

NATIONAL ASSOCIATION OF WHEAT GROWERS

WICHITA, KANSAS

JANUARY 24, 1968

REMARKS OF CONGRESSMAN BOB DOLE

FIRST, LET ME EXPRESS MY APPRECIATION TO GLEN HOFER AND ANSON HORNING - YOUR CHAIRMAN - FOR THEIR INVITATION TO APPEAR BEFORE YOU.

ANSON SUGGESTED THAT I SHOULD MAKE A FEW REMARKS ABOUT WHAT IS AHEAD FOR FARMERS - WHAT YOU CAN EXPECT DURING THE NEXT YEAR OR TWO.

I WISH I COULD BE MORE OPTIMISTIC IN TERMS OF THE ASSISTANCE WHICH YOU MIGHT EXPECT TO ALLEVIATE THE CURRENT CRITICAL COST-PRICE SQUEEZE ALL FARMERS ARE CAUGHT IN. UNFORTUNATELY, THE PRESIDENT'S STATE OF THE UNION SPEECH DELIVERED A WEEK AGO TONIGHT CONTAINED LITTLE TO ENCOURAGE FARMERS IN THE FORESEEABLE FUTURE.

ON NEW YEAR'S DAY, THE SECRETARY OF AGRICULTURE ISSUED A YEAR-END STATEMENT ON THE FARM SITUATION. IN THIS STATEMENT THE SECRETARY DESCRIBED 1967 AS "A DISAPPOINTING ONE FOR U.S. FARMERS, A YEAR OF OVERPRODUCTION BOTH AT HOME AND AROUND THE WORLD, WITH RESULTANT LOW PRICES".

OTHERS HAVE BEEN A LITTLE MORE BLUNT IN THEIR ASSESSMENT OF THE FARM SITUATION DURING 1967. THE FARMERS UNION GRAIN TERMINAL ASSOCIATION'S DAILY RADIO ROUNDUP FOR JANUARY 3 DESCRIBED THE SITUATION LIKE THIS:

"THE OFFICIAL FIGURES ON PRICES PAID AND PRICES RECEIVED BY FARMERS IN 1967 HAVE NOW BEEN RELEASED BY THE DEPARTMENT OF AGRICULTURE. THEY SHOW LAST YEAR TO HAVE BEEN THE POOREST YEAR FOR FARM PRICE RATIOS SINCE CLEAR BACK IN THE BOTTOM OF THE GREAT DEPRESSION. NOT SINCE 1933 HAS THE EXCHANGE VALUE OF FARM PRODUCTS WITH THOSE OF THINGS FARMERS MUST BUY BEEN SO LOW. EXPRESSED AS A PERCENT OF WHAT FARMERS ENJOYED BEFORE WORLD WAR I, THE PARITY RATIO WAS DOWN TO ONLY 73 PERCENT WITHOUT COUNTING

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GOVERNMENT PAYMENTS, AND ONLY 79 PERCENT WHEN THE HUGE GOVERNMENT PAYMENTS MADE LAST YEAR WERE INCLUDED. IN 1933, THE SIMILAR FIGURES WERE 64 AND 66 PERCENT. THE ONLY OTHER YEARS SINCE 1909 WITH SUCH A BAD EXCHANGE RATIO WERE 1931 AND 1932, THE LATTER WITHOUT DOUBT THE WORST IN ALL AMERICAN HISTORY".

- 1968 FORECAST -

AND WHAT DOES THE SECRETARY OF AGRICULTURE HAVE TO SAY ABOUT THE YEAR AHEAD? MR. FREEMAN DESCRIBED HIS ASSESSMENT OF THE 1968 OUTLOOK AS "CAUTIOUSLY OPTIMISTIC". HE INDICATES THAT GOVERNMENT ACTION, COUPLED WITH PRUDENT PLANNING AND MARKETING DECISIONS BY FARMERS COULD RESULT IN A PRICE UPTURN. THE SECRETARY GOES ON TO ONCE AGAIN DECRY THE FAILURE OF THE SO-CALLED STRATEGIC RESERVE GRAIN BILL IN THE HOUSE OF REPRESENTATIVES. I QUOTE FROM SECRETARY FREEMAN'S STATEMENT:

"WITH THE DEFEAT IN OCTOBER OF THE PURCELL BILL, WHICH WOULD HAVE ALLOWED US TO REMOVE ADDITIONAL GRAIN FROM THE MARKET, THE GOVERNMENT HAS ACCOMPLISHED ABOUT ALL IT CAN UNDER EXISTING LEGISLATION."

