

REMARKS OF SENATOR BOB DOLE
JIM SENSENBRENNER FOR CONGRESS AGRICULTURAL RALLY
SUMMIT, WISCONSIN
OCTOBER 19, 1978

I AM DEEPLY HONORED TO BE HERE THIS EVENING. IT IS ALWAYS A PLEASURE TO BE IN WISCONSIN, A GREAT AGRICULTURAL STATE WITH CASH RECEIPTS AT \$3.2 BILLION IN 1977, AND TO SPEAK TO SUCH A DEDICATED GROUP OF AMERICAN FARMERS.

YOU AND I SHARE COMMON BELIEFS, GOALS, AND DREAMS.

WE BOTH WANT TO STRENGTHEN AMERICAN AGRICULTURE.

WE BOTH WANT TO INCREASE THE INCOME FLOWING TO OUR FARMERS.

WE BOTH WANT THE FARMER TO RECEIVE A FAIR RETURN ON HIS INVESTMENT.

WE BOTH SEEK TO PROVIDE NEW OPPORTUNITIES FOR YOUNG PEOPLE TO ENTER FARMING.

WE BOTH ARE DEDICATED TO THE FAMILY FARM AS THE BACKBONE OF OUR AGRICULTURAL PRODUCTION SYSTEM.

WE BOTH SEEK TO KEEP THE INVOLVEMENT OF GOVERNMENT IN AGRICULTURAL DECISIONS TO A MINIMUM.

WE BOTH SEEK TO MAINTAIN A HEALTHY AGRICULTURE -- ONE THAT IS ECONOMICALLY EFFICIENT AND PRODUCTIVE AND FREE FROM UNNECESSARY REGULATIONS.

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THOSE OF US IN CONGRESS, AND ESPECIALLY THOSE OF US IN LEADERSHIP POSITIONS ON THE AGRICULTURAL COMMITTEE, HAVE RESPONSIBILITY FOR DEVELOPING LEGISLATION TO ACHIEVE THESE POSITIVE AND NECESSARY GOALS.

FULL PARITY FOR FARMERS

LAST FRIDAY THE SENATE PASSED THE HUMPHREY-HAWKINS BILL. THIS BILL SET GOALS FOR THE U.S. ECONOMY IN SUCH AREAS AS UNEMPLOYMENT AND INFLATION. THE BILL CALLED FOR A COMPREHENSIVE NATIONAL AGRICULTURAL POLICY BUT DID NOT SET REAL GOALS.

I WAS CONCERNED THAT THERE WAS NOTHING IN THE HUMPHREY-HAWKINS BILL THAT SET A GOAL TO BRING AGRICULTURE UP TO PAR WITH THE REST OF THE ECONOMY. AT MY SUGGESTION, "FULL PARITY FOR FARMERS" WAS ADDED TO THE BILL.

MY ADDITION TO THE BILL SAID THAT THE AGRICULTURAL POLICY SHOULD INCLUDE A GOAL TO ASSURE, "FARM AND RANCH INCOME AT FULL PARITY LEVELS THAT WILL IMPROVE OPPORTUNITIES FOR FARM FAMILIES, ENCOURAGE PRODUCTION, PROVIDE FOR ESSENTIAL CAPITAL INVESTMENT IN FARMING, AND PROVIDE FOR FARM PRODUCT PRICES AT FULL PARITY IN THE MARKETPLACE."

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FULL PARITY IS NOW ESTABLISHED AS A NATIONAL ECONOMIC OBJECTIVE. WHEN THE PRESIDENT SETS HIS POLICIES, HE WILL HAVE TO TAKE INTO CONSIDERATION REACHING THE GOAL OF FULL PARITY INCOME FOR FARMERS AND FULL PARITY FOR FARM PRODUCT PRICES IN THE MARKETPLACE, AT THE SAME TIME WE REACH THE GOAL OF 3 PER CENT INFLATION AND 4 PER CENT UNEMPLOYMENT.

THE POLICY DECISIONS MADE BY THE PRESIDENT AND CONGRESS WILL HAVE TO PROVIDE IMPROVED FARM INCOME, REACHING FULL PARITY IN THE MARKETPLACE.

I HAVE EXAMINED THE NET FARM INCOME STATISTICS FOR WISCONSIN. I WANT TO STATE HERE AND NOW THAT YOUR NET IN 1977 OF \$878 MILLION -- AFTER EXPENSES -- WAS LESS THAN IT WAS IN 1973 (\$921.8 MILLION) AND 1976 (\$922.6 MILLION). THUS, YOUR NET INCOME WENT DOWN DESPITE THE INFLATION. THE NATION MUST PROVIDE A BETTER ECONOMIC CLIMATE THAN THAT. JIM SENSENBRENNER AND BOB DOLE WANT THAT BETTER OPPORTUNITY FOR YOU. WE WILL FIGHT FOR THAT.

