

Remarks of Honorable Bob Dole
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IMPACT OF WORLD FOOD NEED AND
AGRICULTURAL EXPORTS ON THE AMERICAN FARMER

IT IS A PRIVILEGE AND PLEASURE TO APPEAR ON THE PROGRAM WITH SUCH A DISTINGUISHED GROUP OF AMERICANS AT THIS, THE FIRST INTERNATIONAL AGRIBUSINESS CONFERENCE.

THE SCHEDULING OF THIS CONFERENCE REFLECTS THE GROWING AWARENESS AND EXPANDING CONCERN OF THE AMERICAN PEOPLE OVER THE IMPENDING WORLD FOOD AND POPULATION CRISIS. THE CHICAGO BOARD OF TRADE AND THE NATION'S AGRIBUSINESS COMMUNITY ARE TO BE CONGRATULATED FOR THEIR LEADERSHIP AND VISION IN TAKING THIS FIRST HISTORIC STEP TOWARD COALESCING THE BEST OF OUR BUSINESS AND GOVERNMENTAL ABILITIES IN A CONSTRUCTIVE EFFORT TO SOLVE THE COMMON PROBLEMS OF WORLD HUNGER AND WANT.

FOR OBVIOUS REASONS, IT IS NOT NECESSARY TO DISCUSS IN DETAIL THE SCOPE OF THE ENORMOUS PROBLEM WHICH DRAWS US TOGETHER. OTHER PARTICIPANTS WILL OR HAVE ALREADY DONE SO, AND EVERYONE PRESENT FULLY UNDERSTANDS THE BASIC PROBLEMS. I WOULD, FOR A MOMENT, REEMPHASIZE A FEW BASIC POPULATION FACTS THAT DEFY EVEN OUR MOST CASUAL TEMPTATION TO IGNORE.

THE WORLD'S POPULATION, ACCORDING TO MANY EXPERTS, IS GROWING FASTER THAN ITS ABILITY TO PRODUCE FOOD. IN THE PERIOD OF TIME FROM TODAY TO THE END OF THE 20th CENTURY, THERE WILL BE MORE PEOPLE ADDED TO THE WORLD'S POPULATION ROSTER THAN ARE ALIVE TODAY. IN A FEW YEARS, OVER HALF THE

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WORLD'S POPULATION WILL BE UNDER 25 YEARS OF AGE. IN INDIA, FOR EXAMPLE, IT'S ONE MILLION MORE PEOPLE A MONTH, AND IN THE WORLD IT'S OVER ONE MILLION MORE PEOPLE EACH WEEK. AT THE SAME TIME THE EARTH'S AGRICULTURAL RESOURCES ARE PRETTY MUCH CONCENTRATED IN NORTHERN HEMISPHERE TEMPERATE ZONES. THERE WE HAVE THE BASIC PROBLEM THEN. TOO MANY PEOPLE, AND NOT ENOUGH FOOD.

WHAT, THEN, IS THE SOLUTION? WAS MALTHUS RIGHT? WAS HE JUST BORN 200 YEARS TOO SOON? WILL MANKIND BE ABLE TO COPE WITH THE ENORMOUS PROBLEM? THE PURPOSE OF THIS FORUM IS, OF COURSE, TO TRY TO ANSWER THESE QUESTIONS, BUT ONE FACT STANDS OUT CLEARLY. AMERICA, AND THE AMERICAN FARMER, ARE GOING TO PLAY A VITAL ROLE IN ANY ANSWERS TO THESE QUESTIONS. CERTAINLY THE COMMUNIST AND SOCIALIST CAMPS ARE NOT GOING TO MEET THESE PROBLEMS. AFTER ALL, IF THEY WERE TO CONQUER THE WORLD, WHO WOULD BE LEFT TO FEED THEM?

PROGRESS DEPENDS UPON ABUNDANT HARVEST



WHERE, THEN, DOES THE AMERICAN FARMER FIT INTO THE PICTURE? WHERE DOES THE AMERICAN FARMER STAND TODAY? SOME SAY FARMING IS A DECLINING INDUSTRY -- A DWINDLING INFLUENCE IN NATIONAL AND WORLD AFFAIRS. ONLY 6% OF OUR PEOPLE NOW LIVE ON FARMS COMPARED TO 25% ABOUT 30 YEARS AGO. TWO PERSONS FARM TODAY WHERE THERE WERE FIVE 3 DECADES AGO. FOR THE MOST PART, I BELIEVE, THESE FIGURES INDICATE THE IMPORTANCE OF AMERICAN AGRICULTURE AS WELL AS DOCUMENTING THE EXCELLENT PROGRESS THAT HAS TAKEN PLACE IN OUR PRESENT GENERATION.

THE AMERICAN FARMER NOW CAN PRODUCE MUCH MORE IN A SHORTER TIME THAN HE COULD 10, 20, OR 30 YEARS AGO. ONE U. S. FARMER NOW PRODUCES FOOD AND FIBER FOR 39 PERSONS COMPARED WITH 26 PERSONS IN 1960, AND 10

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PERSONS 30 YEARS AGO. THIS PRODUCTION MIRACLE HAS NEVER BEFORE BEEN PARALLELED IN THE HISTORY OF MANKIND.

MANY REASONS HAVE BEEN PUT FORTH TO SUPPORT THE GOALS AND OBJECTIVES RELATIVE TO FARMING AND THE AMERICAN FARMER. SURPLUSES THAT HAVE PLAGUED US ^{According to some} FOR MANY YEARS ARE NOW VIRTUALLY ELIMINATED. WE ARE NOW CONCERNED WITH MAINTAINING "ADEQUATE" CARRYOVER STOCKS OR RESERVES AND, IN ADDITION, PRODUCING AND PROVIDING FOOD IN ADEQUATE QUANTITIES TO THE CONSUMER AT A REASONABLE COST. I USE THE WORD "CONSUMER" HERE IN ITS BROADEST SENSE -- INCLUDING BOTH DOMESTIC AND FOREIGN USERS OF FOOD. HOWEVER, WE CANNOT EXPECT THE AMERICAN FARMER TO FEED THE WORLD AND RECEIVE SUBSTANDARD WAGES FOR HIS LONG HOURS OF LABOR. HEREIN LIES THE PROBLEM AND OUR MAIN CONCERN, AS I SEE IT.

