

AGRICULTURAL ECONOMIC CONFERENCE
LIBERAL, KANSAS
SEPTEMBER 23, 1967
Remarks of Congressman Bob Dole

IT IS A PLEASURE AND PRIVILEGE TO BE HERE IN LIBERAL TO PARTICIPATE IN THIS MOST IMPORTANT AND TIMELY AGRICULTURAL ECONOMIC CONFERENCE. IT IS SOMETIMES DANGEROUS TO PUT THE POLITICIAN ON FIRST, ESPECIALLY WHEN THE TOPIC HAPPENS TO BE THE DEVELOPMENT -- PAST AND FUTURE -- OF HIS DISTRICT.

I, FOR ONE, AM CERTAINLY LOOKING FORWARD TO HEARING THE EXPERTS -- DR. GOODWIN, MR. GILMORE, AND MR. IRISH -- AS THEY PROJECT OUR RAPIDLY EXPANDING ECONOMY IN SOUTHWEST KANSAS. LET ME EXPRESS MY THANKS ALSO TO THOSE RESPONSIBLE FOR THIS CONFERENCE.

DURING MY SEVEN YEARS IN CONGRESS, I HAVE OBSERVED WITH GROWING ENTHUSIASM THE EXCITING DEVELOPMENT OF THIS REGION. IT WOULD HAVE BEEN DIFFICULT THEN TO PREDICT THAT THIS 19-COUNTY BLOCK IN THE SOUTHWEST CORNER OF OUR DISTRICT WOULD DEVELOP INTO ONE OF THE MOST DYNAMIC AND COMPETITIVE AGRIBUSINESS COMMUNITIES IN THE ENTIRE UNITED STATES. ALTHOUGH MY FAITH IN WESTERN KANSAS IS UNBOUNDED, THIS QUIET REVOLUTION HAS ATTAINED MORE PROGRESS THAN COULD HAVE BEEN ACCURATELY FORECAST. THIS PROGRESS THAT WE HAVE WITNESSED HAS BEEN POSSIBLE BECAUSE OF YOUR EFFORTS -- A PERFECT EXAMPLE OF THE EFFICIENCY AND IMAGINATION OF THE PRIVATE INITIATIVE OF FREE MEN.

GROWTH AND ADVANCEMENT

WE SPEAK TODAY SURROUNDED BY FARM REAL ESTATE WORTH FIVE TIMES ITS 1940 VALUE -- TWICE ITS 1950 VALUE; LAND WHICH HAS INCREASED IN VALUE 7% OR \$10 PER ACRE, ON THE AVERAGE, IN THE PAST YEAR. FARMERS IN SOUTHWEST KANSAS HAVE A LEVEL-OF-LIVING INDEX THAT IS 8% HIGHER THAN KANSAS AS A WHOLE..... AND 19%

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ABOVE THE AVERAGE OF ALL AMERICAN FARMS. WHEN THE NEXT LEVEL-OF-LIVING INDEX IS ESTABLISHED IN 1969, THIS AREA WILL HAVE EVEN MORE IMPRESSIVE INDICATIONS OF GROWTH.

THE NUMBER OF FARMS IN THE SOUTHWEST COUNTIES IN KANSAS HAS DECREASED BY 17% SINCE 1954, WHILE THE AVERAGE SIZE OF FARM HAS INCREASED TO 1,315 ACRES -- AN INCREASE OF 19% IN 12 YEARS. EACH SOUTHWESTERN KANSAS COUNTY HAS AROUND A HALF MILLION ACRES IN FARM LAND.

WHILE FARMS HAVE BEEN INCREASING IN SIZE AT A RATHER RAPID RATE, AND THE VALUE OF THE LAND HAS BEEN STEADILY ADVANCING, THERE HAVE BEEN PARALLEL ADVANCES WHICH HAVE CONSOLIDATED THESE GAINS FOR THE INDIVIDUAL FARMER.

