



# NEWS from U.S. Senator Bob Dole

(R.-Kans.)

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

FOR IMMEDIATE RELEASE  
Monday, May 23, 1977

## TEXT OF OPENING STATEMENT BY SEN. BOB DOLE ON SENATE CONSIDERATION OF THE FARM BILL

The Senate Agricultural Committee after careful and lengthy consideration of measures to extend basic farm commodity supports and for extension of the Food For Peace Program, Food Stamp Program, and other provisions that expire this year, is offering the Senate a good proposal today. The thrust of the 1973 Farm Act, and the programs authorized under that act, served agriculture well. However, some of agriculture presently is in a distressed state with low prices because of excess production. Worldwide weather conditions have been favorable and the dramatic increases in export demand of the past few years has been reduced. Farmers' production costs have increased, and prices received are lower. The maintenance of a strong agricultural production base is essential for supplying our increasing domestic food needs and to produce food for export. Farming has many risks over which the farmer has no control, including weather: and, sometimes when all things work and the farmer has a good growing year, he suffers as a result in low prices because of abundant production. The present low price levels are endangering our capacity to continue to produce. As businessmen, farmers have had to face the realities of losses, some have filed bankruptcy, and farm dispersal sales are prevalent in many sections of the country. The price of wheat, for example, is presently less than \$2.00 per bushel compared to nearly \$5.00 per bushel just months ago.

### Record Production

The worldwide wheat and feed grain supply is currently very large. New record production levels are being set by most grain producing countries. This period of oversupply has presented many problems to American farmers who depend on export markets for much of their production. In recent years, producers generally have only needed short term storage for their crops before movement into foreign or domestic markets. However, this situation has drastically changed and producers are facing the likelihood of holding grain for several years until world demand strengthens. Wheat is a crop which presents a large portion of the problem. The beginning stocks of wheat for the 1976/77 marketing year were 664 million bushels. American producers harvested another 2.1 billion bushels of wheat for marketing in 1976/77. USDA estimates indicate that we will have a 1.1 billion bushel carried into the 1977/78 marketing year. Further, a crop of 1.7-2.0 billion bushels is estimated for 1977/78 giving as a record supply of about 3 billion bushels. Commercial storage facilities are nearly full and harvest is about to begin. Farmers may be forced to sell wheat at harvest for low prices or pile it on the ground because there isn't enough available storage.

### Can't Assure Good Weather

I disagree with the method of arriving at program costs under the bill used by the Administration. To me it seems absolutely ridiculous to assume "abnormally good weather" over the next five years as the Administration does in an effort to show program costs in the bill above the arbitrary overall 2.2. billion desired by President Carter. I am surprised at Secretary Bergland for embracing such a concept. After becoming Secretary he attacked the previous Administration for basing crop production estimates

(2)

on "normal" weather by citing his own experience as a farmer who had experienced "normal weather" twice in twenty seven years. Now he is attempting to beat down reasonable price support levels for farmers by application of cost estimates that will never materialize unless we have "abnormally good" weather for five years in a row. If five-year "historic weather" is assumed instead of "five years of good" weather, then the five-year average costs in this bill will be within the limits set by President Carter. Therefore, I would urge the more realistic approach to figuring the cost of the program, unless the advocates of the "abnormally good" weather assumption know something that the rest of us do not.

It is difficult for me to believe that President Carter would veto this bill on the premise that we might have five successive years of good weather -- which if by some miracle did occur-- may result in average program costs beyond his arbitrary \$2.2 billion figure. I do not see in this bill anything that stands out as a sharp departure from promises made to farmers by candidate Carter and candidate Mondale last year.

The Administration can keep down the costs of this bill by facilitating exports with programs and marketing tools at their disposal. I have offered a bill (S. 1415) which would help in this respect by providing CCC credits to nonmarket countries such as the Peoples' Republic of China for the purchasing of U.S. farm commodities. Assistance to farm exports by the use of CCC credits at commercial interest rates not only is good business for American farmers, but would save the U.S. Government grain storage costs that we will incur if we don't export.

During hearings on the farm bill a number of farmers from wheat growing states testified that with rising production cost and declining wheat prices they were in a difficult cost-price squeeze. A target level of \$3.10 per bushel is modest and even less than sufficient, for some farmers, especially some of the younger farmers who have acquired farm land in recent years at higher prices.