WE MUST ASSURE THE AMERICAN FARMER THAT HE WILL RECEIVE A REASONABLE WAGE TO COMPENSATE HIM FOR HIS LABOR AND A REASONABLE RETURN ON HIS INVESTMENT. HENRY WARD BEECHER SAID, "GOD MADE MAN TO GO BY MOTIVES, AND HE WILL NOT GO WITHOUT THEM, ANY MORE THAN A BOAT WITHOUT STEAM, OR A BALLOON WITHOUT GAS." THE FARMER, LIKE THE REST OF US, RESPONDS TO MOTIVATION. WILL THE TOTAL WORLD NEED FOR FOOD INCREASE THE DEMANDS FOR FARM PRODUCTS SUCH THAT FARM PRICES FOR THESE PRODUCTS WILL GIVE THE PRODUCER A REASONABLE PROFIT? YES, I THINK SO, UNDER CONDITIONS OF STRONG DEMAND.

SINCE WORLD WAR II, WE HAVE HAD A PROBLEM OF "OVER PRODUCTION" IN CERTAIN AGRICULTURAL COMMODITIES. THIS SUPPOSEDLY CONTRIBUTED TO FALLING FARM INCOMES AND RISING PUBLIC COSTS. ONE PHILOSOPHY USED OF LATE HAS BEEN TO REDUCE THE SIZE OF THE FARM PLANT, BOTH HUMAN AND INANIMATE. NOW WE FIND THE TOTAL FOOD SITUATION REVERSED. HOW WILL THIS AFFECT FARM INCOME AND HOW WILL WE FACE THE CHALLENGE TO PRODUCE FOOD FOR OUR OWN EX-

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PANDING POPULATION AND THE STARVING POPULATION IN UNDERDEVELOPED COUNTRIES AROUND THE WORLD? LET'S TAKE A LOOK AT TOTAL FOOD NEEDS AND HOW THIS WILL AFFECT THE AMERICAN FARMER.

② FIRST, WE MUST LAY TO REST THE TWO CONFLICTING AND DUBIOUS THEORIES ABOUT AMERICAN FOOD SUPPLIES. THESE THEORIES WERE DISCUSSED BEFORE OUR HOUSE COMMITTEE ON AGRICULTURE IN FEBRUARY OF 1966. ON THE ONE HAND, MANY AMERICANS BELIEVE IT IS POSSIBLE FOR US TO FEED THE WORLD; ON THE OTHER, IT IS SAID WE WILL FIND OURSELVES HELPLESS WHEN SURPLUSES ARE GONE. IT SEEMS THAT NEITHER IS CORRECT. FUTURE FLOW OF FOOD FROM NORTH AMERICA TO LESS DEVELOPED COUNTRIES IS LIKELY TO BE LARGER THAN AT PRESENT, BUT SMALL WHEN COMPARED WITH THE GROWING NEEDS OF THESE REGIONS. IT HAS BEEN SAID THAT IF WE WERE TO REMOVE ALL ACREAGE RESTRICTIONS, OUR GRAIN PRODUCTION MIGHT RISE TO SOMETHING LIKE 226 MILLION TONS, WHICH WOULD INCREASE THE WORLD TOTAL BY ONLY ABOUT 4%. APART FROM THE QUESTION OF SHIPPING, PORT FACILITIES, COST TO THE AMERICAN TAX-PAYER, AND IMPACT ON AGRICULTURE IN RECEIVING COUNTRIES, WE ARE JUST NOT PHYSICALLY ABLE TO FEED THE WORLD. COST IS NOT A MAJOR FACTOR, FOR TO PRODUCE AND SHIP ABROAD A BUSHEL OF GRAIN UNDER PUBLIC LAW 480 COSTS LITTLE MORE THAN WHEN WE PERSUADE THE FARMER, BY PAYMENTS, TO NOT PRODUCE THAT BUSHEL. THE THEORY ABOUT BEING HELPLESS WHEN SURPLUSES ARE GONE IS ALSO AN ERROR.

IT IS ANTICIPATED THE CARRYOVER OF WHEAT ON JULY 1, 1967, WILL BE ABOUT 400 MILLION BUSHEL, DOWN FROM THE 1.411 MILLION BUSHEL PEAK IN 1961. WHEAT ACREAGE HAS BEEN INCREASED BECAUSE OF FEAR OF REDUCED STOCKS. P. L. 480 SHIPMENTS HAVE BEEN SHARPLY REDUCED. IN FACT, P. L. 480 WHEAT EXPORTS ARE DOWN FROM 569 MILLION BUSHEL IN 1965-66 TO AN ESTIMATED

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400-450 MILLION BUSHELS IN 1966-67. TOTAL EXPORTS IN THE 1965-66 PERIOD WERE 867 MILLION BUSHELS, AND THESE ARE DOWN TO AN ESTIMATED 760 MILLION BUSHELS IN 1966-67. WHILE NOT HELPLESS WITH SURPLUSES REDUCED, IN THE FUTURE THOSE MAKING DECISIONS MUST BE MORE SELECTIVE.

WORLD STOCKS OF GRAIN

AN ANALYSIS OF THE TRENDS IN WORLD STOCKS OF GRAIN -- HELD ALMOST ENTIRELY BY THE MAJOR EXPORTERS OF WHEAT, FEED GRAINS, AND RICE -- SHOW THE EMERGENCE OF SOME NEW AND DISTURBING TRENDS. DURING THE EIGHT YEARS FROM 1953-1961, WORLD GRAIN STOCKS INCREASED EACH YEAR, AVERAGING 9 MILLION TONS PER YEAR. DURING THIS PERIOD, WORLD PRODUCTION WAS RUNNING AHEAD OF CONSUMPTION. 3

DURING THE SIX YEARS FROM 1961-1967, WORLD STOCKS OF GRAIN HAVE DECLINED EACH YEAR. IN THE EARLY 1960's, THIS WAS DUE IN PART TO AN INCREASE IN THE ACREAGE OF CROPLAND IDLED UNDER THE FARM PROGRAMS IN THE UNITED STATES. THE AVERAGE RATE OF DECLINE DURING THIS PERIOD WAS 14 MILLION TONS PER YEAR. A STOCK DRAW DOWN OF THIS SIZE, WITH WORLD PRODUCTION ABOUT A BILLION TONS A YEAR, MEANS THAT SINCE 1961, WORLD GRAIN CONSUMPTION HAS BEEN EXCEEDING PRODUCTION BY 1.4% A YEAR.

