

OHIO GRAIN, FEED & FERTILIZER CONFERENCE
CINCINNATI, OHIO
FEBRUARY 8, 1977

I AM GRATEFUL FOR THIS OPPORTUNITY TO MEET WITH YOU TODAY. I KNOW OF THE TREMENDOUS SERVICE THE OHIO GRAIN, FEED AND FERTILIZER ASSOCIATION PROVIDES FOR OHIOANS AND THE NATION AS A WHOLE. WORKING IN A HIGHLY COMPETITIVE AND CREATIVE SECTOR OF AMERICAN AGRI-BUSINESS, YOU PROVIDE THE INTEGRAL LINK BETWEEN PRODUCER AND CONSUMER, AT HOME AND ABROAD.

FREE ENTERPRISE SYSTEM A SUCCESS

THE MIRACULOUSLY EFFICIENT SYSTEM WHICH FREE ENTERPRISE HAS DEVELOPED FOR THE PRODUCTION, MARKETING, DISTRIBUTION AND PROCESSING OF FOOD IS A REAL TRIBUTE TO WHAT FREE MEN IN A FREE SOCIETY CAN DO. IN THE LAST FULL YEAR FOR WHICH DATA ARE AVAILABLE, YOUR DAY-TO-DAY COMPETITIVE ACTIVITIES ENABLED OHIO FARMERS TO MOVE ALMOST \$1.5 BILLION WORTH OF GRAINS AND OIL SEEDS INTO MARKETS, BOTH AT HOME AND ABROAD. YOUR SALES FORCES MOVED ALMOST \$300 MILLION IN FEED SALES TO FARMERS AND AN EQUAL AMOUNT IN FERTILIZER. YOURS IS A \$2 BILLION ACTIVITY WITH IMMEASURABLE BENEFITS NOT ONLY TO OHIO AGRICULTURE, BUT TO THE ENTIRE WORLD.

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OF COURSE, YOU HAD SOME HELP. OHIO FARMERS DID A SUPERB JOB LAST YEAR. THE 1976 CORN CROP WILL TOTAL NEARLY 400 MILLION BUSHELLS WITH A RECORD 101 BUSHELLS PER ACRE AVERAGE YIELD. AND OHIO SOYBEAN GROWERS HAD A GOOD YEAR, TOO, WITH A 1976 AVERAGE YIELD OF OVER 32 BUSHES AN ACRE, THE SECOND HIGHEST IN THE NATION.

JUST THINK, A 100 BUSHEL PER ACRE STATE AVERAGE YIELD FOR CORN WAS ONCE ONLY A DREAM HERE IN OHIO. NOW, IT'S A REALITY. IT COULD NOT HAVE BEEN ACCOMPLISHED WITHOUT THE DEVELOPMENT OF HYBRID CORN, ADVANCED PRODUCTION PRACTICES, RESEARCH, AND MOST IMPORTANTLY, A SOPHISTICATED USE OF FERTILIZER.

NEED FOR AGRICULTURE MARKETS

BUT EVEN THESE RECORD YIELDS OF CORN AND SOYBEANS WOULD ACCOUNT FOR LITTLE IF THERE WAS NOT A MARKET FOR OUR AMERICAN AGRICULTURAL ABUNDANCE. AND, IN THE 1970'S AND THE DECADES TO FOLLOW, EXPORT MARKETS WILL HOLD THE KEY TO AMERICAN FARM POLICY. OBVIOUSLY, YOU RECOGNIZE THIS FACT. IN THE PAST FISCAL YEAR ALONE, MEMBERS OF YOUR ORGANIZATION WERE THE CONDUIT FOR MOVING OVER \$700 MILLION WORTH OF GRAIN AND SOYBEANS TO FOREIGN MARKETS.

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IMPORTANCE OF INTERNATIONAL TRADE

I BELIEVE THERE ARE FEW MATTERS OF GREATER INTEREST, BOTH IMMEDIATE AND LONG-TERM, TO THE PEOPLE OF THIS COUNTRY THAN INTERNATIONAL TRADE. THIS IS SO, IN THE FIRST INSTANCE, BECAUSE INTERNATIONAL TRADE AFFECTS, IN A VERY REAL WAY, THE ECONOMIC WELL-BEING OF ALMOST EVERYONE. IT AFFECTS THE LIVELIHOODS OF PEOPLE WHO HAVE NOTHING TO DO WITH INTERNATIONAL MARKETING. AND IT MOST CERTAINLY AFFECTS EVERY FARMER, EVERY GRAIN AND FEED DEALER. THIS IS SO BECAUSE TRADE MEANS SALES AND INCREASED PRODUCTION, AND THAT MEANS JOBS, PROFITS, AND INVESTMENTS IN OUR DOMESTIC ECONOMY.