#### GRAIN INSPECTION

The grain inspection bill passed by this body is urgently needed. We are approaching grain harvest and farmers will have to carry the excessive burden of the new inspection costs further reducing the low prices for grain. In order to expedite getting the grain inspection bill passed, I am prepared to offer it as an amendment to S. 275.

I believe we have a bill that is fair to consumers, taxpayers and which affords farmers some price protection. I would like higher target levels included, however, we do provide for target prices to increase as farmers' cost of production increases. Commodity loans are also essential to give farmers flexibility in marketing and these levels in future years will be adjusted at 85 percent of the cost of production.

#### DAIRY

The Dairy Program support level is set at 80 percent of parity adjusted semi-annually but reviewed quarterly. If costs of production increase significantly an adjustment can be made on a quarterly basis. Dairy indemnity programs are expanded. Class I base plans, seasonal base excess plans and seasonal takeout-payback plans are extended in this bill. The Wool Act was also extended and support levels updated to 90 percent of the formula.

#### WHEAT

The Wheat Section calls for an increase in the 1977 target prices to \$2.90 per bushel. According to considerable testimony, this figure is still below the cost of production. The target price for 1978 is \$3.10 per bushel and can increase thereafter if the cost of production exceeds that level. The loan level is increased modestly at \$2.47 per bushel for 1978 and escalates thereafter at 85 percent of the cost of production. Wheat is the most depressed commodity now and the outlook is discouraging. The support levels in S. 275 give some price protection and yet they are not so high as to encourage increased production. Frankly, there is doubt that many farmers can produce wheat for \$2.90 a bushel.

### Feedgrains

The Feedgrains Section sets price support levels for corn at \$2.28 per bushel and \$2.00 per bushel loan rate with the escalation of target price to reflect the cost of production and the loan rate to reflect 85% of the cost of production. Support levels for feedgrains other than corn will be set in relation to corn.

### Cotton

The Cotton Program establishes a target price of 51.1¢ per pound for 1978 to increasing in subsequent years according to increases in the cost of production. The loan provisions will be 51¢ per pound for 1978 and fluctuate in the other years at either 85% of the average U.S. spot price for the preceding four years or 90% of world market prices.

### Rice

Rice is another commodity in some difficulty. Last year, \$140 million, in deficiency payments were made to rice producers.

### P.L. 480

The Title I allocation formula (75/25) was modified to give more flexibility to farm exports under the Title I program. The Secretary rather than the President will have waiver authority and the poorest country criterion for the 75% category was moved up from \$300 per capita GNP to \$520. This will add some new countries to the category, notably Jordan, Morocco, Ghana, Senegal and Honduras. Provisions are made for 5% of the funds generated under Title I to be used by the Secretary of Agriculture for facilities to aid distribution and consumption of farm commodities. This hopefully will result in construction of grain storage facilities in developing countries. Other features of the program should result in increased exports of both donated food and concessional sales. Amendments which I introduced were accepted which would give the Secretary needed tools to clean up certain alleged program abuses. Allegations of wrongdoing involve some members of Congress, certain rice exporters, and certain shipping agents and are a part of a current Justice Department investigation. Passage of my amendments should help the Secretary of Agriculture clean up the existing program abuses.

### Grain Reserves -- Facility Loans

On-farm storage facilities programs are authorized and provisions in S. 275 will:

- Give the Secretary of Agriculture the authority to use guarantees on secured loans, as well as direct loans, as a means of assisting farmers to construct or purchase on-farm facilities;
- Permit the making or guaranteeing of loans for the construction of facilities to store high moisture grain and forage crops, as well as dry grain; and
- With respect to direct loans; (A) require that the borrower put up security for the loan; and (B) base the interest rate charged to farmers on the rate charged the Commodity Credit Corporation by the United States Treasury.

An amendment of mine was accepted which would provide loans for the construction of facilities to store high moisture grain and forage crops, as well as dry grain.

Facilities for the storage of high-moisture grain and forage can benefit farmers in several other respects. The ability to handle high moisture feed-stuffs gives farmers more versatility in their livestock feeding operations. In many areas of the country with short growing periods, early frost sometimes makes it impossible to harvest dry grain. Also, facilities for the storage and handling of silage enables farmers to harvest and utilize forage crops that otherwise might be lost. High moisture storage saves a significant amount of energy by eliminating the need to dry grain in order to store it. Drying grain requires the use of scarce energy -- usually naturally gas or propane. In fact, some estimate that more fuel was used to dry the 1976 corn crop than was used to grow it. Any unnecessary drying of crops is wasteful and contrary to the national interest in fuel conservation. Since grain can be preserved as feed without expending energy if stored properly, more encouragement needs to be given to this method of feed storage.