MR. FREEMAN GOES ON TO STATE:

"PRICES IN THE NEXT FEW MONTHS DEPEND ON WHAT FARMERS THEMSELVES DO. PRODUCTION DECISIONS IN POULTRY, HOGS, AND LIVESTOCK IN THE NEXT FEW MONTHS ARE CRUCIAL TO 1968 PROFITS. DECISION TO MARKET GRAIN AT LOW PRICES, OR TO HOLD FOR BETTER PRICES, WILL DETERMINE GRAIN PRICES IN THE FIRST HALF OF 1968."

ONCE AGAIN, THE AMERICAN FARMER IS PAYING THE PRICE FOR BEING TOO SUCCESSFUL. IT HASN'T BEEN VERY LONG SINCE IT APPEARED THAT THERE WOULD BE A SERIOUS SHORTAGE IN THE WORLD GRAIN SUPPLY. YOU RESPONDED ALL TOO WELL TO MEET THIS SHORTAGE. NOW AGRICULTURE IS AGAIN FACED WITH THE OLD STORY OF FALLING FARM INCOME.

- WORLD FOOD CRISIS -

TO ME THE TRAGIC ASPECT OF THIS PROBLEM IS THAT THIS SITUATION SHOULD DEVELOP

IN THE FACE OF THE WORLD FOOD CRISIS. WE MIGHT WELL ASK - IN FACE OF THE CURRENT WORLD-WIDE OVERPRODUCTION OF WHEAT - IF THERE REALLY IS SUCH A CRISIS. WELL, A LOT OF NATIONAL EXPERTS TELL US THERE IS.

IN MAY OF LAST YEAR, A REPORT ON THE WORLD FOOD PROBLEM WAS ISSUED BY THE PRESIDENT'S SCIENCE ADVISORY COMMITTEE. THE REPORT WAS THE RESULT OF A STUDY CONDUCTED UNDER THE DIRECTION OF A PANEL ON THE WORLD FOOD SUPPLY.

THIS PANEL OF EXPERTS TELLS US, AMONG OTHER THINGS, THAT:

"THE SCALE, SEVERITY, AND DURATION OF THE WORLD FOOD PROBLEM ARE SO GREAT THAT A MASSIVE, LONG-RANGE, INNOVATIVE EFFORT UNPRECEDENTED IN HUMAN HISTORY WILL BE REQUIRED TO MASTER IT."

AND:

"THE SOLUTION OF THE PROBLEM THAT WILL EXIST AFTER ABOUT 1985 DEMANDS THAT PROGRAMS OF POPULATION CONTROL BE INITIATED NOW. FOR THE IMMEDIATE FUTURE, THE FOOD SUPPLY IS CRITICAL."

THE PANEL POINTED OUT IN NO UNCERTAIN TERMS THAT THERE WOULD BE A SIGNIFICANT INCREASE IN FOOD NEEDS BY THE YEAR 1985. THEIR PROJECTIONS OF CALORIC REQUIREMENTS ON A WORLD-WIDE BASIS CALLS FOR AN INCREASED NEED OF 52 PERCENT BY 1985 IF THE POPULATION CONTINUES TO INCREASE AT THE CURRENT RATE. EVEN UNDER OPTIMISTIC ASSUMPTIONS ON THE EFFECTIVENESS OF FAMILY PLANNING PROGRAMS, WE WILL STILL NEED TO HAVE 43 PERCENT MORE CALORIES AVAILABLE TO ADEQUATELY FEED THE WORLD IN 1985.

JUST A FEW SPECIFICS TO POINT OUT THE ENORMITY OF THE PROBLEM. EVEN ASSUMING THAT BIRTH RATES WILL BE LOWERED BY 30 PERCENT OVER THE NEXT TWENTY YEARS, INDIA MUST INCREASE HER CONSUMPTION OF CALORIES BY 88 PERCENT - PAKISTAN BY 118 PERCENT - AND BRAZIL BY 91 PERCENT --- ALL BY THE YEAR 1985.