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DAIRY FARMERS

I NEED NOT REPORT TO YOU THAT DAIRYING PROVIDES 60 PER CENT OF THE WISCONSIN CASH RECEIPTS FROM FARMING. THEREFORE, IT IS IMPORTANT FOR YOU TO KNOW THAT IN THE DEVELOPMENT OF THE FOOD AND AGRICULTURE ACT OF 1977, DAIRY FARMERS FARED AS WELL -- POSSIBLY BETTER -- THAN PRODUCERS OF ANY COMMODITY DEALT WITH IN THE LEGISLATION.

DAIRY INDEMNITY

DESPITE THE EXTREME CARE EXERCISED BY DAIRY FARMERS TO PREVENT CONTAMINATION OF THEIR MILK BY PESTICIDES, CHEMICALS AND OTHER POLLUTANTS, THE POSSIBILITY OF SUCH HAPPENINGS CONTINUES TO BE A RISK. WHEN SOMETHING OF THIS NATURE HAPPENS, OF COURSE, THE FARMER IS FACED WITH LOSSES OF IMMENSE PROPORTIONS AS HIS MILK IS BARRED FROM THE MARKET. IN 1964, CONGRESS APPROVED THE DAIRY INDEMNITY PROGRAM TO PROVIDE INDEMNITY PAYMENTS FOR PRODUCERS WHOSE MILK WAS BARRED DUE TO THE PRESENCE OF PESTICIDE RESIDUES IF THIS HAPPENED THROUGH NO FAULT OF HIS OWN. WHILE THE PROGRAM HAS BEEN RELATIVELY INEXPENSIVE (\$250,000 ANNUALLY) FOR THE GOVERNMENT, IT HAS SERVED TO KEEP MANY OF THE AFFECTED DAIRYMEN IN BUSINESS.

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RECOGNIZING THAT THIS PROBLEM IS NOT CONFINED TO PESTICIDES ALONE, PROGRAM COVERAGE WAS EXPANDED TO INCLUDE INSTANCES WHERE NUCLEAR RADIATION OR RESIDUES OF TOXIC CHEMICALS OTHER THAN PESTICIDES RESULT IN MILK BEING FORCED OFF THE MARKET THROUGH NO FAULT OF THE PRODUCER.

SO MUCH FOR LEGISLATION. WHAT IS THE OUTLOOK FOR DAIRYMEN? AS A RESULT OF EXPECTED LOWER MILK OUTPUT AND STRONG DEMAND, COMBINED WITH CURRENT LOW COMMERCIAL STOCKS, WHOLESALE DAIRY PRODUCT PRICES PROBABLY WILL REMAIN ABOVE THE NEW SUPPORT PURCHASE PRICES UNTIL THE END OF THE YEAR AND BEYOND.

FARM MILK PRICES ARE EXPECTED TO RISE MORE THAN SEASONALLY IN COMING MONTHS. THERE ARE LARGE USDA STOCKS OF BUTTER AND NONFAT DRY MILK WHICH MUST BE DISPOSED OF CAREFULLY TO AVOID HURTING PRODUCERS. COMMERCIAL USE OF DAIRY PRODUCTS IS EXPECTED TO REMAIN BRISK.

MILK PRODUCTION IS EXPECTED TO REMAIN LOWER THAN A YEAR EARLIER DURING THE REST OF 1978. THIS IS DUE TO DECLINES IN MILK COW NUMBERS RESULTING FROM HIGHER CULL COW PRICES AND IMPROVED ECONOMIC ALTERNATIVES, WHILE OUTPUT PER COW HELD CLOSE TO A YEAR EARLIER. HERD CULLING PROBABLY WILL STAY STRONG THIS FALL AND EARLY NEXT YEAR.

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THE SUPPORT PRICE FOR MANUFACTURING GRADE MILK IN THE 1978/1979 MARKETING YEAR WILL BE THE LEGAL MINIMUM OF 80 PER CENT OF PARITY, OR \$9.64 FOR MILK WITH 3.5 PER CENT BUTTERFAT (\$9.87 PER 100 POUNDS AT AVERAGE FAT TEST.) THIS PRICE MUST BE ADJUSTED ON APRIL 1 TO REFLECT THE ESTIMATED CHANGE IN THE INDEX OF PRICES PAID BY FARMERS.

