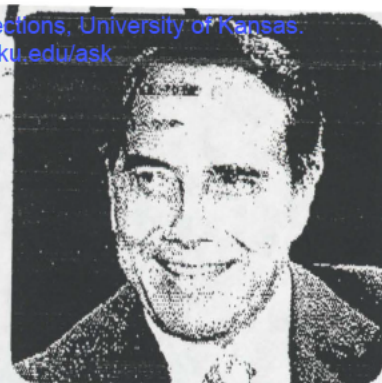


# BOB DOLE



(R - Kansas)

SH 141 Hart Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE  
JULY 27, 1990

CONTACT: WALT RIKER  
(202) 224-5358

## FARM BILL

### SENSE OF THE SENATE RESOLUTION: BUDGET RECONCILIATION

THE 1985 FARM BILL CHANGED DIRECTION IN FARM POLICY AND ESTABLISHED A MARKET-ORIENTED POLICY. SINCE 1985 WE HAVE PRICED OUR COMMODITIES COMPETITIVELY, AGGRESSIVELY PURSUED EXPORT MARKETS, AND SUPPLEMENTED FARM INCOMES THROUGH DIRECT PAYMENTS AND OTHER MEASURES. THE RESULTS HAVE BEEN VERY POSITIVE WITH REGARDS TO FARM INCOME, EXPORTS, FARM DEBT, AND LAND VALUES.

THAT BILL, HOWEVER, COST THE AMERICAN TAXPAYER OVER \$80 BILLION IN COMMODITY PROGRAM OUTLAYS. AS THE SENATE AGRICULTURE COMMITTEE DEVELOPED THE 1990 FARM BILL, IT NO LONGER HAD \$80 BILLION TO SPEND. WITH A BUDGET BASELINE OF ABOUT \$55 BILLION, THE BILL DEVELOPED AND CURRENTLY ON THE FLOOR SHOWS SIGNS OF BACKSLIDING FROM THE 1985 BILL. FOR EXAMPLE, LOAN RATES ARE INCREASED FOR WHEAT, FEEDGRAINS, PEANUTS, HONEY, AND WOOL AND MOHAIR. SUPPLY MANAGEMENT PROGRAMS CONTAINING RIGID BASES AND QUOTAS, ARE VIRTUALLY ASSURED IN DAIRY. LITTLE ADDITIONAL FLEXIBILITY IS GIVEN TO THE FARMER TO RESPOND TO MARKET SIGNALS. IN SHORT, FARM POLICY IS GETTING WORSE RATHER THAN BETTER.

FOR ANYONE INTERESTED IN A VIBRANT AND HEALTHY FARM ECONOMY, ALARM BELLS SHOULD BE GOING OFF. IT SEEMS CLEAR THAT ANY FINAL 1990 FARM BILL WILL HAVE TO BE PARED BACK -- PERHAPS AS MUCH AS \$2.5 BILLION PER YEAR, ON AVERAGE. PRESSURES WILL BEGIN AT THAT POINT TO RAISE LOAN RATES EVEN FURTHER, INCREASE THE AMOUNT OF ACREAGE TAKEN OUT OF PRODUCTION, ESTABLISH MANDATORY HARKIN/GEHARDT-STYLE SUPPLY MANAGEMENT SCHEMES CONTAINING STRICT BASE AND QUOTA ALLOCATIONS FOR DAIRY AND PERHAPS OTHER COMMODITIES. THIS WOULD BE A TRAGEDY FOR FARMERS -- A RETURN TO THE FAILED POLICIES OF THE PAST.

IN ORDER TO AVOID THIS POTENTIAL DISASTER, I PROPOSE A SENSE OF THE SENATE RESOLUTION REGARDING THE EVENTUALITY OF A BUDGET RECONCILIATION. IN THAT EVENT, THE REQUIRED REDUCTION IN OUTLAYS FOR AGRICULTURAL PROGRAMS SHOULD BE ACHIEVED THROUGH EQUAL PERCENTAGE REDUCTIONS IN THE SUPPORT PRICES, LOAN AND PURCHASE LEVELS, ESTABLISHED PRICES, AND OTHER INCOME OR PRICE SUPPORT MECHANISMS IN EFFECT FOR ALL AGRICULTURAL COMMODITY PROGRAMS. THESE REDUCTIONS SHOULD BE ACHIEVED REGARDLESS OF THE OUTLAYS ESTIMATED FOR INDIVIDUAL COMMODITIES, EVEN IF A COMMODITY HAS LOW OR NO OUTLAYS.

THE RESOLUTION RECOGNIZES WHAT LIES AHEAD FOR THE LEVEL OF FARM PROGRAM OUTLAYS. EVEN WITH THE BUDGET-FIX AMENDMENT ACCEPTED UPON THE INTRODUCTION OF THE BILL, A BILL WHICH REMAINS \$1.8 BILLION OVER THE BASELINE IGNORES THE FACT THAT ADDITIONAL CUTS ARE AROUND THE CORNER. FARM PROGRAM SAVINGS OF \$1.1 BILLION FOR THIS YEAR -- \$18.7 OVER FIVE YEARS -- HAVE BEEN REQUESTED BY THE ADMINISTRATION.

MOREOVER, THE BUDGET SUMMIT IS COUNTING ON SAVINGS OF ANYWHERE FROM \$6 TO \$18 BILLION BELOW THE CURRENT LAW BASELINE. SO WE HAVE GOT TO BE REALISTIC AND RECOGNIZE OUR RESPONSIBILITY. COUNTING THE S&L's, THE DEFICIT IS NOW \$231 BILLION. IN THE NEXT COUPLE OF MONTHS WE WILL BE FACING A SEQUESTER OF MORE THAN \$100 BILLION. THEREFORE, IF WE DO NOT GET A BUDGET AGREEMENT, WE ARE FACING A CUT OF 38% ACROSS THE BOARD IN ALL FARM PROGRAMS.

THIS RESOLUTION WOULD ASSURE EQUITY BETWEEN COMMODITIES ONCE CUTS IN OUTLAYS COME INTO EFFECT. IT REPRESENTS THE ONLY FAIR WAY TO ADMINISTER THE NECESSARY REDUCTIONS.