



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

New Senate Office Building, Washington, D.C. 20510 (202) 224-6521

STATEMENT BY SENATOR BOB DOLE AT SENATE AGRICULTURE COMMITTEE HEARINGS ON FARM BILL, WASHINGTON, D.C. TUESDAY, FEBRUARY 22, 1977

FOR RELEASE: 10:00 A.M., Tuesday, February 22

Last week, I conducted four field hearings in Kansas, at Goodland, Manhattan, Hutchinson, and Winfield. Today, I want to report on the critical problems cited by the more than 75 farmers who participated as witnesses:

- Low wheat, cattle and sugar beet prices.
- High production costs.
- Rising fuel costs.
- Widespread lack of moisture for dryland operations.
- Insufficient financial credit.

PROPOSALS HEARD

There were many thoughtful suggestions for improvements in the farm programs. Among the proposals were to increase target and loan levels; provide export subsidies; reinstate the two-prices system with a subsidy for domestic production; update farm allotments; and impose production controls on either acres or bushels.

Several of these witnesses will be coming to Washington this week or next to testify before the full committee. I also urged them to visit the offices of our urban Senators and Congressmen to impress them with the urgency of the problems facing our producers of food and fiber. Agriculture is the most basic sector of our economy. Agriculture needs attention -- and soon.

NEED FOR EXPORT MARKETS

Low prices are the farmers' most serious problem. In recent weeks, I have strongly advocated an expansion of our export markets. Over the long term, the best way to improve American agriculture is to have a market for what the farmer produces. And the key to a strong market is exports.

Kansas is the leading exporter of wheat and flour. It ranks fourth in total farm exports. In 1975, exports accounted for 25% of farmers' cash receipts. In Kansas and across the nation, farmers are dependent on a sound export policy.

I believe the level of target prices and loan rates should be raised.

HIGHER TARGET PRICES

Chairman Talmadge and I co-sponsored legislation that would make target prices equal to the cost of production: at \$2.91 per bushel for wheat and \$2.28 per bushel for corn. Many farmers think the figures should be higher. Our committee should look into that question carefully. I am convinced now that the minimum loan level should be higher than the 75% of the target price provided for in our bill.

I have also joined Senator Bellmon of Oklahoma in the sponsorship of a bill setting target prices at \$3.10 for wheat and \$2.25 for corn. Minimum loan rates would be \$2.25 for wheat and \$1.87 for corn. In addition, the Department of Agriculture would pay up to 50% of the cost of grain storage.

There will be other opportunities to evaluate what we learn as our hearings proceed.



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U. S. SENATE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY HEARINGS ON FARM LEGISLATION

A LEGISLATIVE SUMMARY BY SENATOR BOB DOLE

Since the beginning of the 95th Congress this year, I have sponsored or cosponsored twenty-two bills that directly affect agriculture. There have been many inquiries about this legislation and I have prepared a summary of the major farm bills I have introduced.

Between February 22nd and March 15th, the Senate Agriculture Committee will hold an intensive series of hearings on several aspects of farm legislation. Many of these bills will be discussed at that time, and I am hopeful that we can act promptly to improve the various parts of the farm program.

GRAIN INSPECTION BILL: This bill is in response to the concerns expressed by producers and others in the grain industry about the problems created by the Federal Grain Inspection Act of 1976. The bill would (1) eliminate Federal fees for the supervision of state and private inspection and weighing agencies; (2) change the record keeping requirement for county grain elevators to maintaining for a period of five years only those records presently being kept, as opposed to a great many other reports required under the Act of 1976; (3) creates an advisory committee of seven members from all segments of the grain industry to advise the Federal Grain Inspection Service on any future problems that may arise in the implementation of the new Federal Grain Inspection Program.