THIS EXCESS OF CONSUMPTION OVER PRODUCTION WAS SATISFIED BY USING THE EXCESS STOCKS HELD BY THE MAJOR EXPORTING COUNTRIES, PARTICULARLY OURS. WITH THE WORLD SITUATION TODAY, IT IS CLEAR THESE WERE NEVER REAL "SURPLUSES", AND RATHER THAN PLACING EMPHASIS ON MORE CONTROLS FOR AMERICAN FARMERS, THE EMPHASIS SHOULD HAVE BEEN ON MORE FREEDOM, LESS RESTRICTIONS, MORE DECISION MAKING FOR THE FARMER.

AS RECENTLY AS 1965, 56 MILLION ACRES OF U. S. CROPLAND WERE

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IDLED, THOUGH AS PREVIOUSLY MENTIONED, DECISIONS MADE IN RECENT MONTHS EXPANDED THE ACREAGE ALLOTMENT FOR WHEAT -- AN ADDITIONAL 17 MILLION ACRES -- AND FEED GRAINS 12 TO 15 MILLION ACRES. COMBINED WITH THE NEED FOR SEVERAL MILLION MORE ACRES OF SOYBEANS THIS COMING YEAR, IT WILL BRING FROM 1/2 TO 2/3 OF THIS REMAINING RESERVE BACK INTO PRODUCTION.

WITHOUT QUESTION, MOST OF THE INCREASES IN FOOD REQUIRED TO MEET THE PROJECTED INCREASES IN DEMAND OVER THE REMAINDER OF THIS CENTURY MUST COME FROM RAISING PRODUCTIVITY OF LAND ALREADY UNDER CULTIVATION. THIS IS THE MOST SIGNIFICANT SINGLE FACT TO BE CONSIDERED IN SEEKING A SOLUTION TO THE WORLD'S FOOD-POPULATION PROBLEM. THIS IS A MOST SIGNIFICANT FACT IN CONTEMPLATING THE IMPACT OF WORLD FOOD NEEDS UPON THE AMERICAN FARMER.

IF WE CONTINUE TO LIMIT THE ACREAGE IN COTTON AND, AT THE SAME TIME RELAX RESTRAINTS ON PRODUCTION OF FOOD AND FEED GRAINS, WE COULD FAIRLY READILY ADD ABOUT 60 MILLION TONS OF GRAIN TO OUR CURRENT LEVELS AVAILABLE FOR FOOD AID. THERE IS NO INDICATION THAT ANYWHERE NEAR THIS MUCH WILL BE NEEDED FOR ADDITIONAL FOOD AID OR FOR COMMERCIAL EXPORT IN THE NEXT FEW YEARS. OTHER FARMERS WITH LAND THAT HAS BEEN RESERVED UNDER PROGRAMS IN RECENT YEARS COULD EXPAND PRODUCTION ONLY WITH ADDITIONAL CAPITAL INVESTMENTS AND EXPENDITURES FOR HIRED LABOR AND OTHER INPUTS. THIS ADDED INVESTMENT WOULD COMMIT THESE FARMERS TO HIGHER COSTS FOR SEVERAL YEARS. THEREFORE, THEY PROBABLY WOULD EXPAND PRODUCTION ONLY WITH REASONABLE ASSURANCE OF CONTINUED FAVORABLE PRICES FOR SEVERAL YEARS.

TIME IS A CRITICAL NEW DIMENSION IN THE WORLD FOOD PROBLEM, AND WITHOUT QUESTION, WE MUST CONTINUE TO SHIP FOOD ABROAD UNDER CONCESSIONAL

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TERMS FOR MANY YEARS TO COME IN AN EFFORT TO BUY TIME WITH WHICH THE DEVELOPING COUNTRIES CAN NOT ONLY INCREASE FOOD PRODUCTION, BUT ALSO SLOW DOWN POPULATION GROWTH AND DEVELOP THEIR OWN NATIONAL ECONOMIES.

FARMERS GAIN FROM EXPORTS

FARMERS, OF COURSE, GAIN FROM EXPORTS. IN 1966, EXPORTS WERE EQUIVALENT TO 17% OF THE 39.2 BILLION DOLLARS IN CASH RECEIVED FROM FARM MARKETINGS IN 1965. CROPS FROM ONE OUT OF EVERY FOUR ACRES HARVESTED MOVED INTO EXPORT CHANNELS.

THE VALUE OF U. S. FARM EXPORTS TOPPED \$6 BILLION IN BOTH THE 1964 AND 1965 FISCAL YEARS -- MORE THAN DOUBLE THE AVERAGE LEVEL DURING THE EARLY 50's. IN THE PRESENT FISCAL YEAR, FARM EXPORTS WILL BE NEAR \$7 BILLION FOR THE FIRST TIME, AND REASONABLE ESTIMATES EXPECT THEM TO TOP \$8 BILLION BY 1970.

AROUND A SIXTH OF OUR TOTAL FARM OUTPUT NOW GOES ABROAD, COMPARED WITH ABOUT A TENTH DURING THE 1950's. WITH THE DEMAND FOR FOOD RISING MORE RAPIDLY IN THE REST OF THE WORLD THAN AT HOME, EXPORTS HAVE BECOME THE FASTEST GROWING OUTLET FOR U. S. FARM PRODUCTS, AND THEY WILL PROBABLY TAKE AN INCREASING SHARE OF U. S. FARM OUTPUT FOR AT LEAST THE REST OF THIS DECADE.