ONE OTHER IMPORTANT POINT SHOULD BE MADE. WHILE THE PANEL OF EXPERTS CONSIDERED SEVERAL UNCONVENTIONAL SOURCES OF FOOD --I.E., "SINGLE CELL PROTEIN" FROM YEAST FERMENTATION, CELLULOSE, ETC.; FISH PROTEIN CONCENTRATE; AND USE OF ALGAE --

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THEY POINTED OUT IN NO UNCERTAIN TERMS THAT THE "BULK OF THE INCREASE IN FOOD SUPPLY MUST COME FROM THE INCREASED PRODUCTION OF FARM CROPS".

THIS IS WHY I FEEL THE SITUATION IS TRAGIC. IF DROPPING FARM INCOME CONTINUES TO DRIVE FARMERS FROM THE LAND HOW CAN WE HOPE TO EXPAND PRODUCTION IN THE 1980'S WHEN IT WILL BE SORELY NEEDED.

ENOUGH ABOUT THE PAST. I WOULD GUESS THAT ALL OF YOU HERE ARE WELL AWARE OF THE SITUATION THAT WE ARE IN AND ARE PRIMARILY - AND VERY PROPERLY - CONCERNED ABOUT PROSPECTS FOR THE FUTURE. WHILE I DON'T HAVE A CRYSTAL BALL, CERTAIN FACTORS WILL UNDOUBTEDLY HAVE A DIRECT EFFECT ON THE FARM SITUATION DURING THE COMING YEAR.

- ECONOMY IN GOVERNMENT -

MANY OF MY COLLEAGUES AND I IN THE CONGRESS FEEL VERY STRONGLY THAT WE MUST RESTORE FISCAL SANITY TO FEDERAL PROGRAMS. SHARP REDUCTIONS CAN AND SHOULD BE MADE IN MANY OF THE PRESIDENT'S "GREAT SOCIETY" PROGRAMS. THE ECONOMY WAVE THAT SWEEPED THROUGH THE LAST SESSION OF THIS CONGRESS WAS NOT JUST A "FLASH IN THE PAN" -- IT'S HERE TO STAY FOR AWHILE. THE PEOPLE OF THIS NATION ARE DEMANDING OF THEIR CONGRESSMEN THAT ECONOMIES MUST BE MADE IN FEDERAL PROGRAMS. IT SHOULD ALSO BE NOTED THAT THE ECONOMY DRIVE IN THE CONGRESS HAS BEEN A BIPARTISAN EFFORT. DEMOCRATS AS WELL AS REPUBLICANS NOW REALIZE THAT WE CANNOT CONTINUE TO FUND NEW PROGRAMS AND INCREASE FUNDING OF OLD PROGRAMS AT THE RATE PREVAILING DURING THE LAST SEVERAL YEARS UNDER THE PRESENT ADMINISTRATION.

WHILE I AM PLEASED THAT THIS CONGRESS HAS BECOME "ECONOMY MINDED", WE WILL HAVE TO BE EXTREMELY CAREFUL ABOUT ONE THING: THAT THE NATION'S FARMERS AND FARM PROGRAMS DO NOT CONTINUE TO BE THE SCAPEGOATS. THERE IS AN ALL TOO PREVALENT ATTITUDE THAT FARM PROGRAMS ARE TOO BIG AND THAT FARMERS DO NOT REALLY NEED THOSE "BIG MONEY PROGRAMS". JUST ONE INDICATION OF THIS MOOD. A RECENT SURVEY OF MEMBERS OF THE CHAMBER OF COMMERCE OF THE UNITED STATES ON FEDERAL SPENDING AND TAXES BROUGHT AN OVERWHELMING RESPONSE THAT DRASTIC REDUCTIONS SHOULD BE MADE IN

SPENDING. WHERE WOULD THESE BUSINESSMEN HAVE SUCH CUTS MADE? MOST OF THEM - 92 PERCENT - WOULD CUT FEDERAL FARM PROGRAMS. THIS IS AN EVEN HIGHER PERCENTAGE THAN WOULD CUT THE NOW UNPOPULAR FOREIGN AID PROGRAMS.

