



NEWS from U.S. Senator Bob Dole

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FOOD AND AGRICULTURE POLICY
REMARKS BY SENATOR BOB DOLE
BEFORE THE NATIONAL ASSOCIATION OF
FARM BROADCASTERS, KANSAS CITY, MISSOURI
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Over a hundred years ago at the Cooper Institute in New York City, Abraham Lincoln delivered one of the most important addresses in this Nation's history. This speech has been described as one "whose only beauty was that it was true that the speaker felt it."

Today in 1977, I refer to this because I am convinced there never was a greater need than exists now that we speak the truth about our national farm situation.

There are those in this land who are striving to make the farm problem a political football. This is regrettable. American agriculture is neither Republican nor Democratic. It is American.

There are some who, either through ignorance or deliberate design, misrepresent farm issues to the American people. There are even a few who think the way to win favor with farmers and ranchers is by proposals of unsound, unworkable, pie in the sky policies and programs. Farmers' votes are not for sale to the highest bidder. Those who believe otherwise do an injustice to the intelligence and integrity of our farmers.

Finally, there are in this country some who would have the Nation believe that all is bad in agriculture -- and that every last fault or least blemish in our farm structure can be laid at the door of the present Administration. This is ridiculous and unfair and counterproductive.

It is exceedingly desirable, Lincoln said, that all parts of the Nation "shall be at peace, and in harmony, one with another. Let us...do our part to have it so. Even though much provoked, let us do nothing through passion and ill temper."

Surely these are words upon which we may fruitfully base our actions as we consider the farm situation in 1977 and the years ahead.

Farm problems will finally be solved only through honest appraisal, and actions devoted to the best interests of the entire Nation. Those interests -- the interests of farm people -- are the interests of the United States -- just as the strength of a dynamic and progressive agriculture is a source of strength and progress for our Nation and the world.

Another source of great strength of this Nation is the free enterprise system which enables us to draw upon the ability, energy and talents of every community in dealing with problems.

Certainly, if one compares the achievements of our system with that of others, we can take great pride in our accomplishments and in our determination for even greater improvement in the future. Farmers and agribusiness have been in the front ranks of these great achievements. They are still there. And you are there too.

A free society of free men must set goals. One of those goals established in 1969 was to end hunger in the United States. It is a commitment we have made to ourselves -- ending hunger and malnutrition. You can provide the essential publicity to make this commitment a reality.

As a member of the Select Committee on Nutrition and Human Affairs, I have learned much of the cycle of poverty, poor development, lack of achievement and poverty. I have learned that that cycle must be broken and I sincerely believe it can be broken. The Congress has provided the means for a massive attack on the twin areas of hunger and malnutrition.

We now have programs to do the job of providing an adequate diet for every American. We also have the will to achieve this goal within the vitality of the system that makes abundance possible.

The revised Food Stamp Program provides the means by which even the poorest of the poor can gain the buying power to obtain an adequate diet; we have a Food Donation Program; we have an amended School Lunch Act to improve the nutrition of needy school children; we have a Food Certificate Program for infants and expectant mothers; and we have a Nutrition Education Program to help low income families get the most from their food dollars. We are on the right road.

We are conquering hunger and malnutrition in this Nation. While we are improving the health and well being of our neediest; we are increasing the demand for food, especially animal proteins. However, remember this. These Programs rest on the food producing capabilities of the American farmer.

I am watching carefully the efforts being undertaken to develop an International Wheat Agreement. I am pleased that there are no maximum/minimum prices in the Administration proposal. That maximum/minimum road is one that has a failure sign at the end. Ill economic health for wheat growers was the result. We have learned something from history. Also, other nations are being asked to accept "measures to facilitate adjustment of consumption and production in response to world supply conditions." The United States should not bear the entire burden of adjusting production. I have sent one of my top staff members to London to observe developments.

It is regrettable that the then President Lyndon Johnson, in signing on behalf of the United States, should state:

"The new arrangement thus will prove to be new price insurance to U.S. wheat farmers.:

It proved to be low price insurance and losing market insurance. Other countries undersold us, and we were left "holding the bag" full of unexpected wheat.

