

REMARKS OF SENATOR BOB DOLE
CALIFORNIA FEED AND GRAIN DEALERS
LAKE TAHOE, CALIFORNIA
SATURDAY, MAY 12, 1979

I'M BOTH PLEASED AND HONORED TO BE WITH YOU THIS MORNING,
AND HAVE THIS OPPORTUNITY TO DISCUSS WITH YOU SOME OF THE
PRESSING PROBLEMS FACING THE AMERICAN PEOPLE.

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.

THE UNITED STATES IS THE WORLD LEADER IN THE FEED MANUFACTURING
AND MERCHANDISING OF GRAINS AND OILSEEDS.

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THE TECHNICAL SKILLS AND ORGANIZATION NEEDED TO PRODUCE AND MARKET MILLIONS OF TONS OF FEED AND GRAIN WITH LOW PROFIT MARGINS REQUIRE THE BEST MANAGEMENT BUTTRESSED BY THE NEWEST TECHNOLOGY. I KNOW THAT THIS CAN BE DONE BY PRIVATE ENTERPRISE AT LESS SOCIAL COST AND WITH MORE EFFICIENCY THAN BY GOVERNMENT.

I BELIEVE IN THE PROFIT SYSTEM. I ALSO BELIEVE THAT IT CAN WORK EFFECTIVELY FOR THE PUBLIC GOOD.

ALREADY WE PAY TOO HIGH A PRICE FOR EXCESSIVE GOVERNMENT INTERVENTION IN THE ECONOMY AND IN TAXATION THAT DISCOURAGES INVESTMENT AND INCENTIVES.

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MORE AND MORE I AM CONCERNED BY THE EXCESSIVE ZEAL OF WASHINGTON'S BURGEONING BUREAUCRACIES,. HOW MANY FORMS DO WE HAVE TO FILL OUT, AND AT WHAT COST TO SATISFY THE GOVERNMENT? HOW MANY MANHOURS MUST BE DEVOTED TO NONPRODUCTIVE USES TO SATISFY SOME GOVERNMENT AGENCY? HOW MANY NEW REGULATIONS WILL HAVE TO BE READ, UNDERSTOOD AND FOLLOWED TO THE LETTER IF YOU ARE TO AVOID THE WRATH OF GOVERNMENT AGENTS?

ENERGY AND FOOD POLICIES

TWO INITIAL PROBLEMS FACING OUR PEOPLE ARE GOVERNMENT'S POLICIES TOWARD ENERGY AND FOOD. MANY GOVERNMENT PLANNERS HAVE FELT WE COULD MAINTAIN AN ABUNDANT SUPPLY OF CHEAP ENERGY AND FOOD FOREVER. NOW WE ARE FINDING THESE TWO RESOURCES DO NOT COME CHEAPLY, NOR ARE THEY LIKELY TO IN THE FUTURE.

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I BELIEVE MANY OF OUR CURRENT ENERGY AND FARM INCOME PROBLEMS CAN BE TRACED DIRECTLY TO GOVERNMENT INTERVENTION IN THE FREE MARKET SYSTEM. WE NEVER SEEM TO LEARN. GOVERNMENT HAS WORKED FOR YEARS TO IMPOSE A CHEAP ENERGY POLICY AND A CHEAP FOOD POLICY. THESE POLICIES HAVE NOW BACKFIRED AND WE WILL PAY THE CONSEQUENCES FOR YEARS TO COME.

PRESIDENT'S GAS RATIONING PLAN

I VOTED THIS WEEK TO REJECT PRESIDENT CARTER'S STANDBY GASOLINE RATIONING PLAN ON THE GROUNDS THAT IT PROVIDED INSUFFICIENT GUARANTEES THAT AGRICULTURAL AREAS WOULD GET THE FUEL THEY NEED TO OPERATE BOTH ON AND OFF FARM VEHICLES DURING TIMES OF EMERGENCY. FORTUNATELY, THE HOUSE AGREED. IT REJECTED THE PRESIDENT'S PLAN FOR SOME VERY GOOD REASONS.