AS STATED, FARM PRODUCTS NOW COMPRISE ABOUT ONE-FOURTH OF ALL U. S. EXPORTS. THE RAPID RISE IN COMMERCIAL AGRICULTURAL EXPORTS IN THE PAST FEW YEARS HAS HELPED CONSIDERABLY IN REDUCING THE DEFICIT IN OUR BALANCE OF PAYMENTS.

THE FARMER'S EXPORT MARKETS ARE OF TWO TYPES -- (1) THE DEVELOPED COUNTRIES THAT ENGAGE IN COMMERCIAL TRADE AND (2) THE LESS DEVELOPED NATIONS WHICH REQUIRE SPECIAL FINANCIAL ARRANGEMENTS OR OUTRIGHT DONATIONS.

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IN DEVELOPED NATIONS

IN THE DEVELOPED NATIONS, THE MAIN FACTOR IN HIGH FOOD DEMAND IS NOT POPULATION GROWTH BUT A HIGH RATE OF ECONOMIC GROWTH AND RISING INCOMES. IN JAPAN, PER CAPITA GNP HAS BEEN RISING AT THE ASTONISHING RATE OF 8% A YEAR DURING THE PAST DECADE. THE DEPARTMENT EXPECTS IT TO RISE AT A LOWER BUT STILL SUBSTANTIAL RATE OF 6% THROUGH 1970.

JAPAN HAS BEEN OUR LEADING AGRICULTURAL EXPORT CUSTOMER SINCE 1961 AND IS EXPECTED TO BECOME OUR FIRST BILLION-DOLLAR-A-YEAR MARKET THIS YEAR OR NEXT. CANADA AND THE COUNTRIES OF WESTERN EUROPE ARE OTHER CHIEF COMMERCIAL CUSTOMERS.

WHILE FOOD DEMAND GROWS IN THESE DEVELOPED NATIONS, WE FACE THE PROBLEM OF KEEPING THEIR MARKETS OPEN TO OUR FARM PRODUCTS.

THIS PROBLEM UNDERLIES THE LONG NEGOTIATION KNOWN AS THE KENNEDY ROUND IN THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT), WHICH HAS BEEN IN PROGRESS NEARLY 3 YEARS AND IS NOW REACHING A CLIMAX. A KEY ISSUE FOR U. S. NEGOTIATORS THERE HAS BEEN THE RELUCTANCE OF EUROPEAN COMMON MARKET REPRESENTATIVES TO ENTER INTO THE KIND OF ARRANGEMENTS THAT WOULD ASSURE ACCESS TO THEIR MARKETS FOR FARM PRODUCTS WHICH THEIR FARMERS ALSO PRODUCE BUT WHICH WE CAN PRODUCE AND SELL WITH COMPARATIVE COST ADVANTAGE AT COMPETITIVE PRICES.

THE OUTCOME OF THIS VIRTUAL IMPASSE MAY WELL BE KNOWN IN THE NEXT FEW DAYS OR WEEKS. MEANWHILE, COMMON MARKET TRADING PRACTICES HAVE COST OUR FARMERS A LONG ESTABLISHED MARKET FOR FLOUR IN THE NETHERLANDS AND THE PROMISING MARKET FOR BROILERS WHICH OUR POULTRY INDUSTRY HAD DEVELOPED IN GERMANY.

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IN GENERAL, HOWEVER, THE OUTLOOK IS FOR CONTINUED GROWTH IN OUR AGRICULTURAL EXPORTS TO THE DEVELOPED COUNTRIES -- AT LEAST FOR THE SHORT TERM.

IN LESS DEVELOPED COUNTRIES

18 (TAKING THE LONG VIEW, THE LARGEST POTENTIAL MARKET FOR FARM PRODUCTS LIES IN THE LESS DEVELOPED NATIONS OF THE WORLD.

ONLY 30 OF THE WORLD'S COUNTRIES HAVE A PER CAPITA ANNUAL INCOME OF \$500 A YEAR OR MORE. ONLY TWO OF THESE ARE IN ASIA -- ISRAEL AND JAPAN. ONLY ONE IS IN LATIN AMERICA. NONE IS IN AFRICA.

THE REST CONSTITUTE THE LESS DEVELOPED WORLD. THE DEMAND FOR IMPORTS IN THESE COUNTRIES IS LIMITED BY LOW INCOMES AND SHORTAGE OF FOREIGN EXCHANGE. MOST OF THEM BUY U. S. AGRICULTURAL COMMODITIES UNDER PUBLIC LAW 480 ON CONCESSIONAL TERMS. THESE IMPORTS HAVE BEEN MOSTLY GRAINS. BEFORE WORLD WAR II, THE LESS DEVELOPED COUNTRIES WERE NET EXPORTERS OF 3 MILLION METRIC TONS OF GRAIN A YEAR, BUT THEY ARE NOW IMPORTING MORE THAN 30 MILLION TONS A YEAR.

OBVIOUSLY, THESE COUNTRIES ARE GOING TO HAVE TO FILL MORE OF THEIR OWN FOOD NEEDS IN THE FUTURE IF THEIR FOOD PROBLEMS ARE TO BE KEPT FROM BECOMING EVEN MORE SERIOUS. THAT IS A KEY FEATURE OF THE FOOD FOR FREEDOM PROGRAM, WHICH HAS BEEN LAUNCHED THIS YEAR UNDER THE NEW PUBLIC LAW 480 ENACTED LAST FALL. IN THAT PROGRAM, FOOD AID WILL BE AVAILABLE TO COUNTRIES WHICH DEMONSTRATE A DETERMINATION TO UNDERTAKE EFFECTIVE DEVELOPMENT PROGRAMS TO INCREASE THEIR OWN FOOD PRODUCTION OR IMPROVE THEIR ABILITY TO BUY FOOD IN THE COMMERCIAL MARKET.

THESE COUNTRIES FACE A TREMENDOUS TASK IF THEY ARE TO MAKE ENOUGH PROGRESS IN THE NEXT 20 YEARS TO MEET THEIR EXPANDING NEEDS FOR

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FOOD. MOST OF THEM HAVE LITTLE NEW LAND THEY CAN ECONOMICALLY PUT INTO PRODUCTION. THEY WILL HAVE TO EXPAND YIELDS ON ACRES SUCH AS THOSE IN INDIA WHICH HAVE BEEN CULTIVATED FOR THOUSANDS OF YEARS.