Australian Minister for Primary Industry, the Honorable J. D. Anthony, expressed the situation perfectly when he frankly stated that, as a result of the International Grains Agreement, his country had been able to take advantage of it and gain more than her traditional share of the world market. We got less.

The prominence which has been given to commodity agreements as a solution to commodity problems is out of all proportion to what experience has taught us. Our approach must be an expressed desire to cooperate with all nations, but at the same time, to stand up for what is economically sound. Our policy with regard to the significant issues relating to commodity policy should be a strong defense of the free enterprise system that has given us strength, and, at the same time, enabled us to help many of the developing countries.

We need a more aggressive and realistic export policy to better meet the competition that we are facing in world markets. It is my job to make constructive suggestions to the Administration. The following recommendations, if implemented, will help both the farmers and the entire nation.

Increase CCC Credits

In a letter of October 20, 1977, to President Carter, sixteen of my colleagues on the Senate Agriculture Committee and I asked that the Administration double the funding level announced on August 18, 1977, for CCC credits. Increasing the CCC credit allocation of \$750 million to \$1.5 billion as we requested would help U.S. farm exports more readily compete with credits offered by Canada, Australia, and others in world grain markets.

The CCC credit program, as Secretary Bergland has testified, "makes money for the Government since the interest rates received by CCC are higher than the rates paid by them to the U.S. Treasury for money. The repayment record also has been excellent. I am pleased that USDA now supports this request for additional funding and I hope the Administration approves it.

Expand Export-Import Bank Credits

On September 8, 1977, I wrote the President of the Export-Import Bank, asking that the Eximbank's farm commodity export policy be revised. I suggested that the meager \$70-95 million financing of agricultural exports in recent years be increased to at least \$500 million annually. Farm exports, which annually represent over 20 percent of total U.S. exports, deserve a more equitable share of the \$6-10 billion of annual U.S. export financing. If farmers do not get a better break from Eximbank in the near future, I will introduce legislation in the next session of Congress to accomplish that objective.

Support CCC Credit Legislation

Moreover, I invite the Administration to support my bill and that of Senator Humphrey to provide CCC credits to such non-market economy countries as the People's Republic of China, the Soviet Union and Eastern European countries such as East Germany, and Czechoslovakia. I oppose, however, extending such credits to Vietnam, North Korea, Cambodia, Laos and Cuba. Also, I will work with the Administration to obtain legislation which will provide "intermediate" CCC credits so that we can take advantage of export opportunities that require credits with terms longer than the current maximum of three years.

Better Use of Food for Peace

Another important export tool that is not being sufficiently utilized is the PL 480 or Food for Peace program. This legislation was signed by President Eisenhower back in 1954. During the last 23 years, with bipartisan support, over \$30 billion worth of farm commodities have been exported under its provisions.

In a letter to Secretary Bergland, I recommended that \$1 billion worth of grain and other farm commodities be exported under Title I of PL 480 to help meet the food needs of developing countries in fiscal year 1978. The Administration was nearly a month late in announcing their FY 78 allocation of only \$800 million worth of commodities. This allocation compares with the Ford Administration's allocation of September 22, 1976, of \$866 million worth of commodities for FY 77..

Not only is the Administration "short" on their allocation, but they have not yet signed the first Title I agreement for the new fiscal year which began October 1. A year ago, Title I agreements for \$260 million worth of grain representing 1.6 million metric tons were signed in the month of October. I am concerned that the PL 480 leadership in the Carter Administration is good at conducting seminars and appointing task forces but appear to be a bit short on their capability to execute programs that are timely and meaningful to American farmers, as well as to hungry people in developing countries. Starving and hungry people do not eat seminars or option papers. Yesterday's hungry people cannot eat twice as much tomorrow.

More Attention to Market Development

I would like to see the Administration spend less time at commodity agreement conferences and direct their resources into more market development activities. The USDA - industry cooperation market development program is not receiving the attention that it should be getting. There is far less real activity by these programs in world markets than there was 10 years ago.

We need to be carrying the message to overseas markets more vigorously than is being done that we are not only a dependable supplier but that we have the widest range of commodity qualities of any exporting country in the world. We should follow up these messages by servicing more adequately the markets that we sell in.