WHEN EXPORTS RISE, DEMAND RISES FOR ALL THE ELEMENTS THAT GO INTO EXPORT: FOR RAW MATERIALS, COMPONENTS, END PRODUCTS, TRANSPORTATION, AND LABOR. WHEN EXPORT OPPORTUNITIES AND EARNINGS ARE REDUCED, DOMESTIC PRODUCTION, EMPLOYMENT AND GROWTH RATES ARE ALL DEPRESSED.

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ADMINISTRATION'S TRADE POLICY

THUS, THE TRADE POLICY THE CARTER ADMINISTRATION CHOSE TO FOLLOW IS SINGULARLY IMPORTANT TO OURSELVES AND TO THE WORLD. OUR POSITION AS THE LARGEST SINGLE TRADING NATION UNDERLINES OUR SPECIAL RESPONSIBILITY TO ENSURE THAT OUR TRADE POLICY PROMOTES A CONTINUED GROWTH OF THE DOMESTIC AND INTERNATIONAL ECONOMIES. PUT SIMPLY, A GROWING AMERICAN AGRICULTURE DEPENDS ON A GROWING FOREIGN TRADE. FROM MILLIONS OF ACRES HARVESTED IN THE UNITED STATES LAST YEAR, WE EXPORTED THE PRODUCE OF ALMOST ONE ACRE IN EVERY THREE. EXPORTS ACCOUNTED FOR FULLY 25% OF FARMERS' 1975 CASH RECEIPTS, MORE THAN EVER BEFORE. THIS IS EVEN MORE TRUE FOR OHIO FARMERS THAN FOR MOST STATES. IN THE LAST MARKETING YEAR, THE STATE OF OHIO RANKED NINTH IN THE VALUE OF ITS FARM PRODUCT EXPORTS, WITH OVER \$800 MILLION.

WHAT WOULD HAPPEN TO THE ECONOMY OF OHIO IF WE COULD NOT EXPORT YOUR FARM PRODUCTS? WHAT WOULD HAPPEN TO ALL THE WHEAT AND SOYBEAN PRODUCING STATES IF THEY COULD NOT EXPORT OVER 50% OR MORE OF THOSE CROPS?

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QUALITY OF OUR PRODUCTS

IF WE ARE GOING TO MAXIMIZE OUR EXPORTS, WE MUST OFFER THE BEST QUALITY AT COMPETITIVE PRICES. FOR THERE IS NO SUBSTITUTE FOR PRICE AND QUALITY WHEN IT COMES TO COMPETING FOR COMMERCIAL MARKETS ABROAD. WE MUST ENSURE THE QUALITY OF OUR AGRICULTURAL PRODUCTS, BUT WE MUST NOT SO BUREAUCRATIZE THE SYSTEM BY WHICH WE INSPECT FARM COMMODITIES THAT WE DISCOURAGE EXPORTS.

GRAIN INSPECTION BILL

AND THAT BRINGS ME TO THE GRAIN INSPECTION BILL PASSED BY THE CONGRESS LAST YEAR. AS YOU WELL KNOW, WE HAVE MAJOR PROBLEMS WITH THAT ACT. AS TOM IRMEN OF OHIO TESTIFIED BEFORE THE SENATE AGRICULTURE COMMITTEE LAST WEEK, THE GRAIN STANDARDS ACT OF 1976 "HAS WEAKENED RATHER THAN STRENGTHENED THE BACKBONE OF THE U.S. EXPORT PROGRAM." WE MUST NOT LET THAT CONTINUE TO HAPPEN.

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DOLE AMENDMENTS

EARLIER THIS MONTH, I INTRODUCED LEGISLATION WHICH I BELIEVE WILL CORRECT SOME OF THE MOST OBVIOUS PROBLEMS WITH THE FEDERAL GRAIN INSPECTION SERVICE. I REGRET TO SAY THAT WE CANNOT REVERT TO THE PRACTICAL APPROACH OF INCREASING PENALTIES AND SUPERVISION UNDER THE USDA GRAIN DIVISION, AS I ATTEMPTED TO DO TWO YEARS AGO. BUT WE CAN DO SOMETHING.