THERE HAS BEEN A QUIET REVOLUTION IN IRRIGATION. TODAY IN THESE 19 SOUTHWEST COUNTIES, THERE ARE OVER 800,000 ACRES OF IRRIGATED FARM LAND, AND THE LAND UNDER THE BENEFIT OF A SUPPLEMENTAL WATER SUPPLY IS GROWING EACH YEAR. NEARLY ONE THIRD OF THE GRAIN SORGHUM GROWN HERE IS IRRIGATED, AND AROUND 10% OF THE WHEAT ACREAGE. 90% OF THE CORN GROWN IN THIS REGION IS IRRIGATED.

WITH THIS DEVELOPMENT IN IRRIGATION, WE HAVE WITNESSED STEADY ADVANCES IN THE PRODUCTION OF GRAIN SORGHUM, OF CORN FOR SILAGE, AND OF ALFALFA. WE HAVE WITNESSED A PROLIFERATION OF THE BEEF POPULATION IN THE SOUTHWEST. RAPID EXPANSION OF THE COMMERCIAL FEED LOT AND MEAT PACKING INDUSTRY COMPLEMENTS THE AGRIBUSINESS PACKAGE IN THIS AREA.

KANSAS GAINS

TO PUT THESE GAINS IN PERSPECTIVE ---- LAST YEAR KANSAS RANKED FIRST IN CASH RECEIPTS FROM WHEAT, THIRD IN SORGHUM, AND ONLY FOURTH IN THE NATION IN THE SALE OF CATTLE. BUT WHICH CATEGORY REALLY HAD THE BIGGER SALES -- CROPS OR LIVESTOCK? LIVESTOCK, BY FAR. LAST CALENDAR YEAR, CASH RECEIPTS FROM LIVE-

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STOCK MARKETINGS IN KANSAS WERE \$997 MILLION, COMPARED WITH \$556 MILLION FROM ALL CROPS.

THE DEVELOPMENT OF THE COMMERCIAL FEED LOT, IRRIGATION OF FEED GRAINS AND FEED, AND THE DEVELOPMENT OF THE MEAT PACKING INDUSTRY, IS THE ANSWER TO A SUSTAINED RATE OF GROWTH IN THESE SOUTHWESTERN COUNTIES OF KANSAS, AND OF THE GREATER SOUTHWEST AS WELL. PERHAPS AS WE PROGRESS TODAY, WE CAN DEVELOP A BETTER PERSPECTIVE AND BETTER KNOWLEDGE OF THE POTENTIAL FOR EACH OF THESE INDUSTRIES.

SHORTAGE OF CAPITAL

IN ANY AREA WHERE THERE IS A RAPID GROWTH OF NEW INDUSTRY, THERE CAN OCCUR IN TIMES LIKE THESE A SHORTAGE OF CAPITAL. THE FEDERAL GOVERNMENT, HOWEVER, HAS LONG BEEN INTERESTED IN THE STEADY FLOW OF CREDIT TO THE FARMER. THE FEDERAL LAND BANK, ESTABLISHED 50 YEARS AGO, HAS PROVIDED OVER TWO MILLION FARMERS WITH CREDIT OF NEARLY \$14 BILLION. TODAY, FROM THE FEDERAL LAND BANK ASSOCIATIONS OF GARDEN CITY, NESS CITY, DODGE CITY, AND GUYMON, OKLAHOMA, THE 19 COUNTIES OF SOUTHWEST KANSAS ARE RECEIVING THE BENEFITS OF THIS CREDIT SOURCE TO AGRICULTURE. IN FISCAL 1967, IN THESE COUNTIES, 245 LOANS WERE MADE BY THE FEDERAL LAND BANK, TOTALING OVER \$6.4 MILLION.

WHILE THE FEDERAL LAND BANK HAS PROVIDED CREDIT TO THE INDIVIDUAL FARMER, THE WICHITA BANK FOR COOPERATIVES, ANOTHER FACET OF THE FARM CREDIT ADMINISTRATION, HAS LOANED MORE MONEY TO CO-OPS IN THE PAST 7 YEARS THAN IN THE ENTIRE PREVIOUS 26 YEARS OF ITS OPERATION.

THE WICHITA BANK FOR COOPERATIVES CURRENTLY HAS 36 BORROWERS IN THE SOUTHWEST COUNTIES OF OUR STATE. THE BANK HAS ADVANCED OVER \$1.7 BILLION SINCE 1933.