CASH RECEIPTS FROM DAIRYING IN 1978 COULD EXCEED \$12-½ BILLION, UP FROM \$11.8 BILLION IN 1977. I WOULD EXPECT IT TO BE GOOD AT LEAST THROUGH THE FIRST HALF OF 1979. BUT WE MUST WATCH THE OTHER SIDE -- THE EXPENSE SAID RAVAGED BY INFLATION. I WILL RETURN TO INFLATION LATER ON.

NEW LEGISLATION TO STIMULATE AGRICULTURAL EXPORTS

THE CONGRESS ALSO PASSED LEGISLATION TO STIMULATE EXPANDED EXPORTS OF U.S. AGRICULTURAL COMMODITIES AND TO OPEN THE WAY FOR INCREASED SALES TO THE PEOPLES REPUBLIC OF CHINA (PRC).

I SERVE AS THE RANKING REPUBLICAN ON THE U.S. SENATE AGRICULTURE COMMITTEE. THIS COMMITTEE DID THE WORK ON THIS BILL. I BELIEVE THE LEGISLATION ALLOWS SIGNIFICANT NEW INITIATIVES IN EXPANDING U.S. AGRICULTURAL EXPORTS.

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THE LEGISLATION WOULD PROVIDE GOVERNMENT-BACKED, INTERMEDIATE CREDIT TO FINANCE AGRICULTURAL EXPORTS; AUTHORIZE SHORT-TERM CREDITS TO PRIVATE EXPORTERS WHO OFFER DEFERRED PAYMENTS TO ELIGIBLE IMPORTING COUNTRIES AND THE PRC; EXTEND EXISTING SHORT-TERM CREDITS TO THE PRC; UPGRADE U.S. DEPARTMENT OF AGRICULTURE EMBASSY OFFICERS IN MAJOR IMPORTING COUNTRIES; ESTABLISH U.S. AGRICULTURAL TRADE OFFICES ABROAD; AND CREATE A NEW POSITION OF UNDER SECRETARY IN THE U.S.D.A. TO PUT INCREASED EMPHASIS ON FARM EXPORT PROGRAMS.

THIS BILL WAS NEEDED TO ASSURE THAT THE U.S. REMAINED COMPETITIVE WITH OTHER AGRICULTURAL NATIONS IN THE WORLD MARKET.

EVEN THOUGH WE ARE NOW A STRONG AGRICULTURAL EXPORTING NATION, WE MUST MAKE EVERY EFFORT TO INCREASE FURTHER OUR SALES ABROAD. AGRICULTURAL EXPORTS MUST CONTINUE TO GROW. THIS BILL WILL PROVIDE ADDED TOOLS TO ACHIEVE THIS GOAL. I THINK THE NATION SHOULD SET GOALS AND THEN RECEIVE THEM. WE NEED AN EXPORT GOAL OF \$30 BILLION BY 1980.

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U.S. NUMBER ONE IN FARM EXPORTS

WE ARE THE WORLD'S LARGEST EXPORTER OF FARM COMMODITIES. DURING 1977, U.S. FARM PRODUCT EXPORTS TOTALED A RECORD \$24 BILLION, EXCEEDING THE PREVIOUS RECORD VALUE OF \$23 BILLION IN 1976 BY 4 PER CENT. I EXPECT THE EXPORTS TO RISE BY ABOUT 2 BILLION IN 1978.

THE DAIRY PRICE SUPPORT PROGRAM, THE FOUNDATION OF PRICE STABILITY FOR THE DAIRY INDUSTRY, IS, OF COURSE, PERMANENT LEGISLATION REQUIRING A PRICE SUPPORT LEVEL BETWEEN 75 AND 90 PER CENT OF PARITY. THIS PROGRAM WAS AMENDED IN TWO IMPORTANT RESPECTS IN THIS NEW FARM BILL.

FIRST, THE MINIMUM PRICE SUPPORT LEVEL WAS INCREASED TO 80 PER CENT OF PARITY THROUGH MARCH 31, 1979. THIS HIGHER MINIMUM WILL PROVIDE VALUABLE PRICE ASSURANCE TO DAIRY FARMERS WHO ARE CONTINUING THEIR BATTLE AGAINST THE COST-PRICE SQUEEZE.

THE SECOND IMPROVEMENT REQUIRES THE SEMI-ANNUAL ADJUSTMENT OF THE PRICE SUPPORT LEVEL TO REFLECT CHANGES IN THE PARITY INDEX.