- "PROTECTIONISM" -

NATIONS ARE MORE AND MORE MOVING IN THE DIRECTION OF RESTRICTING INTERNATIONAL TRADE AS A MOVE TO HELP SOLVE THEIR DOMESTIC PROGRAMS. THE PROTECTIONIST MOOD WILL CONTINUE AND VERY PROBABLY GET STRONGER. THE EUROPEAN ECONOMIC COMMUNITY'S COMMON MARKET PROGRAMS HAVE BEEN PARTICULARLY BOTHERSOME TO AMERICAN FARMERS. THE FACT THAT THE EEC'S COMMON AGRICULTURAL POLICY IS COMPLETELY CONTRARY TO THE INTEREST OF U.S. FARMERS IS WELL RECOGNIZED. THE COMMUNITY'S VARIABLE LEVY ON CEREAL IMPORTS AND THE LIMITATIONS ON MARKET ACCESS TO NON-MEMBER NATIONS HAVE BEEN VERY EFFECTIVE IN PROTECTING THEIR INDIGENEOUS PRODUCTION FROM OUTSIDE COMPETITION. TWO IMPORTANT NEGOTIATION TARGETS SET BY THE SECRETARY OF AGRICULTURE FOR THE RECENT KENNEDY ROUND WERE THE VARIABLE LEVY SYSTEM AND THE MATTER OF EFFECTIVE MARKET ACCESS FOR OUR FARM PRODUCTS. WE FAILED TO WIN CONCESSIONS IN EITHER AREA.

WHEAT GROWERS ARE AND WILL CONTINUE TO SUFFER FOR THESE NEGOTIATION FAILURES. THEY WILL ALSO CONTINUE TO PAY THE PRICE FOR THE ROLE THAT THE UNITED STATES HAS ASSUMED AS SUPPLY MANAGER FOR THE WORLD. WHILE WE CONTINUE IN THIS ROLE, ARGENTINA, AUSTRALIA, FRANCE, AND CANADA CONTINUE TO PRODUCE WHEAT ON AN UNLIMITED BASIS AND GET RID OF THEIR STOCKS YEARLY. THE UNITED STATES HAS, IN EFFECT, BECOME THE RESIDUAL SUPPLIER TO WORLD COMMERCIAL MARKETS AND HAS PLACED A PROTECTIVE UMBRELLA OVER THE WORLD MARKET.

I AM AFRAID THAT I CANNOT BE VERY OPTIMISTIC ABOUT THE PROSPECTS OF SEEING MORE LIBERAL FOREIGN TRADE POLICIES FOR AGRICULTURAL COMMODITIES IN THE COMING YEAR. WE WILL HAVE TO WAIT TO SEE WHAT EFFECT THE RECENTLY ANNOUNCED ACTIONS OF THE ADMINISTRATION TO SLOW DOWN THE GOLD DRAIN WILL HAVE IN THIS AREA. THERE WILL

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COULD BE RETALIATORY MOVES AGAINST OUR EXPORT PROGRAMS ON THE PART OF FOREIGN NATIONS.

- THE INTERNATIONAL GRAINS AGREEMENT -

I HAVE FOLLOWED WITH INTEREST THE ARGUMENTS BOTH FOR AND AGAINST THE INTERNATIONAL GRAINS AGREEMENT SINCE THE KENNEDY ROUND NEGOTIATIONS IN GENEVA. AS YOU KNOW, THE IGA IS SCHEDULED TO BE PRESENTED TO THE SENATE FOR RATIFICATION AS A TREATY. THERE IS A LOT OF UNCERTAINTY ABOUT THE POSSIBLE RESULTS OF THE AGREEMENT.

THE WHEAT TRADE CONVENTION IS SIMILAR TO THE INTERNATIONAL WHEAT AGREEMENT WHICH EXPIRED IN 1966 EXCEPT FOR THE RAISED MINIMUM PRICE -- FOR U.S. HARD WINTER WHEAT NO. 2, ORDINARILY \$1.73 AT GULF PORTS. NO ONE CAN BE CERTAIN OF THE EFFECTS ON PATTERNS OF WORLD TRADE OR DOMESTIC PRICES. SOME HAVE ARGUED THAT THIS COULD RESULT IN LOWER DOMESTIC PRICES, INCREASED WORLD-WIDE COMPETITION, AND DECREASED WORLD CONSUMPTION. OTHERS HAVE STATED THAT WHILE THIS MAY BE TRUE IN THE IMMEDIATE FUTURE, WE NEED THE AGREEMENT IN THE LONG RUN TO STABILIZE THE WORLD WHEAT MARKET.