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THE GASOLINE RATIONING PLAN DOES NOT GIVE AGRICULTURE FULL PRIORITY AS HAD BEEN DONE IN THE PAST SINCE W.W. II WITH ANY TYPE OF ENERGY CONSERVATION OR ALLOCATION LEGISLATION. FARMERS WILL NOT BE GIVEN ANY PRIORITY ALLOCATION FOR THEIR ON-HIGHWAY VEHICLES, SUCH AS TRUCKS, THAT ARE PREDOMINANTLY USED FOR FARM BUSINESS PURPOSES.

THIS PROPOSAL IS YET ANOTHER EXAMPLE OF THE DISREGARD THAT THE PRESIDENT HAS FOR THE AGRICULTURAL COMMUNITY. NO PRIORITY WAS GIVEN TO BUSINESSES LIKE YOURS WHO HAVE TO SUPPLY FARMERS WITH NEEDED PRODUCTS. NO PRIORITY WAS GIVEN TO THOSE WHO TAKE THE FARMERS PRODUCTS FROM THE FARM TO THE MARKET. AGRICULTURE AND AGRIBUSINESS WOULD BE SERIOUSLY HANDICAPPED UNDER THE PRESIDENT'S GAS RATIONING PLAN. BUT ULTIMATELY, IT WOULD BE THE CONSUMER WHO WOULD LOSE THE MOST UNDER THE PLAN. FOR THAT REASON, IT DESERVED REJECTION AND REPLACEMENT BY SOMETHING BETTER.

PRODUCING ENERGY FROM AGRICULTURAL PRODUCTS

ON THE OTHER HAND, AGRICULTURE AND ENERGY CAN COME TOGETHER TO OUR MUTUAL BENEFIT. I BELIEVE ONE OF THE SOLUTIONS TO AMERICA'S ENERGY SHORTAGE AND THE FARM INCOME CRISIS IN THIS COUNTRY IS THE USE OF AGRICULTURAL PRODUCTS TO MAKE ENERGY.

FARMLAND AND FOREST RESOURCES CAN CONTRIBUTE SIGNIFICANTLY TO THE NATION'S FUTURE ENERGY NEEDS, AND PRIVATE AND PUBLIC RESEARCH AND DEVELOPMENT AIMED AT CONVERTING AND USING SUCH RESOURCES SHOULD BE ONE OF OUR HIGHEST PRIORITIES.

NEW LEGISLATION

THIS IS ONE AREA WHERE GOVERNMENT CAN ACCOMPLISH SOMETHING POSITIVE, IF ONLY IT HAS THE VISION AND WILL TO SUCCEED. DURING THIS SESSION OF CONGRESS I HAVE INTRODUCED THREE BILLS TO ASSIST TOWARD THIS GOAL.

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FOR YEARS NOW I HAVE SOUGHT TO OBTAIN A GASOLINE TAX EXEMPTION FOR GASOHOL. THIS WAS ACCOMPLISHED DURING THE LAST SESSION FOR THE YEARS 1979 TO 1984. ONE OF MY NEW BILLS WILL EXTEND THE FEDERAL TAX EXEMPTION FOR 5 ADDITIONAL YEARS, UNTIL 1989. THIS WILL ENCOURAGE INVESTMENT IN NEW PLANTS.

ANOTHER WOULD PROVIDE AN ADDITIONAL 10% INVESTMENT TAX CREDIT FOR EQUIPMENT USED IN THE PRODUCTION OF CERTAIN ALCOHOL FUELS, AND WOULD SET UP A FEDERAL LOAN GUARANTEE PROGRAM FOR GASOHOL PRODUCTION.

MY THIRD BILL WOULD AUTHORIZE 12 ADDITIONAL PILOT PROJECTS FOR THE PRODUCTION AND MARKETING OF FUELS FROM AGRICULTURAL PRODUCTS. IN ADDITION, THE COMMODITY CREDIT CORPORATION WOULD ISSUE LOAN GUARANTEES OF UP TO \$15 MILLION FOR EACH PROJECT.

AMERICA BADLY NEEDS AN ALTERNATIVE, RENEWABLE SOURCE OF FUEL. GASOHOL IS SUCH A FUEL, AND I INVITE YOUR SUPPORT IN MAKING IT A REALITY.