A STUDY PREPARED IN 1965 BY DEPARTMENT OF AGRICULTURE ECONOMISTS CONCERNING 26 DEVELOPING COUNTRIES OVER A 15-YEAR PERIOD SEEMS TO INDICATE THAT WHERE THE NATIONAL WILL IS STRONG ENOUGH, THIS CAN BE DONE. BETWEEN 1948 AND 1963, 12 OF THE 26 COUNTRIES SUCCEEDED IN INCREASING THEIR AGRICULTURAL PRODUCTION AT A RATE FASTER THAN 4% A YEAR. THIS IS A GREATER INCREASE THAN HAS EVER BEEN ACHIEVED BY ANY OF THE AGRICULTURALLY ADVANCED NATIONS FOR THAT LONG A PERIOD.

FOOD, WHETHER PRODUCED AT HOME OR IMPORTED, IS A BASIC INGREDIENT OF THE TYPE OF ECONOMIC DEVELOPMENT THAT CAN MAKE THE LESS DEVELOPED NATIONS BETTER COMMERCIAL CUSTOMERS OF THE AMERICAN FARMER. FOOD AID, FROM THE U. S., FOR EXAMPLE, WAS A CHIEF FACTOR IN LAUNCHING THE ECONOMIC GROWTH OF JAPAN THAT HAS HELPED BUILD IT INTO OUR BEST AGRICULTURAL MARKET. OTHER COUNTRIES SUCH AS SPAIN, HONG KONG, TAIWAN, GREECE, ISRAEL, AND THE PHILIPPINES HAVE GONE OR ARE GOING THROUGH THE SAME PROCESS.

OUR CASH EXPORTS OF FARM PRODUCTS TO GREECE INCREASED 16-FOLD IN THE 1961-1965 PERIOD OVER THE 1955-1959 PERIOD. DURING THAT TIME, GREECE INCREASED ITS PER CAPITA INCOME AVERAGE BY SOME 50 PERCENT. OUR EXPORTS OF FARM PRODUCTS TO TAIWAN, IN THOSE TWO COMPARABLE PERIODS, INCREASED BY 13 TIMES, WHILE THE COUNTRY'S PER CAPITA INCOME WENT UP ABOUT 60 PERCENT. OUR EXPORTS TO SPAIN INCREASED BY 10 TIMES AS THE SPANISH PER CAPITA INCOME WENT UP ABOUT 30 PERCENT.

11 { LOOKING AT THE LESS DEVELOPED WORLD AS A WHOLE, ONE STUDY BY DEPARTMENT OF AGRICULTURE ECONOMISTS SHOWS THAT A \$100 A YEAR PER CAPITA

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INCREASE IN INCOME WOULD EXPAND AMERICAN COMMERCIAL AGRICULTURAL EXPORTS BY \$1.5 BILLION A YEAR.

WHAT THIS MEANS TO AMERICA'S FARMERS

FOR THE NATION AS A WHOLE, WHEAT HAS BEEN THE LEADING EXPORT COMMODITY IN RECENT YEARS. THIS LARGELY REFLECTS THE INCREASE IN P. L. 480 SALES, ALTHOUGH A THIRD OR MORE OF OUR ANNUAL WHEAT SALES MOVE COMMERCIALY. WHEAT EXPORTS WERE VALUED AT MORE THAN \$1 BILLION IN 1966 AND ARE EXPECTED TO REACH \$1.5 BILLION BY 1970.

FEED GRAINS, MAINLY CORN AND GRAIN SORGHUMS, ARE A PHENOMENAL EXPORT SUCCESS STORY, PARALLELING THE SUCCESS WE HAVE HAD IN INCREASING SOYBEAN EXPORTS. THEY ARE ANOTHER \$1 BILLION EXPORT CROP AND ARE FORECAST TO REACH \$1.6 BILLION BY 1970, AS MEAT CONSUMPTION AND LIVESTOCK FEEDING INCREASE IN MANY PARTS OF THE WORLD.

NORTH AMERICA -- THE UNITED STATES AND CANADA -- NOW EXPORTS 60 MILLION TONS OF GRAIN A YEAR, WITH THIS COUNTRY SUPPLYING THREE-FOURTHS OF THE TOTAL. WE COULD ALMOST DOUBLE THAT WITHOUT OVERTAXING OUR FARM PLANT, AND PERHAPS WE SOON MUST.

LOOKING TO THE FUTURE, FARMERS AND THE HANDLERS OF FARM PRODUCTS HAVE A RESPONSIBILITY FOR BEING SURE THAT THE QUALITY OF OUR EXPORT PRODUCTS MEASURES UP TO THE STANDARDS EXPECTED OF A GREAT TRADING NATION. REMARKABLE PROGRESS IN THIS AREA HAS BEEN MADE IN RECENT YEARS, PARTICULARLY IN THE GRAIN AREA.

ALSO, FARMERS HAVE A RESPONSIBILITY TO TELL THE WORLD WHAT THEY HAVE AVAILABLE AND TO USE INGENUITY AND SALESMANSHIP IN SELLING IT. SOME 60 FARM MARKETING ORGANIZATIONS ARE PARTICIPATING IN EXPORT MARKET DEVEL-

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OPMENT THROUGH THE COOPERATIVE GOVERNMENT-INDUSTRY PROGRAM.

THE AMERICAN FARMER, TO A GREATER EXTENT THAN ANY OTHER, CAN PRODUCE FOR EXPORT WHILE SUPPLYING THE DOMESTIC MARKET WITH THE BEST AND MOST ECONOMICAL STANDARD OF LIVING IN THE WORLD'S HISTORY.