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THIS PROVISION, EFFECTIVE THROUGH MARCH 31, 1981, IS INTENDED TO HELP OFFSET THE EFFECTS OF FUTURE INFLATION. WE ALL HOPE INFLATION CAN BE CURBED -- IT BENEFITS NO ONE -- BUT THIS AMENDMENT WILL HELP TO GIVE THE DAIRY FARMER THE SAME DEGREE OF PRICE ASSURANCE AT THE END OF THE MARKETING YEAR AS HE HAD WHEN THE PRICE SUPPORT LEVEL WAS INITIALLY SET.

PRESENT AUTHORITIES EXTENDED

THE FARM BILL EXTENDS AUTHORITIES:

- FOR BASE PLANS UNDER FEDERAL MILK MARKET ORDERS,
- FOR THE SECRETARY OF AGRICULTURE TO TRANSFER DAIRY PRODUCTS HELD BY THE COMMODITY CREDIT CORPORATION TO THE MILITARY AND VETERANS ADMINISTRATION FOR USE IN TROOP FEEDING AND IN HOSPITALS.

ACTUALLY, U.S. AGRICULTURAL EXPORTS HAVE HAD A PHENOMENAL GROWTH IN VALUE IN RECENT YEARS. THIS ALL-TIME VALUE RECORD WAS MORE THAN TWO AND ONE-HALF TIMES HIGHER THAN THE AVERAGE VALUE OF U.S. FARM EXPORTS JUST A DECADE AGO. THE EXPORT GROWTH HAS INCREASED THE DEPENDENCE OF AMERICAN AGRICULTURE AND AGRICULTURALLY-RELATED INDUSTRY ON THE FOREIGN MARKET AS AN OUTLET FOR THE ABUNDANCE OF U.S. FARMS. IN 1977, THE OUTPUT OF ONE OUT OF EVERY FOUR U.S. HARVESTED ACRES WAS SENT ABROAD; 10 YEARS AGO THE RATION WAS ABOUT ONE OUT OF EVERY FIVE HARVESTED ACRES.

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IN THE CURRENT MARKETING YEAR, THE FOLLOWING PERCENTAGES OF ESTIMATED GRAIN AND OILSEED DISAPPEARANCE ARE MOVING INTO EXPORT:

CORN	29%
ALL FEED GRAINS	27%
WHEAT	60%
SOYBEANS	52%

FARMERS, YES OUR TOTAL ECONOMY, NEED THESE EXPORTS. FOR U.S. AGRICULTURE IS OUR SINGLE MOST IMPORTANT EARNER OF FOREIGN EXCHANGE. FARM PRODUCTS ACCOUNT FOR 20 PER CENT OF ALL EXPORTS. AND YES, WE WILL DO MORE, GIVEN THE OPPORTUNITY, FOR A HEALTHY FARM ECONOMY REQUIRES THAT THE UNITED STATES BE A RELIABLE EXPORTER -- NOT ONE GIVEN TO PUT THE BRAKES ON EXPORTS. LET US NEVER FORGET THE ILL EFFECTS OF EXPORT CONTROLS -- ECONOMICALLY AND DIPLOMATICALLY.

INFLATION HOAX

I BELIEVE THIS ADMINISTRATION IS DEVELOPING A STRATEGY TO BLAME INFLATION ON THE AMERICAN FARMER AND DRIVE A WEDGE BETWEEN THE FARMER AND THE CONSUMER.

THIS ADMINISTRATION IS PERPETRATING A HOAX ON THE AMERICAN FARMER AND THE AMERICAN CONSUMER.

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THE FARMERS' PROBLEMS WITH GETTING RESPONSIVE LEGISLATION, GETTING RID OF EXCESSIVE GOVERNMENT REGULATIONS, OBTAINING ADEQUATE AGRICULTURAL CREDIT, STOPPING THE PURCHASE OF FARMLAND BY FOREIGNERS, HAVING A HEALTHY LIVESTOCK MARKET, AND OBTAINING A FAIR RATIO BETWEEN PRICES PAID AND PRICES RECEIVED ALL RELATE TO THE GOVERNMENT'S INABILITY AND LACK OF WILL POWER TO STOP INFLATION ONCE AND FOR ALL.

THE ADMINISTRATION'S MAIN BATTLEGROUND IN THEIR SO-CALLED FIGHT AGAINST INFLATION, THEIR HOAX ON THE AMERICAN FARMER, IS HOLDING DOWN AGRICULTURAL PRODUCT PRICES.