THE THIRD FACET OF THE FARM CREDIT ADMINISTRATION IS THE PRODUCTION CREDIT

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ASSOCIATION. THE 19 COUNTIES IN SOUTHWEST KANSAS ARE SERVED BY THE GARDEN CITY, GREENSBURG, AND LARNED PCA'S. THE GARDEN CITY PRODUCTION CREDIT ASSOCIATION, MANAGED BY JOHN WALKER, HAS INCREASED THE AMOUNT OF CREDIT EXTENDED IN THE PAST 10 YEARS BY SEVEN FOLD. GARDEN CITY CONTINUALLY RANKS SECOND AMONG ALL THE NATION'S 467 PRODUCTION CREDIT ASSOCIATIONS, IN THE AMOUNT OF CREDIT EXTENDED TO ITS FARMER-BORROWERS.

THE WICHITA FEDERAL INTERMEDIATE CREDIT BANK, THROUGH WHICH FUNDS ARE MADE AVAILABLE FOR THESE AND OTHER PCA'S TO LOAN TO KANSAS FARMERS, HAS HIT AN ALL TIME HIGH IN LENDING ----- 15% HIGHER THAN 1966. TOTAL LOANS AND DISCOUNTS FOR THE WICHITA FEDERAL INTERMEDIATE CREDIT BANK IN 1967 WERE \$692 MILLION. SINCE ITS INCEPTION IN 1923, THE WICHITA FICB HAS LOANED OVER \$6 BILLION ----- AND ITS LOANS HAVE INCREASED FIVE FOLD SINCE 1955.

WHILE THE FARM CREDIT ASSOCIATION ACCOUNTS FOR MUCH OF THE CREDIT AVAILABLE TO THE FARMERS, THE FARMERS HOME ADMINISTRATION SHOULD NOT BE IGNORED. MOST AREAS HAVE A COUNTY SUPERVISOR OF THE FARMERS HOME ADMINISTRATION. SHOULD A COUNTY NOT HAVE A SUPERVISOR, THE COUNTY EXTENSION AGENT CAN DIRECT A POTENTIAL BORROWER TO THE NEAREST OFFICE. THE FHA, A BRANCH OF THE DEPARTMENT OF AGRICULTURE, INSURED NEARLY A BILLION DOLLARS WORTH OF LOANS MADE TO PRIVATE INDIVIDUALS BY PRIVATE LENDERS THROUGHOUT THE UNITED STATES LAST YEAR. THE FARMERS HOME ADMINISTRATION WILL LEND UP TO \$60,000 FOR FARM PURCHASE AND DEVELOPMENT, AND UP TO \$35,000 FOR FARM OPERATING EXPENSES. WORKING WITH THE OFFICE OF ECONOMIC OPPORTUNITY, THE FHA WILL LOAN UP TO \$3500 TO VERY POOR RURAL FAMILIES.

ALTOGETHER IN THE STATE OF KANSAS, THE FARMERS HOME ADMINISTRATION LOANED \$23.6 MILLION IN FISCAL 1967.

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SMALL BUSINESS ADMINISTRATION LOANS

WHERE, IN SOUTHWEST KANSAS, IN 1963, THERE WERE ONLY 20 COMMERCIAL FEED-
LOTS WITH A CAPACITY OF OVER 1000 HEAD, IN 1966 THERE WERE 34 SUCH LOTS, AND
THE PROJECTION FOR THE FUTURE LOOKS BRIGHT. SOUTHWEST KANSAS, IN THE FURTHER
DEVELOPMENT OF THESE FEEDLOTS, AND IN THE DEVELOPMENT OF A MEAT PROCESSING INDUSTRY,
SHOULD LOOK INTO THE LOANS MADE AVAILABLE THROUGH THE SMALL BUSINESS ADMINISTRATION.