12 } MUCH OF THE CONFUSION AND FEAR ABOUT OUR OWN PRODUCTIVE CAPACITY
STEMS FROM VIEWING CAPACITY IN A FIXED, PHYSICAL SENSE RATHER THAN IN
VARIABLE, ECONOMIC TERMS. AMERICAN FARMERS' CAPACITY TO PRODUCE IS DY-
NAMIC. IT MUST BE ANALYZED IN ECONOMIC TERMS. IN SO DOING, FOUR FAC-
TORS SHOULD BE KEPT IN MIND: (1) THE TIME PERIOD UNDER CONSIDERATION,
(2) THE LEVELS OF PRICES RECEIVED BY FARMERS, (3) THE MIX OF FARM
PRODUCTS THAT IS DESIRED, AND (4) THE AMOUNT OF PUBLIC AND PRIVATE IN-
VESTMENT IN FUTURE PRODUCTIVE CAPACITY.

SHORT VIEW -- LONG VIEW

ADDITIONAL PRODUCTION CAN BE OBTAINED IN THE NEXT FEW YEARS AT RELATIVELY LOW COST, AS LONG AS WE HAVE IDLE LAND WHICH CAN BE RETURNED TO CROP USE AT LITTLE EXPENSE AND AS LONG AS WE HAVE UNDER-UTILIZATION OF OTHER RESOURCES IN FARMING. THE GROWING NEED FOR FOOD DOES NOT MEAN THAT THE GOALS OF CONSERVATION SHOULD BE FORGOTTEN IN THE ENTHUSIASM TO MEET EXPANDING MARKETS AND NEEDS. OUR RESERVE POTENTIAL FOR PRODUCTION AFFORDS US CONSIDERABLE FLEXIBILITY IN A SHORT-RUN PERIOD OF SEVERAL YEARS IF HIGHER PRICE LEVELS ARE OBTAINABLE.

THE BIG QUESTION CONCERNS THE FARMER'S CAPACITY FOR PRODUCTION IN THE LONG RUN -- SAY THE NEXT 5 TO 30 YEARS. THIS TAKES US WELL BEYOND THE QUESTION OF ADDITIONAL OUTPUT THAT COULD BE OBTAINED FROM PLOWING UP ALL OR A LARGE PART OF THE 56 MILLION ACRES IDLED UNDER SUPPLY-MANAGEMENT PROGRAMS.

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A RECENT CONSERVATION NEEDS SURVEY SHOWS WE HAVE 638 MILLION ACRES OF CLASS I, II AND III LAND -- OUR LAND BEST SUITED FOR CROPPING. BY COMPARISON, WE ARE NOW HARVESTING CROPS FROM SLIGHTLY MORE THAN 300 MILLION ACRES, AND A LITTLE OF THIS IS CLASS IV, OR POORER LAND. IN ADDITION, THERE ARE VAST AREAS THAT COULD BE MADE INTO PRODUCTIVE CROPLAND THROUGH IRRIGATION, CLEARING, AND DRAINAGE. THE POINT IS THAT PRODUCTION CAN BE SUBSTANTIALLY INCREASED IF NEED AND ECONOMIC CONDITIONS REQUIRE IT. AGAIN, THE ISSUES ARE: (a) WHAT LEVELS OF COMMODITY PRICES WOULD IT TAKE, (b) WHAT AMOUNTS OF PUBLIC AND PRIVATE INVESTMENT WOULD BE REQUIRED, (c) HOW LONG WOULD IT TAKE AND HOW MUCH ADDITIONAL LAND COULD BE BROUGHT INTO PRODUCTION. THERE ARE OTHER ISSUES, BUT THESE SEEM TO BE THE BASIC ONES. IN THE LONG RUN, IF WE FIND THE OUTPUT OF U. S. AGRICULTURE INSUFFICIENT, IT WILL BE NECESSARY TO INCREASE PUBLIC INVESTMENTS TO ACCELERATE DEVELOPMENT OF PRODUCTION TECHNOLOGIES. IT WOULD ALSO BE NECESSARY TO TAKE A LOOK AT TOTAL FARM CAPACITY AND THE TRADITIONAL COMMODITY MIX. FOOD AID PROGRAMS IN THE PAST HAVE DRAWN HEAVILY UPON THE PRODUCTION RESOURCES DEVOTED TO A RELATIVELY FEW COMMODITIES. A WIDE RANGE OF SUBSTITUTION AMONG FOOD CROPS IS POSSIBLE AS EVIDENCED BY THE SUBSTITUTION OF GRAIN SORGHUMS FOR WHEAT IN RECENT FOOD ALLOCATIONS TO INDIA.

WITHOUT QUESTION, AMERICAN AGRICULTURE HAS CONSIDERABLE FLEXIBILITY BOTH IN THE SHORT AND LONG RUN TO ACHIEVE PRODUCTION LEVELS OF FOOD AND FIBER FAR ABOVE THOSE THAN NOW PREVAIL. PERHAPS THE MOST IMPORTANT ASPECT OF AMERICAN AGRICULTURAL PRODUCTION IN THE LONG RUN IS THE TREMENDOUS RESEARCH AND INDUSTRIAL BASE AVAILABLE TO OUR FARMERS. HOWEVER, THE BIG TASK IN WINNING THE WAR AGAINST FAMINE IS FOR DEVEL-

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OPING NATIONS TO TRANSFORM THEIR TRADITIONAL AGRICULTURES INTO MODERN AND PROGRESSIVE INDUSTRIES CAPABLE OF SUSTAINED GROWTH. SUCH A CHANGE WILL REQUIRE NEW POLICIES THAT PROVIDE NEW INCENTIVES AND THE INPUTS REQUIRED TO BRING ABOUT CHANGE, SUCH AS RESEARCH, IMPROVED CROP AND LIVESTOCK VARIETIES, SUCH CHEMICALS AS FERTILIZERS AND PESTICIDES, IRRIGATION FACILITIES, AND IMPROVED TRANSPORTATION, MARKETING AND STORAGE FACILITIES. IMPROVED ECONOMIC CONDITIONS IN DEVELOPING NATIONS WOULD MEAN THE DEVELOPMENT OF NEW COMMERCIAL MARKETS FOR U. S. PRODUCTS. EITHER THE FOOD-IMPORTING NATIONS, IN THE LONG RUN, MUST BE ABLE TO BUY AT COMMERCIAL PRICES OR THE DEVELOPED WORLD MUST BE PREPARED TO PROVIDE THE FUNDS NEEDED TO PROVIDE AMERICAN FOOD AID TO CONSUMERS ABROAD.

