; NOR HAS THE URGENCY TO DEAL WITH IT BEEN DIMINISHED BY EXTREMELY MODEST CONGRESSIONAL ACTION DURING THE PAST FEW YEARS.

AND WE'LL NEVER GET THE JOB DONE USING SMOKE AND MIRRORS AND OTHER BOOKKEEPING GIMMICKS. THAT'S WHY THE BUDGET PROCESS WILL PLAY A MAJOR ROLE IN THE WRITING OF THE 1990 FARM BILL. IT WILL CONTINUE TO DICTATE THE DIRECTION OF FARM POLICY.

I EXPECT THAT THERE WILL BE A FULL DEBATE ON THE LEVEL OF TARGET PRICES. AS YOU KNOW, TARGET PRICES HAVE DROPPED 10% IN THE PAST 3 YEARS. THERE WILL BE BUDGET PRESSURE THIS YEAR TO FURTHER DECREASE TARGET PRICES EVEN THOUGH SOME FARM GROUPS ARE PROMOTING INCREASES. ALTHOUGH WE MUST REMAIN BUDGET CONSCIOUS, PERHAPS SOME MIDDLE POSITION MIGHT BE APPROPRIATE. ONE OPTION WOULD BE TO HOLD THE LINE, OR FREEZE TARGET PRICES AT CURRENT LEVELS WITH SOME TYPE OF MECHANISM FOR MARGINAL INCREASES TO TAKE INFLATION INTO ACCOUNT.

1985 BILL:

GOOD BUILDING BLOCK FOR '90

ACTUALLY, THE FORMULATION OF THE NEW FARM BILL HAS ALREADY BEGUN. THERE HAVE BEEN SOME HEARINGS IN WASHINGTON, D.C. AND SOME IN OTHER PARTS OF THE COUNTRY. ADDITIONAL HEARINGS WILL BEGIN SOON -- A GROUND WATER QUALITY HEARING IS SCHEDULED FOR JANUARY 25TH.

BUT AS WE BEGIN WORK ON THE 1990 BILL, WE CAN TAKE GREAT ENCOURAGEMENT FROM THE GOOD WORK WE DID ON THE '85 BILL. MOST FARMERS WILL TELL YOU STRAIGHT OUT - THE '85 FARM BILL WAS A LIFE SAVER. I BELIEVE THE 1985 FARM BILL HAS PROVEN TO BE ONE OF THE MOST SUCCESSFUL IN THE HISTORY OF FARM PROGRAMS, AND I AM PLEASED TO HAVE PLAYED A MAJOR ROLE IN ITS FORMATION AND ENACTMENT.

THE FARM CRISIS

AS WE KNOW, THE EARLY TO MID-1980'S BROUGHT PAIN AND HEARTACHE TO THE FARM BELT. AMERICAN FARMERS WERE CLOBBERED BY RUN-AWAY INFLATION, EASY LENDING, FOOLISH CREDIT POLICIES, AND A DISASTROUS GRAIN EMBARGO. ON TOP OF THAT MISERY, THE FARM BELT PAID A HIGH PRICE FOR INFLEXIBLE AND OUTMODDED FARM POLICIES THAT CRIPPLED OUR ABILITY TO COMPETE IN WORLD MARKETS.

AS A RESULT, EXPORT VALUE AND VOLUME PLUMMETED, LEAVING FARMERS STUCK WITH HUGE SURPLUSES AND RECORD STOCKS THAT WERE GOING NOWHERE. IT'S NO WONDER THAT FARM FINANCIAL DEBT SOARED TO MORE THAN \$200 BILLION.

'85 BILL HELPS TURN IT AROUND

THE GOOD NEWS IS, THE 1985 FARM BILL HELPED TURN THE CORNER FOR AMERICAN AGRICULTURE BY INSTITUTING FLEXIBLE LOAN RATES THAT MADE US MORE COMPETITIVE WHILE PROTECTING FARMERS' INCOME. POLICIES SUCH AS THE MARKETING LOAN PROGRAMS FOR COTTON AND RICE, PLUS THE EXPORT ENHANCEMENT PROGRAM FOR WHEAT AND OTHER AG PRODUCTS, HELPED US RECOVER MARKET SHARE, REDUCE SURPLUS STOCK LEVELS AND INCREASE BOTH THE VOLUME AND VALUE OF AGRICULTURAL EXPORTS.

FOR EXAMPLE, SINCE 1985, EXPORTS FOR THE FOUR MAJOR AGRICULTURAL COMMODITIES HAVE INCREASED BY THE FOLLOWING PERCENTAGES:

CORN:	76%
WHEAT:	40%
RICE:	35%
COTTON:	22%

(MORE)