UNDER THE SMALL BUSINESS ADMINISTRATION, AN AGENCY OF THE FEDERAL GOVERN-
MENT, LOANS ARE MADE TO PERSONS WHO HAVE FIRST SOUGHT PRIVATE FINANCING, AND
FAILED. IF YOU LIVE IN A COMMUNITY OF LESS THAN 200,000 PERSONS, YOU MUST HAVE
APPLIED TO ONLY ONE BANK.

BEFORE GAINING THE CREDIT, THE BORROWER MUST AGREE TO AVOID DISCRIMINA-
TION IN EMPLOYMENT OR SERVICE TO THE PUBLIC, BASED UPON COLOR, RACE, OR NATIONAL
ORIGIN.

IF THE VENTURE TO BE FINANCED IS TO BE A NEW BUSINESS, THE BORROWER MUST
PROVIDE FROM HIS OWN RESOURCES APPROXIMATELY HALF THE TOTAL REQUIRED FUNDS. THE
SMALL BUSINESS ADMINISTRATION WILL GUARANTEE UP TO \$350,000 OF A BANK LOAN TO A
SMALL FIRM. A COMMERCIAL FEEDLOT, FEEDING CATTLE AS A SERVICE TO OTHERS WHO OWN
THE CATTLE, CAN QUALIFY FOR A SMALL BUSINESS ADMINISTRATION LOAN.....EITHER FOR
IMPROVEMENT OF THE FEEDLOT OR FOR THE DEVELOPMENT OF A NEW LOT.

IN THE KANSAS AREA, THE SBA HAS ITS HEADQUARTERS IN WICHITA. THE WICHITA
OFFICE HAS INFORMED ME THAT A LARGE LOAN WAS MADE TO A DODGE CITY FIRM IN THE
MEAT PROCESSING BUSINESS, AND ANOTHER LOAN FOR THE SAME PURPOSE WAS MADE IN
MANKATO. IN PRATT, THERE IS A FEED YARD AND FEED MILL THAT GOT ITS FINANCING
THROUGH THE SBA. COMMERCIAL FEEDLOTS WERE FINANCED BY THIS PROGRAM IN OAKLEY,
AND IN SCOTT CITY. RIGHT HERE IN LIBERAL, ~~I UNDERSTAND~~, ARE THE OFFICES OF
ANOTHER COMMERCIAL FEEDLOT COMPANY THAT GOT ITS START WITH THE SBA.

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NEEDLESS TO SAY, THERE IS GREAT ROOM FOR EXPANSION USING THIS SOURCE OF CREDIT.

U.S.D.A. PROGRAMS FOR FUNDS

THE DEPARTMENT OF AGRICULTURE HAS SEVERAL PROGRAMS THAT ALLOW FOR COST SHARING WITH THE FEDERAL GOVERNMENT OF LAND IMPROVEMENT PROGRAMS.

AN EXAMPLE OF THE ASSISTANCE PROVIDED BY THE SOIL CONSERVATION SERVICE IS THE GREAT PLAINS CONSERVATION PROGRAM, AUTHORIZED BY LEGISLATION IN 1956, AND PUT INTO OPERATION IN 1958 TO SHOW THAT THE WORK BEING CARRIED ON BY LANDOWNERS IN COOPERATION WITH SOIL AND WATER CONSERVATION DISTRICTS COULD BRING A NEW DEGREE OF SECURITY TO LAND AND ECONOMY IN THE GREAT PLAINS. THE PROGRAM ESSENTIALLY PROVIDES COST-SHARING ON CONSERVATION PRACTICES DESIGNED TO BRING ECONOMIC STABILITY TO A HIGH RISK AREA. ALL 19 COUNTIES IN SOUTHWEST KANSAS ARE ELIGIBLE FOR ASSISTANCE UNDER THE GREAT PLAINS PROGRAM. THIS PROGRAM HAS PROVIDED MONEY IN GRANTS FOR LEVELING OPERATIONS FOR IRRIGATION; FOR REORGANIZING IRRIGATION SYSTEMS; FOR DAMS, PITS, AND PONDS FOR IRRIGATION; AND FOR LINING IRRIGATION DITCHES. IT IS MY OPINION THAT THIS PROGRAM HAS GREAT POTENTIAL, AND IT SHOULD BE INVESTIGATED BY ANYONE INTERESTED IN STABILIZING HIS OPERATION THROUGH IRRIGATION.