QUITE FRANKLY, I HAVE NOT ARRIVED AT A POSITION ON THE IGA, AND I WOULD LIKE TO HEAR YOUR VIEWS BEFORE I DO.

- LEGISLATION -

(1) GRAIN RESERVES

THERE HAS BEEN A LOT OF TALK ON BOTH SIDES - PRO AND CON - ABOUT THE NEED FOR AND POSSIBLE EFFECT OF STRATEGIC GRAIN RESERVE LEGISLATION. AS YOU KNOW, THE ADMINISTRATION-BACKED PURCELL RESERVE BILL WAS TURNED DOWN IN THE HOUSE OF REPRESENTATIVES DURING THE LAST SESSION OF CONGRESS. DURING HEARINGS ON THIS LEGISLATION, WE HEARD A LOT OF CLAIMS THAT PASSAGE OF THE BILL COULD HAVE SUBSTANTIALLY INCREASED FARM INCOME. SECRETARY FREEMAN CLAIMED THAT IT WOULD HAVE RESULTED IN FROM \$300 TO \$500 MILLIONS IN ADDITIONAL INCOME FOR FARMERS. QUITE

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FRANKLY, I FIRMLY BELIEVE THAT THE PURCELL BILL COULD VERY WELL HAVE HAD THE OPPOSITE EFFECT. THE HEAVY LOAD OF GOVERNMENT-HELD STOCKS, WITHOUT ADEQUATE CONTROL OVER THE RELEASE OF THOSE STOCKS IS TOO MUCH FOR THE MARKET TO BEAR WITHOUT ADVERSELY AFFECTING PRICES. THE RELEASE FORMULA PROVISIONS OF THE PURCELL BILL DID NOT PROVIDE THE FARMER WITH ADEQUATE PROTECTION AGAINST GOVERNMENT RESALE OF THE RESERVES IN SUCH A WAY AS TO ADVERSELY AFFECT PRICES.

IN ANY EVENT, THE ISSUE OF GRAIN RESERVES IS NOT DEAD. A NUMBER OF BILLS HAVE BEEN INTRODUCED IN BOTH THE HOUSE AND SENATE PROVIDING FOR THE ESTABLISHMENT OF GOVERNMENT-SPONSORED AND-MAINTAINED RESERVES. HEARINGS WILL UNDOUBTEDLY BE SCHEDULED ON THIS MATTER SHORTLY.

BUT, IN OUR EAGERNESS TO IMPROVE FARM PRICES AND INCOME, LET'S NOT TAKE ACTION THAT WILL COME BACK TO HAUNT US. LET'S BE SURE THAT ANY LEGISLATION PASSED ON THIS SUBJECT:

- (1) PROVIDES FOR A TRUE RESERVE;
- (2) EMPHASIZES PRODUCER CONTROL OF THE RESERVES; AND
- (3) PROVIDES AN ADEQUATE RELEASE PRICE MECHANISM ON ALL GOVERNMENT-HELD GRAIN, NOT ONLY THAT WHICH IS EARMARKED FOR THE RESERVE, IN ORDER TO PREVENT GOVERNMENT RESALE IN SUCH A WAY AS TO DEPRESS MARKET PRICES.

(2) COMMODITY PROGRAMS

WITH REGARD TO COMMODITY PROGRAMS, THE PRESIDENT DID NOT MENTION ANY NEW LEGISLATION IN THIS AREA IN HIS STATE OF THE UNION MESSAGE. THE CURRENT WHEAT PROGRAM WILL NOT EXPIRE UNTIL 1969 AND, AS YOU KNOW, A MANDATORY WHEAT CERTIFICATE PROGRAM, SUBJECT TO A FARMER REFERENDUM, WOULD GO INTO EFFECT FOR THE 1970 CROP UNDER PRESENT LAW IF CONGRESS TOOK NO FURTHER ACTION. SO THERE IS NO IMMEDIATE PRESSURE ON THE ADMINISTRATION TO COME UP WITH ALTERNATE PROGRAMS AT THIS TIME.