- Grain Reserves - Reseal Program -

We have a particularly good proposal regarding the holding of grain on the farm until it can be marketed in an orderly manner. The bill requires the Secretary to formulate a producer storage program for wheat by providing additional authority for original or extended price support loans for wheat at the same support level as provided by this Act. The bill provides for loans of not less than three nor more than five years; payments to cover the cost of storing wheat under the program; basic interest rates based upon the rates charged Commodity Credit Corporation by the United States Treasury; redemption of the loans regardless of their maturity dates whenever the market price reaches a specified level between 140 and 160 percent of the then current wheat price support level; and terms and conditions assuring repayment when market prices are 200 percent of the then current loan rate. The bill limits the total quantity under loan to 300 to 700 million bushels as determined by the Secretary, and permits adjustment of such quantity if the United States enters into an international grain reserve.

- Grain Reserves - International Emergency Food Reserve -

I believe some of our abundance can be put to good use as a part of the International Emergency Food Reserve provided for in the Talmadge/Dole Bill. The bill authorizes the President to negotiate a system of food reserves for humanitarian food relief and to maintain such a reserve as a contribution of the United States to the system. It authorizes the Secretary to build stocks of food (including processed and blended foods) to levels which may be established under such an international agreement. Stocks of food from the reserve may be utilized for humanitarian relief in any foreign country which suffers a major disaster and for the purpose of assisting developing countries in any year in which there has been a severe shortfall in world food production. Stocks may be added to the reserve from price support programs or by purchase on the open market through facilities of Commodity Credit Corporation.

- Disaster Reserves -

All of us are aware of the need to respond to disaster when it strikes our own farmers. The Talmadge/Dole Bill will authorize the Secretary to acquire through Commodity Credit Corporation hay or other livestock forages, in addition to wheat, feedgrains and soybeans for disposition in the event of national disasters. The bill also authorizes payment of transportation and other costs incident to disposition of such commodities. Implementation of this provision will more adequately address drought and other disaster situations.

- Food Stamps -

As each of my colleagues knows, there is hardly any other Federal program which is both criticized and defended so forcefully as the Food Stamp Program. I supported most of the actions taken by the Senate Agriculture Committee during mark-up of this bill, and I believe the end result is an improvement over existing law. We tightened restrictions on higher income families to keep them from participating in the Food Stamp Program. The current itemized deductions were replaced with a modified standard deduction, and we set an income ceiling for the first time in the history of the program. Not only will these changes substantially reduce program abuse by eliminating the Food Stamp vendor and itemized deductions, but it will also create a program which is more responsive to the needs of the poor.

- Elimination of Purchase Requirement -

The most far-reaching proposal adopted by the Committee was to eliminate the purchase requirement. In doing this, the Committee recognized its responsibility to allow greater accessibility of program benefits to those in genuine need of assistance. Presently, most of those who do not have ready cash are prohibited from participating in the program. The Committee also reduced the net food stamp benefits by 30 percent, which means that although the total benefits have been lowered, no qualifying person will be denied food stamps because of the lack of cash to buy into the program.

- Deductions -

Other provisions in the committee bill include a \$50 standard deduction, modified by a deduction up to \$75 for excess shelter costs, and a deduction for dependent care expenses up to \$85. The deduction for dependent care was an amendment I offered. I strongly believe it provides a work incentive and that without such a provisions, some parents would find it financially advantageous not to work. The Congressional Budget Office estimates the amendment would cost about \$30 million. We are obligated to encourage employment through our federal assistance program, and this is one provision which does that. In addition, the Committee's bill makes a special allowance for Indians on a reservation to choose between participating in the Food Stamp or commodity distribution programs.

BETTER RESEARCH EFFORT

Another major provision of this legislation -- Title XIII -- addresses the issue of food and agriculture research. During the hearings on S. 275, the Committee received testimony from a number of expert witnesses representing a broad spectrum of the agricultural research and teaching community. The facts and suggestions offered by these witnesses have given the Committee a better insight into the special needs of agriculture science and technology. Title XIII constitutes a sound and timely response to these needs. The record of past successes in agricultural research is impressive. Universities, foundations, private enterprises and the Department of Agriculture have all made important contributions. Investments in research have reaped huge dividends, and today, a single farmer supplies enough food and fiber for 56 people!