IN CONCLUSION, I WOULD LIKE TO EMPHASIZE THREE MAJOR POINTS THAT WILL MATERIALLY AFFECT THE AMERICAN FARMER. THESE ARE, FIRST, THE FOOD AID PROGRAM OPERATED UNDER P. L. 480; SECOND, THE OPPORTUNITIES FOR EXPANDED AGRICULTURAL TECHNICAL ASSISTANCE; AND, THIRD, THE NECESSITY FOR FAIR FARM PRICES.

FOOD AID PROGRAM

U. S. FOOD AID UNDER THE FOOD FOR PEACE PROGRAM SHOULD NOT BE LIMITED TO A SURPLUS DISPOSAL OPERATION, BUT RATHER IT SHOULD BE STRUCTURED ON THE PURCHASE OF FOOD AND FOOD PRODUCTS IN THE MARKET PLACE THE SAME AS OTHER PRODUCTS PURCHASED UNDER THE U. S. FOREIGN ASSISTANCE PROGRAMS. TO ACHIEVE THIS, CONGRESS SHOULD APPROPRIATE FUNDS FOR FOOD AID AS IT NOW APPROPRIATES FUNDS FOR OTHER FOREIGN ASSISTANCE PROGRAMS. IN ADDITION, COMMODITIES TO BE SHIPPED UNDER FOOD AID ARRANGEMENTS SHOULD

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BE PURCHASED THROUGH REGULAR MARKET CHANNELS.

SUCH A PROGRAM WOULD BE BASED ON A FREE ENTERPRISE AGRICULTURE GEARED TO A MARKET SYSTEM AND PROVIDE THE ECONOMIC CLIMATE WHICH WOULD ENCOURAGE AMERICAN FARMERS TO MEET THE CHALLENGE OF A HUNGRY WORLD. THERE WOULD BE NO NEED TO USE THE COMMODITY CREDIT CORPORATION TO FINANCE SUCH A PROGRAM; THERE WOULD BE NO REASON TO CHARGE THE DEPARTMENT OF AGRICULTURE FOR THE COST OF SUCH A PROGRAM. THIS WOULD BE A FOOD-AID PROGRAM BASED ON WHAT THE PEOPLE OF RECIPIENT COUNTRIES NEED AND COULD USE EFFECTIVELY. IT WOULD NOT BE SURPLUS DISPOSAL. IT WOULD BE DESIGNED TO MEET HUMANITARIAN AND FOREIGN POLICY OBJECTIVES OF THE UNITED STATES.

PUBLIC LAW 90-7, THE INDIA FOOD AID LEGISLATION WHICH PASSED IN THE CURRENT CONGRESS, CLEARLY STATES THE INTENT OF THE CONGRESS, THAT THE U. S. GOVERNMENT SHOULD MAKE ANNOUNCEMENTS OF INTENTIONS, PURCHASES, AND SHIPMENTS OF COMMODITIES ON SCHEDULES AND UNDER CIRCUMSTANCES WHICH WILL PROTECT AND STRENGTHEN FARM MARKET PRICES TO THE MAXIMUM EXTENT POSSIBLE.

ACCELERATED AGRICULTURAL TECHNICAL ASSISTANCE

EXPANSION OF TECHNICAL ASSISTANCE PROGRAMS IS A VITAL PART OF THE LONG-TERM PROGRAM TO ASSIST DEVELOPING NATIONS. ONE OF THE GREATEST ASSETS WE HAVE IS OUR TECHNICAL CAPABILITY. THIS INCLUDES OUR AGRICULTURAL SCIENCES, OUR SYSTEM OF AGRICULTURAL EDUCATION, AGRICULTURAL CREDIT, MARKETING "KNOW HOW", MANAGERIAL CAPABILITIES, AND OUR IDEAS OF THE INTER-RELATIONSHIP BETWEEN OPERATING FARMERS, AGRIBUSINESS FIRMS, AND GOVERNMENT.

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THERE IS ONE IMPORTANT PART OF THE TECHNICAL ASSISTANCE PROGRAM THAT I WOULD LIKE TO EMPHASIZE. NOTWITHSTANDING THE EXPERTISE WE POSSESS IN THE BROAD FIELD OF AGRICULTURE, WE FREQUENTLY FAIL IN GETTING IMPORTANT FACTS, METHODS, KNOWLEDGE, ETC., TO THE PARTICIPATING FARMER IN THE DEVELOPING NATION. TO OVERCOME THIS, I PROPOSED AN AMENDMENT TO THE FOOD FOR PEACE ACT OF 1966 LAST YEAR WHICH BECAME SECTION 406 OF P. L. 480. THIS PROPOSAL IS COMMONLY KNOWN AS THE "BREAD AND BUTTER CORPS" OR THE "FARMER-TO-FARMER" PROGRAM.

THE PURPOSE OF THIS PROGRAM WOULD BE TO TEACH THE PEOPLE OF FOOD-SHORT FREE WORLD COUNTRIES HOW TO INCREASE AGRICULTURAL PRODUCTION. MANY OF THESE NATIONS HAVE THE SOIL, THE MANPOWER, AND THE CLIMATE TO PRODUCE ENOUGH FOOD FOR THEIR OWN NEEDS. WHAT THEY LACK PRIMARILY IS TECHNICAL "KNOW HOW", WHICH CAN BE SUPPLIED AT A SMALL FRACTION OF THE COST OF THE FOOD ASSISTANCE PROGRAMS. EVEN MORE IMPORTANT, OR AS IMPORTANT, IS THE NEED TO ULTIMATELY DEVELOP COMMERCIAL MARKETS IN THESE COUNTRIES.