THE FEDERAL CROP INSURANCE EXPANSION ACT OF 1977: Presently, crop failure protection is provided through the Federal Crop Insurance Corporation and the Disaster Payment Program. Neither of these programs is adequate. The FCIC is limited to certain commodities in certain counties. Disaster payments are unrealistically low, they are based on out-dated allotments and the program contains numerous inequities. My bill, the Federal Crop Insurance Expansion Act of 1977, would (1) expand FCIC nation-wide and make insurance available to all producers of wheat, cotton, corn, rice, grain sorghum, barley, and other crops presently covered in every county; (2) provide for a twenty-five percent Federal subsidy on the premiums farmers pay to FCIC in order to lower the cost of insurance enough to make it possible for all farmers to participate; (3) raise the FCIC capital stock from one-hundred million to three-hundred million dollars in order to make it a viable program; (4) expand insurance coverage to prevented planting losses caused by floods. The new Secretary of Agriculture has stated support for a program such as this legislation.

PUBLIC LAW 480 BILL: This measure would eliminate an obstacle to food assistance provided under PL 480. In 1976, Congress amended the Food for Peace Program to require that 75 percent of the food assistance be allocated to countries with a per capita gross national product of \$300 or less. Since then, it has become apparent that nations within this category are incapable of absorbing 75 percent of the commodities available due to the lack of adequate storage facilities or the lack of any need for the food. Many other countries could benefit from this assistance and my bill would allow them to receive additional Food for Peace shipments.

AGRICULTURE CONSERVATION PROGRAM REFORM BILL: This legislation would require that all practices under the ACP be of long term conservation benefit, similar to the Great Plains Conservation Program. The bill would also raise the ceiling on the amount of payment that can be made to individual farmers so that larger conservation projects can be undertaken. Strong support for such reform was indicated in the response to the recent farm questionnaire I sent out.

BELLMON DOLE FARM CREDIT BILL: This bill makes the Farmers Home Administration Operating and Farm Ownership Loans more realistically correspond to conditions in today's agriculture. It increases the loan limitation on direct farm operating loans to \$100,000 from \$50,000, and increases the loan limitation on farm operating loan guarantees to \$200,000. It increases the direct farm ownership loan limitation to \$200,000 from \$100,000 and raises the limitation on farm ownership loan guarantees to \$300,000. The bill provides that partnerships and corporations which meet the same criteria as family farms will be eligible for operating and farm ownership loans and loan guarantees. The purpose of this legislation is to relieve the strain on rural farm credit sources by providing additional assistance to farmers and rural banks.

THE TALMADGE-DOLE FOOD AND AGRICULTURE ACT OF 1977: This bill would extend for five years the existing commodity programs for wheat, feedgrains, and other programs. It would raise target prices to \$2.91 per bushel for wheat, \$2.28 per bushel for corn (with feedgrain target prices based on corn), and 51¢ per pound for cotton. Minimum loan levels are set at 75 percent of the target price but the Secretary is authorized to raise them as high as 90 percent of parity. The bill extends a number of other programs including the Food for Peace Program, the Pesticide Regulation Program, the Food Stamp Program and the Agricultural Research Program. I cosponsored this legislation in the interest of bipartisan cooperation in the Senate Agriculture Committee. However, in doing so, I expressed a number of reservations. I have indicated my belief that minimum loan levels should be placed at 80 percent of the target price. I feel that the pesticide regulation program should be carefully reviewed by the committee rather than given the simple three year extension provided in the bill, to ensure that it is being administered realistically by the Environmental Protection Agency. I have also stated that the Food Stamp Program and the Agricultural Research Program need more extensive reform than is provided in this bill.