THE ACP IN SOUTHWEST KANSAS

ANOTHER VERY SIMILAR PROGRAM TO THE GREAT PLAINS IS THE AGRICULTURAL CONSERVATION PROGRAM. DURING FISCAL 1966 FARMERS IN THE 19 SOUTHWEST KANSAS COUNTIES RECEIVED \$1,140,000 IN COST-SHARE PAYMENTS FOR LAND AND WATER CONSERVATION EFFORTS THROUGH THE AGRICULTURAL CONSERVATION PROGRAM. INCLUDED IN THE TOTAL ARE EMERGENCY CONSERVATION MEASURES.

IN ADDITION TO THE REGULAR ACP PRACTICES, APPROVAL HAS BEEN GIVEN TO

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STANTON AND KEARNY COUNTIES TO PROCEED WITH SPECIAL ACP PROJECTS DESIGNED TO MEET PROBLEMS OF SPECIAL CONCERN IN THEIR AREAS. THE SPECIAL PROJECT IN KEARNY COUNTY, APPROVED LAST MONTH, PROVIDES FOR THE CONSTRUCTION OF A DUAL PURPOSE RESERVOIR FOR STOCKWATER AND DETENTION STORAGE. BETTER DISTRIBUTION OF GRAZING WILL RESULT FROM THE RESERVOIR, WATER WILL BE AVAILABLE FOR IRRIGATION, AND IT WILL PROTECT A COUNTY ROAD AND RAILROAD FROM FLOODING DURING PERIODS OF HEAVY RUN-OFF. COST OF THE PROJECT WILL BE \$7,200 WITH THE COUNTY GOVERNMENT CONTRIBUTING \$4,150, FARMERS \$3,050 AND ACP COST SHARING OF \$2,500.

IN A SPECIAL PROJECT IN STANTON COUNTY, APPROVED ABOUT 16 MONTHS AGO, AN EFFORT IS BEING MADE TO DEMONSTRATE THE FEASIBILITY OF IRRIGATED PASTURES FOR THE PRODUCTION OF LIVESTOCK. PRESENTLY NEARLY ALL OF THE COUNTY'S 82,000 ACRES OF IRRIGATED LAND ARE USED IN THE PRODUCTION OF GRAIN CROPS.

FOREIGN TRADE IMPORTANT

TO MOVE TO ANOTHER ASPECT OF AGRIBUSINESS, KANSAS HAS LONG BEEN VITALLY INTERESTED IN DEVELOPING AND MAINTAINING A STRONG EXPORT PROGRAM OF AGRICULTURAL COMMODITIES. ON A STATEWIDE BASIS, THE PRODUCTION OF ONE ACRE OUT OF FIVE IS EXPORTED ABROAD. IN FISCAL 1966, THE VALUE OF WHEAT EXPORTS FROM KANSAS WAS 253 MILLION DOLLARS. THE SOUTHWEST SECTION OF KANSAS ALONE EARNED OVER \$57 MILLION FROM WHEAT EXPORTS.

IN ADDITION TO THESE ENCOURAGING FIGURES, THE EXPORT OF FEED GRAINS CONTRIBUTED AROUND \$11 MILLION TO SOUTHWEST KANSAS IN FISCAL 1966. OVERALL, UNITED STATES AGRICULTURE HAS A VERY FAVORABLE BALANCE OF TRADE WITH OTHER NATIONS. OUR AGRICULTURAL EXPORTS IN 1966 EXCEEDED OUR AGRICULTURAL IMPORTS BY OVER \$1.25 BILLION. OBVIOUSLY THIS INDUSTRY IS VITAL IN DEVELOPING AN OVERALL FAVORABLE BALANCE OF TRADE FOR THE UNITED STATES, AND CERTAINLY HAS DONE ITS SHARE IN THE

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PAST FEW YEARS TO ABATE THE GOLD FLOW.