MY BILL WOULD REQUIRE THAT APPROPRIATED FEDERAL FUNDS BE USED INSTEAD OF USER FEES TO COVER THE COST OF GRAIN INSPECTION SUPERVISION BY FEDERAL OFFICIALS. IN ADDITION, THE LEGISLATION I HAVE INTRODUCED PROVIDES THAT THE RECORD-KEEPING REQUIREMENTS WOULD PERTAIN ONLY TO THOSE RECORDS WHICH GRAIN ELEVATORS ALREADY KEEP, SUCH AS PURCHASES, SALES, WEIGHING, TRANSPORTATION, STORAGE, AND OFFICIAL INSPECTIONS AND WEIGHTS. RECORDS FOR HANDLING, TREATING, DRYING, BLENDING AND OTHER PROCESSING WOULD HAVE TO BE JUSTIFIED BY THE ADMINISTRATOR AND COULD BE REQUIRED ONLY IN EXTREME CASES.

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ADVISORY COMMITTEE

MY LEGISLATION WOULD ALSO ESTABLISH AN ADVISORY COMMITTEE TO ASSIST THE USDA IN DEVELOPING WEIGHING STANDARDS, CONFLICT OF INTEREST AND EXPORTER REGISTRATION PROVISIONS. IN THIS MANNER, A REALISTIC AND EQUITABLE GRAIN INSPECTION SYSTEM CAN BE DEvised SO AS NOT TO DISRUPT THE NORMAL FLOW OF GRAIN.

I FEEL THAT A GOOD GRAIN INSPECTION LAW IS A MINIMUM LAW. LAST YEAR'S BILL IS NOT A GOOD LAW, AS WE HAVE SEEN VIVIDLY DEMONSTRATED IN RECENT MONTHS. I SHALL CONTINUE TO FIGHT TO CORRECT THE "OVERKILL" WHICH THREATENS TO ENGULF AMERICAN AGRI-BUSINESS.

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ENCOURAGING EXPORTS

I THINK WE SHOULD BE ENCOURAGING, NOT DISCOURAGING, AMERICAN AGRICULTURAL EXPORTS. TO THIS END, I HAVE RECOMMENDED TO PRESIDENT CARTER THAT HE ESTABLISH A U.S. FARM EXPORT GOAL FOR 1980 OF \$25 BILLION. I HAVE ALSO ENCOURAGED THE PRESIDENT TO APPOINT AN AGRICULTURAL TRADE EXPERT, WITH THE RANK OF AMBASSADOR, TO THE OFFICE OF TRADE REPRESENTATIVE IN GENEVA. SUCH AN APPOINTEE MUST BE A TOUGH NEGOTIATOR WITH GREAT DEDICATION TO EXPANDING THE SCOPE OF THE FREE MARKET IN INTERNATIONAL TRADE. AND, TO AVOID THE INVOLVEMENT OF THE UNITED STATES IN INTERNATIONAL COMMODITY AGREEMENTS WITH MAXIMUM AND MINIMUM PRICES, I HAVE EXPRESSED MY GREAT CONCERN OVER AGRICULTURE SECRETARY BERGLAND'S ESPOUSAL OF AN INTERNATIONAL COMMODITY AGREEMENT FOR WHEAT WITH ESTABLISHED PRICE RANGES AND SHARED MARKETS DETERMINED BY GOVERNMENTS. HOW MANY TIMES MUST WE GO DOWN THE ROAD OF MARKET DISRUPTION AND INTERNATIONAL MARKET DISASTERS?

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DISRUPTING THE MARKET

ALREADY, THE INTERNATIONAL TRADE COMMISSION HAS RECOGNIZED THE FOLLY OF SUCH MARKET MANIPULATION. THE ITC CONCLUDED THAT SUCH ARRANGEMENTS OFTEN RESULT IN ECONOMIC WASTE AND THE MISALLOCATION OF SCARCE PRODUCTIVE RESOURCES. HISTORY REVEALS THAT SUCH AGREEMENTS FAIL TO ACHIEVE THEIR OBJECTIVES AND ARE BAD FOR THE AMERICAN FARMER AND THE DOMESTIC ECONOMY.