THE "FARMER-TO-FARMER" PROGRAM AUTHORIZES THE SECRETARY OF AGRICULTURE TO MAKE GRANTS TO OR ENTER INTO CONTRACTS OR OTHER COOPERATIVE ARRANGEMENTS WITH LAND GRANT COLLEGES OR OTHER INSTITUTIONS OF HIGHER LEARNING TO CARRY OUT VARIOUS TRAINING ACTIVITIES. INCLUDED WOULD BE THE RECRUITMENT, TRAINING AND EDUCATION OF PERSONS VOLUNTEERING FOR SERVICE IN THIS PROGRAM. PART OF THIS PROGRAM WOULD INCLUDE THE PLACING IN DEVELOPING COUNTRIES OF QUALIFIED FARMERS AND OTHER TECHNICIANS WHO COULD DEMONSTRATE MANAGEMENT SKILLS AND PRACTICAL TECHNIQUES OF CARRYING OUT FARMING OPERATIONS. ALSO INCLUDED WOULD BE METHODS OF FERTILIZER APPLICATION, TILLAGE METHODS, HARVESTING, MARKETING, AND

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THE LIKE. THIS "FARMER-TO-FARMER" PROGRAM WILL GO A LONG WAY IN CLOSING THE GAP BETWEEN GOVERNMENT AND THE TILLER OF THE LAND IN THE DEVELOPING NATIONS. ONLY YESTERDAY I APPEARED BEFORE THE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE REQUESTING SUFFICIENT FUNDS TO IMPLEMENT THIS PROGRAM.

FAIR AGRICULTURAL PRICES

YES, PUBLIC LAW 480 SHOULD BE USED AS AN INSTRUMENT TO BOOST DOMESTIC PRICES, NOT DEPRESS THEM. AT THE SAME TIME, THE COMMODITY CREDIT CORPORATION SHOULD PERFORM A ROLE IN BOOSTING FARM PRICES, NOT RESTRAINING THEM. IN THIS REGARD, I PROPOSE THAT CCC ADOPT A NEW POLICY IN REGARD TO UNRESTRICTED DOMESTIC SALES OF GRAIN. THE TIME HAS COME, IN VIEW OF OUR CURRENT INVENTORY LEVELS, FOR CCC TO MAKE NO UNRESTRICTIVE DOMESTIC SALES FOR LESS THAN 100 PERCENT OF PARITY, AND IF THIS POLICY IS NOT IMPLEMENTED ADMINISTRATIVELY, IT SHOULD BE IMPLEMENTED LEGISLATIVELY.

LET US SUMMARIZE

(1) THE WORLD POPULATION, ACCORDING TO MANY, IS GROWING FASTER THAN ITS ABILITY TO PRODUCE FOOD, AND WHILE THE UNITED STATES CANNOT FEED THE WORLD, WE WILL CONTRIBUTE A LARGE PORTION OF TOTAL FOOD AVAILABLE IN EXPORT CHANNELS.

(2) THE AMERICAN FARMER MUST AND WILL MAKE A GREATER CONTRIBUTION TOWARD WORLD FOOD NEEDS; HOWEVER, HE MUST BE ADEQUATELY COMPENSATED FOR HIS LABOR AND HIS INVESTMENT.

(3) FAIR PRICES IN THE MARKET PLACE MUST BE RECOGNIZED AND ACCEPTED BY THE PUBLIC IN GENERAL AND THE AGRIBUSINESS COMMUNITY AS AN ESSENTIAL INGREDIENT TO ANY SOLUTION TO THE WAR ON HUNGER. BOTH P.L. 480

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AND CCC MUST BE USED AS INSTRUMENTS TO BOOST DOMESTIC FARM PRICES, NOT TO DEPRESS THEM.

(4) EFFORTS TOWARD INCREASED PRODUCTION OF FOOD AND FOOD PRODUCTS BY THE FARMER MUST BE CLOSELY ASSOCIATED WITH BUSINESS, INDUSTRY AND RELATED INTERESTS -- A PROFIT MOTIVATED SYSTEM MUST PRODUCE THE GOODS.

(5) GOVERNMENT, ALTHOUGH NOT A PRODUCER, MUST PLAY A VITAL ROLE BY ASSISTING FREE ENTERPRISE, NEGOTIATING WITH THOSE COUNTRIES IN NEED, ENCOURAGING ECONOMIC DEVELOPMENT IN UNDERDEVELOPED COUNTRIES, AND CO-ORDINATING OVERALL ACTIVITIES.

(6) EMPHASIS MUST BE PLACED ON THE DEVELOPMENT OF COMMERCIAL AGRICULTURAL EXPORTS THROUGH PRIVATE TRADE CHANNELS AS THE ECONOMY IN DEVELOPING NATIONS PERMITS. HERE THE EFFORTS OF AGRIBUSINESS CAN BE CRITICAL. EXERT YOUR BEST EFFORTS TO MAINTAIN ACCESS FOR AMERICAN FARM EXPORTS IN EUROPE. GO FURTHER IN YOUR OWN MARKET DEVELOPMENT WORK. TAKE A FEW CHANCES.

(7) ACCELERATED AGRICULTURAL TECHNICAL ASSISTANCE CAN AND SHOULD PLAY AN IMPORTANT ROLE IN MEETING RISING WORLD FOOD NEEDS.

YES, SEVERAL THOUSAND HUMAN BEINGS HAVE BEEN ADDED TO THE SCOPE OF OUR PROBLEM DURING THE TIME IT HAS TAKEN FOR ME TO DELIVER THESE REMARKS TO YOU TODAY. THE PROBLEM OF TOO MANY PEOPLE AND NOT ENOUGH FOOD JUST ISN'T WAITING FOR ANY MAN.

HOWEVER, IF WE CONCENTRATE OUR EFFORTS NOW, IF WE RECOGNIZE THE SCOPE AND MAGNITUDE OF THE PROBLEM AS WELL AS THE LIMITATIONS AND THE STRENGTH OF GOVERNMENT AS AN INSTITUTION, IF WE ENCOURAGE A GREATER ROLE FOR AGRIBUSINESS, IF WE ACCELERATE AGRICULTURAL TECHNICAL ASSISTANCE, IF WE EMPHASIZE FAIR MARKET PRICES FOR FARMERS AND REJECT A CHEAP

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FOOD POLICY, AND IF WE INCREASE OUR EMPHASIS ON COMMERCIAL EXPORTS,
MAYBE -- JUST MAYBE -- WE CAN PROVE THAT MR. MALTHUS WAS WRONG!