EXPORTS AND FARM PROSPERITY

WE ARE WITNESS IN THIS NATION TO A QUIET REVOLUTION OF TREMENDOUS IMPLICATIONS. WE HAVE ACHIEVED SUCCESS IN FOOD PRODUCTION SUFFICIENT TO MAKE SALES AND DISTRIBUTION TO THE REST OF THE WORLD. THE HISTORIC STRUGGLE TO PRODUCE ENOUGH TO EAT HAS BEEN WON.

YET, TO SUSTAIN OUR FARM MORALE, AMERICAN FARMERS MUST RECEIVE DECENT RETURNS IN THE MARKETPLACE. ONE WAY TO PROMOTE SUCH PROSPERITY IS BY BOOSTING AGRICULTURAL EXPORTS.

LAST YEAR U.S. AGRICULTURAL EXPORTS REACHED A RECORD HIGH OF \$29 BILLION.

FARMERS AND AGRIBUSINESSMEN HAVE A RIGHT TO BE PROUD OF THIS ACCOMPLISHMENT. IT SHOWS WHAT CAN BE DONE WHEN THEY ARE NOT ENCUMBERED BY THE STRICTURES OF INTERNATIONAL COMMODITY AGREEMENTS.

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I NOTE THAT IN SPEECHES SECRETARY OF AGRICULTURE BERGLAND IS PROUD OF THE AMERICAN EXPORT ACCOMPLISHMENTS. HE SHOULD BE. BUT PERHAPS WE SHOULD STOP AND THINK: IT WAS THE PRIVATE GRAIN TRADE THAT REALLY UNDERTOOK THE RISKS, THE FINANCING, THE PROBLEMS OF PHYSICAL MOVEMENT THROUGH PRIVATELY OWNED OR LEASED FACILITIES. THIS, MAY I SUGGEST, IS A STORY THAT DESERVES TO BE TOLD. BUT YOU WON'T HEAR IT FROM GOVERNMENT.

IN A LARGE SENSE, THESE COMMERCIAL EXPORTS CONSTITUTE FOOD FOR PEACE AT ITS BEST--MUTUALLY BENEFICIAL, MULTILATERAL TRADE USING THE EFFICIENCY OF COMMERCIAL TRADE CHANNELS. THE SOUNDEST AND THE SIMPLEST WAY TO MAINTAIN OUR BALANCE OF PAYMENTS WOULD BE TO UTILIZE TO THE MAXIMUM THE PRODUCTIVE EFFICIENCY OF OUR FARMERS AND AGRIBUSINESSES BY FINDING WAYS TO INCREASE OUR AGRICULTURAL EXPORTS EVEN MORE. AND THAT'S EXACTLY WHAT I HOPE TO DO.

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FOOD FOR PEACE

THE FOOD FOR PEACE PROGRAM IS FAR MORE THAN JUST A FARM PROGRAM. IT IS A NATIONAL PROGRAM, SUPPORTING NATIONAL FOREIGN POLICY OBJECTIVES.

FOOD AND FIBER FROM AMERICAN FARMS HAVE SAVED THE LIVES OF MILLIONS OF PEOPLE. THERE ARE MILLIONS OF SCHOOLCHILDREN TODAY, THROUGHOUT THE WORLD, WHO REGULARLY RECEIVE SCHOOL LUNCHES THROUGH THIS PROGRAM.

YET THE CARTER ADMINISTRATION HAS NOT UTILIZED THIS BASIC TOOL OF FOREIGN AID TO ITS FULL POTENTIAL. INSTEAD, THE PROGRAM HAS BEEN CONSIDERED ALL TOO NARROWLY BY THE OFFICE OF MANAGEMENT AND BUDGET.

I STRONGLY URGE PRESIDENT CARTER TO USE HIS AUTHORITY TO MOVE LARGER QUANTITIES OF AGRICULTURAL COMMODITIES INTO EXPORT UNDER THE FOOD FOR PEACE PROGRAM.

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EXPORTS TO CHINA

ELSEWHERE ON THE INTERNATIONAL FRONT, THERE IS NEW INTEREST IN TRADING WITH CHINA.