THEY SEEM TO BE FIGHTING INFLATION BY KEEPING DOWN THE PRICE OF CORN, SUGAR, CATTLE, WHEAT, AND OTHER AGRICULTURAL PRODUCTS.

THEIR JUSTIFICATION FOR THIS ACTION IS TO LOWER CONSUMER PRICES AND THEREBY FIGHT INFLATION.

INFLATION IS KILLING OUR FARMERS FINANCIALLY. THEY CANNOT STAND DOUBLE-DIGIT INFLATION FOR WHAT THEY BUY WHEN THE PRICE OF WHAT THEY SELL STAYS AT UNFAIR UNECONOMIC LEVELS.

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THE FARMER HAS NOT BEEN THE CAUSE OF INFLATION -- HE HAS BEEN THE VICTIM OF INFLATION. PRESIDENT CARTER SEEMS TO BELIEVE JUST THE OPPOSITE.

IF WE WOULD REQUIRE OUR GOVERNMENTS TO LIVE WITHIN THEIR MEANS, THE INFLATIONARY SPIRAL WOULD NOT ONLY BE CONTROLLED -- IT WOULD STOP.

FARMERS HAVE TO BE FREE TO MAKE A PROFIT. THEY HAVE TO BE FREE TO OPERATE AND MAKE DECISIONS BASED ON THE INFORMATION PROVIDED BY OUR ECONOMIC SYSTEM CONCERNING SUPPLY AND DEMAND AND PRICES.

THE FARMING SYSTEM IS UNCERTAIN ENOUGH BECAUSE OF WEATHER, WORLD DEMAND, CHANGING CONSUMER NEEDS AND OTHER FORCES WITHOUT ADDING AN UNCERTAIN, EVER CHANGING, UNPREDICTABLE, INTERVENING GOVERNMENT.

THE GOVERNMENT'S ECONOMIC AND SPENDING POLICIES SEEM TO BE CAUSING THE MAJOR PROBLEMS FACING FARMERS.

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AGRICULTURE HAS ENHANCED U.S. ROLE AS WORLD LEADER

THE STORY OF AMERICAN AGRICULTURE IS ONE OF THE GREATEST STORIES IN THE HISTORY OF MANKIND. WHEN AMERICA'S BLESSING OF AN ABUNDANT SUPPORT OF GOOD LAND AND CLIMATE IS COMBINED WITH TECHNICAL KNOW-HOW, INCENTIVE, AND HARD WORK, A COMBINATION IS PRODUCED THAT SUPPLIES AGRICULTURAL PRODUCTS IN ABUNDANCE FOR DOMESTIC CONSUMPTION AND WORLD MARKETS. THE SUPPLY OF AGRICULTURAL PRODUCTS IS HUGE AND PRICED FAIRLY.

THIS GREAT EFFICIENCY HAS ASSISTED THE UNITED STATES IN ITS ROLE AS A WORLD LEADER IN THREE WAYS. FIRST, IT HAS PUT US IN A POSITION TO SUPPLY A RELATIVELY LARGE SHARE OF THE WORLD COMMODITY MARKET, INCLUDING THE SOVIET UNION. SECOND, IT HAS STRENGTHENED THE U.S. BALANCE OF TRADE POSITION. AND THIRD, IT IS SERVING AS AN INSTRUMENT OF FOREIGN POLICY.

MIRACLE OF AGRICULTURE

THE FARM IS AN ESSENTIAL PART OF AMERICA, BUT IT'S A TOUGH AND RISKY BUSINESS AS YOU AND I KNOW ALL TOO WELL.

BUT AS IN ANY BUSINESS, FARMERS MUST EARN A PROFIT. JUST AS ANY SEGMENT OF OUR SOCIETY, FARMERS WANT TO PROVIDE A BETTER LIFE FOR THEIR FAMILIES AND EDUCATION FOR THEIR CHILDREN.

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THE MIRACLE OF AMERICAN AGRICULTURE IS THAT WE ARE FEEDING
AN EVER-INCREASING NUMBER OF THE WORLD'S PEOPLE WITH AN
EVER-DECREASING NUMBER OF PRODUCERS. AND THAT IS OUR GOAL --
YOURS AND MINE -- TO PROVIDE THE RIGHT CONDITIONS AND THE
RIGHT PROGRAMS SO THAT OUR FARMERS -- LARGE AND SMALL -- CAN
HAVE THE RIGHT INCENTIVES TO CONTINUE THEIR PRODUCTION MIRACLE.