I also urge the Administration to make use of existing authority provided under section 104(b)(1) of Public Law 480 to write into Title I agreement provisions for the generation of foreign currencies to be made available to the Secretary of Agriculture to fund projects in PL 480 recipient countries to improve storage, handling and distribution of farm commodities. This would materially assist in the consumption, distribution, and reduction of waste of food. Such facilities would be used for both PL 480 and commercial imports as we have demonstrated in India in the past following U.S. assistance provided that country for storage facilities.

Also, I urge the Administration to implement immediately the provisions of legislation that I sponsored to enable commercial grain importing countries to purchase U.S. grain, and store it in the United States for 12 months or longer for subsequent export without export restraints or controls.

Summary of Recommendations

In summary then I would like to urge the Administration to facilitate farm exports by:

- (1) Increasing CCC credit -- \$1.5 billion worth of commodities, up from the \$750 million announced for FY 78;
- (2) Increasing PL 480, Title I -- \$1 billion worth of commodities, up from the \$800 million announced for FY 78;
- (3) Increasing Eximbank financing of farm commodities from the \$75 allocated to finance cotton to Japan to at least \$500 million for the export of farm commodities;
- (4) Supporting CCC credit legislation to provide financing of commodities to better meet competition in countries such as the people's Republic of China, the Soviet Union, and certain Eastern European countries; and,
- (5) Supporting with adequate resources and new ideas a more vigorous market development effort.

I sincerely believe that the best way out of the current cost-price squeeze in which so many U.S. farmers are caught is through expanded exports, and reduced inflation. I believe that proper attention to these five recommendations will go a long way toward alleviating the current farm problem and reducing inflation.

Speaking of inflation, one way that President Carter can combat inflation, restore business confidence, and help farmers control their rapidly rising costs is to reappoint Arthur Burns to the chairmanship of the Federal Reserve Board. He is steadfast in the matter of a sound dollar, and does not bend to the prevailing political winds. Unlike the Secretary of the Treasury, Blumenthal, Arthur Burns is determined to protect the value of the dollar, both here and abroad. Moreover, he is respected throughout the U.S. business community -- where investments to create jobs come from -- and in the financial headquarters of every ally we have abroad. And his prestige is so great -- both with Congress and business leaders -- that he can do more than any other single official to help control the spending pressures and hold inflationary pressures down.

President Carter would do well to ponder another important aspect of the Burns reappointment. Since World War II, there has been insufficient money invested for new and efficient machinery. This is one reason that there are not enough jobs to be around and unemployment is too high. Jobs cost money -- an investment per worker of \$20,000; \$50,000, or even \$100,000 in some industries. This requires saving, investment, and of crucial importance at any given time, confidence on the part of boards of directors that the investments will pay off.

Arthur Burns knows this. He also knows that business spending for new machinery and equipment is lagging badly and acting as a drag on the recovery. Also he is respected abroad. Failure to reappoint him would result in loss of confidence by foreign leaders -- all of whom have great confidence in him, and undercut the very confidence in the value of the dollar that this nation so badly needs.

All in all, there is a very simple reason why President Carter should reappoint Burns, and do it forthwith: Arthur Burns is the best person in the country for the job.

I urge Secretary Bergland to set a national goal of \$30 billion in farm exports by 1980 and then to take appropriate actions -- such as these which I have mentioned -- to make it become a reality. The attendant benefits not only to our farmers, but also to the Nation, would be of great significance.

The American farmer and rancher are future oriented -- waiting for seeding; waiting for rain; for calving, for the crop to grow; waiting for the harvest and good markets and then, as winter lies over the land, preparing again to repeat the cycle.

They have a magnificent record in taking the earth, the sun, and the rain and producing the raw materials of the abundant life. It takes the courage, the determination of so many who stand in hail-shattered or drought-killed fields, grimly planning for next year, or those who ride horseback into the blizzard looking for a herd that represents their life's work.

These farm families have a belief that tomorrow will be a brighter and better day -- a belief that carries them through hail, storm, and drought -- and we should all do what we can to see that this brighter day may be at hand. Certainly, agriculture now is far better equipped to play its full role in the domestic and world economies than it ever has. Building on the progress of these years, we can, if the needed funds, resources, and leadership are forthcoming, realize the kind of future farmers and ranchers deserve and the welfare of the Nation's needs.