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AS I HAVE SAID, EVEN IF NO ACTION IS TAKEN WHEN THE PRESENT PROGRAM EXPIRES, WE WOULD NOT BE WITHOUT ANYTHING. THE PERMANENT LAW IS STILL ON THE BOOKS. ONCE AGAIN, WE WILL HAVE TO WATCH THAT THESE PROGRAMS DO NOT BECOME PUBLIC TARGETS FOR MAJOR CUTS IN EXPENDITURES.

IN MARCH OF LAST YEAR, I INTRODUCED LEGISLATION WHICH WOULD PROVIDE FOR ADVANCE PAYMENTS TO COOPERATORS IN THE WHEAT PROGRAM. THIS LEGISLATION WAS PASSED BY THE HOUSE. SENATOR CARLSON WAS KIND ENOUGH TO INTRODUCE IDENTICAL LEGISLATION IN THE SENATE WHERE IT IS NOW PENDING. HOWEVER, I AM SORRY TO REPORT THAT THE ADMINISTRATION HAS SEEN FIT TO OPPOSE THIS RECOMMENDATION.

(3) P.L. 480

ONE OTHER MAJOR LEGISLATIVE ITEM OF CONCERN TO FARMERS WILL BE UP FOR CONSIDERATION THIS YEAR. THIS IS P.L. 480, THE FOOD FOR PEACE PROGRAM. I WILL CONTINUE MY SUPPORT OF THIS VITAL PROGRAM AND MAKE EVERY EFFORT TO ASSURE THAT IT WILL BE USED AS AN INSTRUMENT TO BOOST DOMESTIC FARM PRICES AND NOT DEPRESS THEM. ALONG THIS LINE, DURING THE LAST SESSION OF THIS CONGRESS, SEVERAL OF MY COLLEAGUES AND I INTRODUCED A JOINT RESOLUTION WHICH SUPPORTED THIS PROGRAM AND EXPRESSED THE SENSE OF CONGRESS THAT THE ADMINISTRATION SHOULD HANDLE PURCHASES AND SHIPMENTS UNDER THE PROGRAM IN SUCH A WAY AS TO STRENGTHEN FARM MARKET PRICES AS MUCH AS POSSIBLE. THIS RESOLUTION WAS PASSED BY THE CONGRESS AND BECAME PUBLIC LAW.

IN CLOSING, LET ME SAY AGAIN THAT I WISH I COULD HAVE BEEN MORE OPTIMISTIC ON THESE MATTERS OF VITAL CONCERN TO YOU. BUT, LET ME ADD THAT THERE ARE STILL CONSTRUCTIVE STEPS THAT CAN BE TAKEN BY THE ADMINISTRATION -- SOME WITHOUT ADDITIONAL LEGISLATIVE AUTHORITY. THESE HAVE BEEN RECOMMENDED TO THE SECRETARY OF AGRICULTURE. LET ME RESTATE THEM:

- (1) ENDORSE MY PROPOSAL TO MAKE ADVANCE PAYMENTS TO COOPERATORS
IN THE WHEAT PROGRAM.

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- (2) ANNOUNCE THAT ADVANCE PAYMENTS WILL BE MADE UNDER THE 1968 FEED GRAIN PROGRAM.
- (3) ANNOUNCE THAT CCC WILL PAY THE FIRST YEAR STORAGE COSTS FOR WHEAT UNDER LOAN. THIS WOULD NOT BE INCONSISTENT WITH WHAT IS DONE FOR OTHER COMMODITIES.
- (4) MAKE EVERY EFFORT TO EXPAND EXPORTS UNDER P.L. 480 TO THE MAXIMUM EXTENT CONSISTENT WITH THE SELF-HELP PROVISIONS.
- (5) ANNOUNCE THAT NO WHEAT STOCKS OWNED OR TO BE OWNED FOR THE NEXT TWO YEARS BY CCC WILL BE RESOLD AT LESS THAN PARITY.
- (6) ENDORSE THE AGRICULTURAL FAIR PRACTICES BILL, H. R. 13541, WHICH CLEARED THE HOUSE AGRICULTURE COMMITTEE BY A 28 TO 5 VOTE LAST OCTOBER BUT WHICH IS BEING HELD UP IN THE RULES COMMITTEE BY THE ADMINISTRATION.