THE UNITED STATES COULD BENEFIT BECAUSE THE PEOPLE'S REPUBLIC OF CHINA MUST IMPORT VAST QUANTITIES OF FOOD AND AGRICULTURAL TECHNOLOGY TO IMPROVE LIVING STANDARDS. U.S. AGRICULTURE EXPORTS TO CHINA THIS YEAR ARE LIKELY TO TOTAL ABOUT \$1 BILLION-- A SIGNIFICANT INCREASE OVER THE RECENT PAST.

THE CHINESE ARE REPORTED TO HAVE EMBARKED ON A NATIONAL PROGRAM OF MODERNIZATION IN WHICH AGRICULTURE RANKS AS THE NO. 1 PRIORITY. CHINA SHOULD BE A GOOD CUSTOMER IN THE FUTURE FOR AGRICULTURAL TECHNOLOGY AND FOODS, ESPECIALLY FEED GRAINS AND SOYBEANS.

I DON'T EXPECT U.S. TRADE WITH CHINA TO SHOW A DRAMATIC GROWTH OVER THIS YEAR'S INCREASE BUT OVER A 10 YEAR SPAN THE COUNTRY COULD DEVELOP INTO ONE OF THE LEADING AGRICULTURAL CUSTOMERS OF AMERICAN FARMERS AND AGRIBUSINESS.

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I INTRODUCED IN THE AGRICULTURAL TRADE ACT OF 1978 A PROVISION TO ALLOW THE COMMODITY CREDIT CORPORATION TO PROVIDE SHORT-TERM EXPORT CREDIT SALES OF AGRICULTURAL COMMODITIES OUT OF PRIVATE STOCKS TO THE PEOPLE'S REPUBLIC OF CHINA. THIS LEGISLATION WAS ADOPTED BY THE CONGRESS.

MULTILATERAL TRADE NEGOTIATIONS

THE TRADE AGREEMENTS RECENTLY CONCLUDED IN GENEVA AND COMMONLY REFERRED TO AS THE MTN AGREEMENTS, ARE A MIXED BAG FOR AGRICULTURE. IN SOME AREAS, SUCH AS BEEF EXPORTS, CITRUS OR TOBACCO, THERE ARE SOME POSITIVE DEVELOPMENTS.

ON THE OTHER SIDE OF THE LEDGER, OUR CONCESSIONS TO INCREASE CHEESE IMPORTS WILL HAVE TO BE PLACED IN THE MINUS COLUMN. ALSO, IT APPEARS THAT THE SUBSIDIES/COUNTERVAILING DUTY CODE WILL BE MORE MINUS THAN PLUS FOR OUR AGRICULTURAL INTERESTS.

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LET ME EXPLAIN MY LAST STATEMENT A LITTLE MORE FULLY. THE SUBSIDIES/COUNTERVAILING DUTY CODE EMBODIES A BASIC TRADE-OFF BETWEEN US AND THE EUROPEANS. WE AGREED TO ADOPT AN INJURY TEST IN OUR COUNTERVAILING DUTY LAW IF THEY WOULD AGREE TO RESTRICT THEIR USE OF AGRICULTURAL EXPORT SUBSIDIES PROVIDED UNDER THE COMMON AGRICULTURAL POLICY.

I WONDER IF THE TRADE-OFF WILL REALLY BE BALANCED. AS MANY OF YOU KNOW, PROVING INJURY TO AN AGRICULTURAL INDUSTRY HERE IN THE U.S. MAY BE PRETTY TOUGH. THE EFFECT OF THE INJURY TEST MAY BE TO RESTRICT THE UTILITY OF OUR COUNTERVAILING DUTY LAW AS IT IS APPLIED TO SUBSIDIZED AGRICULTURAL EXPORTS THAT ENTER OUR MARKET.

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ON THE OTHER SIDE OF THE LEDGER, THE COMMITMENT IN THE CODE TO EXERT GREATER DISCIPLINE IN THE USE OF EXPORT SUBSIDIES IS RATHER VAGUE. RECENT DEVELOPMENTS IN WHICH WE HAVE LOST SALES TO SUBSIDIZED EC WHEAT EXPORTS IN BRAZIL AND MOROCCO DEMONSTRATE THE TENTATIVE NATURE OF THIS COMMITMENT. IN FACT, UPON READING THE CODE IN DETAIL, IT APPEARS WE MAY BE LEGITIMIZING THE EC COMMON AGRICULTURAL POLICY BY APPROVING THE CODE. THE EC THINKS SO AND A RECENT LETTER FROM AMBASSADOR STRAUSS TO THE EC TENDS TO CONFIRM THIS.