THE BELLMON-DOLE FARM BILL: This bill extends basic farm program authorities for four years and would:

- (1) Adjust present target prices to reflect higher costs of production:
wheat --- \$3.10 per bushel
corn --- \$2.25 per bushel
Grain sorghum and barley levels are tied to that of corn.
- (2) Minimum loan levels are increased and set at:
wheat --- \$2.25 per bushel plus handling costs
corn --- \$1.87 per bushel plus handling costs
However the Secretary of Agriculture could raise to 90% of parity.
- (3) Maturity of commodity loans is extended from 1 to 5 years.
- (4) Provides storage payments of 50% for grain storage.
- (5) Establishes 10 year, 5% interest guaranteed loans for on-the-farm storage facility construction.
- (6) Sets up a farmer-held grain reserve that would accumulate from pre-determined set-aside production when annual carry-over is excessive. When set aside is imposed, farmers would have two options:
 - (1) to reduce planted acres by required set-aside percentage;
 - (2) place grain produced on set-aside acres in five year loan reserve, five percent interest on loan, 50-50 storage payment. Farmers could not redeem loan until market prices reached 150% of loan (3.37½). Secretary of Agriculture could not release reserve (by calling the loan) until market price reaches 200% of loan (\$4.50).
- (7) Foreign purchasers of U.S. grain are encouraged to store it here as insurance against another grain export embargo.
- (8) The Secretary is authorized to establish a reserve of fortified preprocessed food supplements to be used in dealing with emergency conditions.

Again, I sponsored this bill (introduced week before Talmadge bill), in an effort to broaden consideration of farm programs, and do not support all of its provisions. I feel the loan and target levels are more realistic to today's cost of production. The five year loan concept and set aside reserve proposals are certainly worthy of comments and evaluation. However, I am anxious to hear comments on these proposals. I am especially concerned that any reserve is sufficiently isolated and prevented from depressing farm prices like they did in the 1960's. Updating of outdated allotments is not covered in this bill.

THE MEAT AND POULTRY INSPECTION BILL: This measure would increase the portion of Federal subsidy for state meat inspection systems from 50 percent to 80 percent. The purpose of this legislation is to prevent state meat inspection systems from being disbanded and turned over to the Federal Government. In general, the state inspection programs are more preferable to livestock producers and meat packers, and are less expensive for tax-payers than would be an all-Federal system.

THE HUDDLESTON-DOLE WATER RESOURCES CONSERVATION ACT OF 1977: This legislation establishes a mechanism for planning and coordinating Federal conservation programs. It authorizes the Soil Conservation Service to survey conservation needs on all land (public and private) every five years, and prepare a program setting forth the direction for future soil and water conservation efforts. State and local agencies cooperate with SCS in determining conservation needs and goals in their localities.

RURAL FIRE PROTECTION BILL: This measure renews for three years the Rural Community Fire Protection Program which I initiated in the Rural Development Act of 1972. The program provides matching grants to local governments to establish or improve fire departments in rural areas. It has operated on a \$3.5 million appropriation and has raised more than twice that amount in local matching funds. The program has been used extensively in Kansas (\$122,000 granted to 64 communities in FY 1976).

WATERSHED PROGRAM REFORM BILL: The purpose of this legislation is to expedite the approval of watersheds under the Public Law 566 Small Watershed Program, which is administered by the Soil Conservation Service. It exempts projects which costs the Federal Government less than one million dollars from individual congressional approval. It raises the maximum loan limitation on individual projects from five million dollars to ten million dollars. It exempts watersheds of less than 15,000 acre feet from need to file Environmental Impact Statements, provided the relevant committees of Congress are notified of proposed exemptions and approved. An enormous backlog of watershed projects has been created at the planning and construction stages due to the difficulties in completing an Environmental Impact Statement. This bill would reduce the paperwork burden imposed by the National Environmental Policy Act. The problem is especially acute in Kansas where 26 watersheds have been approved but work is proceeding at a very low pace.

NATIONAL AGRICULTURAL RESEARCH POLICY ACT OF 1977: This bill would upgrade agricultural research which is performed primarily by land grant universities. It would increase the focus on farm research in the Department of Agriculture by establishing an Assistant Secretary of Agriculture for Research and by creating a twenty-two member advisory board to advise the Department of Agriculture on research policy and needs. It created a new competitive grant program of \$15 million for research by Federal agencies, schools or private individual and authorizes an additional \$7.5 million for nutrition research.