AS A MEMBER OF THE FOREIGN AGRICULTURAL OPERATIONS SUBCOMMITTEE OF THE HOUSE COMMITTEE ON AGRICULTURE, I HAVE LONG BEEN INTERESTED IN THIS FAVORABLE TRADE SITUATION AND HAVE LONG ADVOCATED THE MAXIMUM DEVELOPMENT OF OUR FOREIGN MARKETS. THE FOOD FOR PEACE PROGRAM, SPONSORED BY OUR LATE SENATOR ANDY SCHOEPEL AND FORMER CONGRESSMAN CLIFFORD HOPE, HAS DISTRIBUTED OVER \$16 1/2 BILLION WORTH OF AGRICULTURAL PRODUCTS FROM OUR FARMS TO A HUNGRY WORLD AND HAS DEVELOPED CASH MARKETS FOR OUR FOODSTUFFS IN JAPAN, TAIWAN, AND OTHER COUNTRIES.

IT SEEMS CERTAIN THERE WILL BE AN EXPANDING EXPORT MARKET, BOTH UNDER PUBLIC LAW 480 AND IN THE CASH AREA, IN THE YEARS AHEAD. THE CONGRESS IS COMMITTED TO THIS COURSE FOR THE WELL BEING OF THE FARMER AND THE FARM STATES AS A WHOLE. NOT ONLY IS THE WELL BEING OF RURAL AMERICA DEPENDENT UPON THESE EXPORT MARKETS, BUT ALSO TODAY WE ALL REALIZE THE BURDEN WE HAVE TO HELP BEAR TO FEED A HUNGRY AND OVERCROWDED WORLD.

CONCLUSION

IN CONCLUSION, LET ME SAY THAT THE FED CATTLE INDUSTRY IS GROWING RAPIDLY --- IRRIGATION IS EXPANDING --- AND FEED GRAIN PRODUCTION IS INCREASING IN THIS AREA. WHERE THESE ADVANCES WILL TAKE US IN THE YEARS AHEAD, PERHAPS DR. GOODWIN WILL DISCUSS IN HIS PRESENTATION.

THE FEDERAL GOVERNMENT WILL UNDOUBTEDLY CONTINUE TO MAINTAIN THE CREDIT PIPELINES MENTIONED. I AM CERTAIN THE FARM CREDIT ADMINISTRATION WILL CONTINUE TO INCREASE THE VOLUME OF LOANS THAT IT PROVIDES TO AGRICULTURE. GOVERNOR TOOTELL OF THE FCA HAS RECENTLY SAID THAT FARMERS WILL NEED \$100 BILLION IN CREDIT BY 1980, ABOUT DOUBLING TODAY'S CREDIT USAGE.

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I SUGGEST THAT THE SMALL BUSINESS ADMINISTRATION, AS A SOURCE OF CREDIT TO THE FEEDLOT OPERATORS, BE USED MORE FULLY. I MIGHT POINT OUT THAT THE SBA CANNOT INSURE A LOAN TO A FARMER -- BUT TO SOMEONE PROVIDING A SERVICE, SUCH AS A COMMERCIAL FEEDLOT OPERATOR, THAT SOURCE IS AVAILABLE.

I BELIEVE THAT THERE WILL BE CONTINUALLY EXPANDING MARKETS FOR AGRICULTURAL PRODUCTS ABROAD, AS THE DEVELOPING NATIONS BECOME MORE AFFLUENT, AND THE PEOPLE OF THOSE NATIONS BEGIN TO DEMAND BETTER DIETS.

JUST WHAT COMMODITIES PROGRAMS WILL BE INITIATED IN 1969, WHEN THE PRESENT PROGRAMS EXPIRE, NO ONE KNOWS JUST NOW. WE DON'T KNOW WHO THE PLAYERS WILL BE. IT IS TOO EARLY TO DETERMINE WHAT NEW PROGRAMS WILL BE INITIATED BY THE NEXT ADMINISTRATION, AND THE NEXT CONGRESS.

THE SOUTHWEST HAS SHOWN THE ADAPTABILITY TO MEET THE NEW CHALLENGES. CONFERENCES SUCH AS THIS ARE MOST VALUABLE, FOR IT IS IMPERATIVE THAT ALL OF US REALIZE THE TASKS AHEAD.