AS INDIVIDUALS WHO ARE NATURALLY CONCERNED ABOUT THE FREE FLOW OF AMERICAN AGRICULTURAL PRODUCTS, I URGE YOU TO RISE UP NOW TO FIGHT THOSE WHO WOULD ONCE MORE ENSNARE US IN MARKET MANIPULATING AGREEMENTS. START YOUR RESOLUTIONS MOVING AND LET YOUR REPRESENTATIVES IN CONGRESS KNOW WHAT YOU THINK. THERE IS ONLY ONE SOUND POLICY -- A STRONG DEFENSE OF THE FREE ENTERPRISE SYSTEM, A SYSTEM THAT HAS ENABLED US TO COMPETE AND HAS GIVEN US THE STRENGTH NOT ONLY TO MEET THE COMMERCIAL NEEDS OF IMPORTING COUNTRIES, BUT ALSO TO HELP LESS FORTUNATE NATIONS UNDER THE FOOD FOR PEACE PROGRAM. WE NEED MORE FREEDOM TO COMPETE, NOT SHACKLES ON OUR COMPETITIVE CAPABILITIES.

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SPECIAL RECOGNITION IS DESERVED FOR THE STRENGTH OF CHARACTER AND LEADERSHIP WHICH YOUR MEMBERS HAVE SHOWN IN THE DEVELOPMENT OF U.S. AGRICULTURAL POLICY THROUGH THE YEARS. THE RESULTS OF YOUR LEADERSHIP CAN BE SEEN IN THE ABUNDANT, ECONOMICAL FOOD SUPPLIES BEING MADE AVAILABLE TO AMERICAN CONSUMERS AS WELL AS IN OUR GREAT INTERNATIONAL AGRICULTURAL COMPETITIVENESS.

TOO MUCH GOVERNMENT INTERVENTION

PRIME MINISTER CALLAGHAN OF GREAT BRITAIN IN ADDRESSING THE BRITISH LABOR PARTY CONFERENCE LAST SEPTEMBER STATED SOME SIGNIFICANT TRUTHS. HE SAID:

"WE USED TO THINK THAT YOU COULD JUST SPEND YOUR WAY OUT OF A RECESSION AND INCREASE EMPLOYMENT BY CUTTING TAXES AND BOOSTING GOVERNMENT SPENDING. I TELL YOU IN ALL CANDOR THAT THAT OPTION NO LONGER EXISTS, AND THAT INSOFAR AS IT EVER DID EXIST, IT ONLY WORKED BY INJECTING BIGGER DOSES OF INFLATION INTO THE ECONOMY, FOLLOWED BY HIGHER LEVELS OF UNEMPLOYMENT AS THE NEXT STEP. THAT IS THE HISTORY OF THE LAST TWENTY YEARS."

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MR. CALLAGHAN IS RIGHT. WE ARE ALREADY PAYING TOO HIGH A PRICE FOR EXCESSIVE GOVERNMENT INTERVENTION IN THE ECONOMY IN LEVELS OF TAXATION THAT DISCOURAGE INVESTMENT AND INCENTIVES.

BUT MORE AND MORE I'M CONCERNED BY THE EXCESSIVE ZEAL OF THE BURGEONING BUREAUCRACIES. TO BE SURE, EACH WAS FOUNDED WITH A NOBLE PURPOSE. AND EACH HAS A VALID MISSION TO PERFORM. BUT HOW MANY FORMS FOR EPA, AND OSHA MUST BE FILLED OUT AND AT WHAT COST TO THE CONSUMER AND PRODUCER TO SATISFY THE GOVERNMENT? HOW MANY MAN HOURS MUST BE DEVOTED TO NON-PRODUCTIVE USES, WHICH FOREIGN COMPETITORS DO NOT SUFFER? HOW MANY NEW REGULATIONS WILL HAVE TO BE READ, UNDERSTOOD AND FOLLOWED TO THE LETTER TO AVOID THE WRATH OF GOVERNMENT AGENTS? I THINK IT IS TIME WE EXPANDED OUR REAL NEEDS WHICH I BELIEVE MEANS HELPING OUR COMPETITIVE ENTERPRISE SYSTEM WORK FOR ALL OF US.

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FUTURE FARM POLICY

I WELCOME YOUR SUGGESTIONS, YOUR COMMENTS, AND YOUR ADVICE. WORKING TOGETHER, WITH LIMITED INTERFERENCE FROM GOVERNMENT, I AM CONFIDENT THAT AMERICA'S RECORD OF AGRICULTURAL ABUNDANCE WILL BE MATCHED AND EVEN SURPASSED IN FUTURE YEARS. AND YOU, THE GRAIN, FEED, AND FERTILIZER EXPERTS IN OHIO, MUST HELP US TO MAINTAIN A SENSE OF ECONOMIC BALANCE, TO SORT OUT GOOD IDEAS FROM BAD ONES, AND TO STRUCTURE A SOUND AMERICAN FARM POLICY WHICH WILL CARRY US WELL INTO THE NEXT DECADE.

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