But past success has created a mood of complacency. Expenditures on food and agricultural research have not kept pace with inflation in recent years. Our research budget is only 60 percent of what it was ten years ago in real dollar terms. In 1940, 38 percent of the federal government's total research and development expenditures went to agriculture. In 1977, agricultural research accounted for only 1.8 percent of the total federal research and development budget!

Beyond the immediate concern of dollar expenditures, however, is the knowledge that available research funds have had to be stretched again and again to cover emerging new needs. Human nutrition, environmental quality, and energy availability are examples of worthy research priorities. At the same time, though, these priorities have forced reductions in production and marketing research.

Furthermore, as we look to the future, it appears that it will not be as easy to turn on the spigot of agricultural production as it has been in the past. We no longer have 60 million acres being held out of production as in the early 1970's. In many areas, chemical fertilizers have reached a point of diminishing returns. Crop yields appear to be nearing a biological ceiling unless there are research breakthroughs. While the evidence strongly suggests that there is a need for upgrading the priority given to agricultural research expenditures in this country, increased coordination of research is also needed. In addition to USDA, many colleges and universities (including the land grant colleges), state agricultural experiment stations, the National Science Foundation, the National Institute of Health, the Department of Health, Education and Welfare, the Environmental Protection Agency, and the Energy Research and Development Administration all carry out some farm-related research. Such fragmentation greatly hinders our ability to focus the vast research capabilities of this nation on the research needs of highest priority.

In short, the future production of food and fiber in adequate quantities requires a renewed research effort including increased funding and better coordination. The provisions of Title XIII achieve this task.

Specifically, Title XIII:

- Authorizes an expenditure of funds nearly twice the amount which is now being spent on agricultural research and related activities;
- Establishes the Department of Agriculture as the lead agency in food and agricultural research;
- Creates a joint panel of federal, state, and private research groups and a research users advisory board to improve coordination;
- Establishes a program of competitive grants to initiate high priority research activities. The Secretary is also given authority to make grants to agriculture experiment stations and land grant universities to support the Federal-State Cooperative Research Program.

... to the Department of Agriculture, and a deduction for dependent ...  
... to the Department of Agriculture, and a deduction for dependent ...  
... to the Department of Agriculture, and a deduction for dependent ...

- Establishes a matching grant program to improve research facilities at state experiment stations;
- Establishes research programs on small farm efficiency, on-farm utilization of solar energy, and energy from agricultural products.

- Additional Provisions -

S. 275 also contains a number of miscellaneous provisions which extend the termination date of existing programs in the Department of Agriculture and improve their administration. In the sphere of soil and water conservation, several sections of S. 275 improve the small watershed development program by streamlining the program's administrative process and by reducing paperwork requirements. Another section of the bill increases the loan limitation presently imposed on local resource conservation and development districts. S. 275 also improves the effectiveness of the agricultural conservation program by redirecting the program toward a greater emphasis on measures which contribute to enduring conservation solutions, and by authorizing farmers and ranchers to receive cost-share assistance on long-term conservation projects. In the sphere of rural development, S. 275 extends for three additional years the rural community fire protection program which provides federal assistance to establish and improve rural fire departments. Another section establishes aquaculture and human nutrition as basic functions of the Department of Agriculture by including these purposes in the Organic Act of the Department. S. 275 also extends for five additional years, the Beekeeper Indemnity Program which indemnifies beekeepers who suffer losses of honeybees as the result of pesticide poisoning. Another section requires greater accountability from Department of Agriculture's 96 advisory committees, and assures that no new committees will be established unless they meet a rigorous criteria of need. Finally, S. 275 requires that the Secretary of Agriculture report on a ~~weekly~~ basis the type, class, quantity, shipment period and destination of all export sales of grain and other commodities.

#####  
*daily*

... to the Department of Agriculture, and a deduction for dependent ...  
... to the Department of Agriculture, and a deduction for dependent ...  
... to the Department of Agriculture, and a deduction for dependent ...

... to the Department of Agriculture, and a deduction for dependent ...  
... to the Department of Agriculture, and a deduction for dependent ...  
... to the Department of Agriculture, and a deduction for dependent ...