I HAVE ATTEMPTED TO COUNTERWEIGHT THIS IMBALANCE IN LEGISLATION THAT WE ARE DRAFTING TO IMPLEMENT THE CODE. I HAVE PROPOSED A MORE FLEXIBLE TEST OF INQUIRY FOR THE AGRICULTURAL SECTOR IN THE COUNTERVAILING DUTY LAW. I HAVE ALSO SUCCEEDED IN PERSUADING THE FINANCE COMMITTEE TO PROPOSE A MECHANISM THAT SHOULD GIVE THE PRIVATE SECTOR THE ABILITY TO PUSH AN INTERNATIONAL COMPLAINT AGAINST FOREIGN EXPORT SUBSIDY PRACTICES.

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HOPEFULLY, IF MADE PART OF THE LAW, THESE PROVISIONS WILL MAKE THE TRADE PACKAGE MORE PALATABLE FOR U.S. AGRICULTURE.

CUTTING GOVERNMENT DOWN TO SIZE

FINALLY, WE MUST GRASP THE POTENTIAL THAT THE UPCOMING ELECTIONS HOLD FOR ADVOCATES OF FREE ENTERPRISE IN AMERICA. WE MUST PRESS ON IN THE BATTLE TO REDUCE FEDERAL SPENDING--AND TO MANDATE A LIMIT UPON THE AMOUNT OF TAXES AS WELL. WE MUST PRESS ON TOWARD A NATIONAL SYSTEM OF TAX INDEXING, WHICH WOULD REMOVE GOVERNMENT'S INCENTIVE TO INFLATE PRICES SO AS TO COLLECT ADDITIONAL REVENUES. WE MUST CUT BOTH BUSINESS AND PERSONAL TAXES, SO AS TO FREE UP ADDITIONAL CAPITAL FOR INVESTMENT AND JOB CREATION.

WE MUST MOVE TOWARD ADOPTION OF A CATASTROPHIC HEALTH INSURANCE SYSTEM. LAST YEAR, SOME SEVEN MILLION AMERICAN FAMILIES PAID MORE THAN 15% OF THEIR INCOME IN HEALTH COSTS. BY ADOPTING A CATASTROPHIC BILL, AND BY PLACING MAXIMUM RELIANCE UPON THE PRIVATE DELIVERY SYSTEM TO MAKE IT WORK, WE CAN FILL THE GAPS THAT CURRENTLY EXIST IN AMERICAN HEALTH CARE--WITHOUT BANKRUPTING THE TREASURY AND THE TAXPAYER.

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WE MUST COME BACK TO THE BELIEF IN INDIVIDUAL INCENTIVE THAT MADE THIS COUNTRY THE ECONOMIC ENVY OF MANKIND. WE HAVE A HUNDRED YEARS OF ENERGY LOCKED UP IN SHALE OIL DEPOSITS. THE EQUIVALENT OF BILLIONS OF BARRELS OF OIL LIE IN COAL DEPOSITS. SOLAR ENERGY HAS YET TO BE DEVELOPED AS FULLY AS IT COULD. GEOTHERMAL AND HYDROELECTRIC POWER ALSO HOLD ENORMOUS POTENTIAL FOR THE YEARS AHEAD.

I BELIEVE THAT AMERICA STANDS ON THE BRINK OF AN ECONOMIC RENAISSANCE, IF ONLY WE ACCEPT THE GENIUS OF FREE ENTERPRISE, ASSISTED BY REDUCED TAXATION AND FEDERAL SPENDING, TO FUEL A RESURGENCE OF PRIVATE INITIATIVE. MILLIONS OF JOBS ARE WAITING TO BE CREATED. INFLATION CAN BE REDUCED. GOVERNMENT CAN BE MADE MORE RESPONSIVE.

BUT NONE OF THESE THINGS HAPPEN OVER NIGHT, AND NONE WITHOUT THE LEADERSHIP OF MEN AND WOMEN OF VISION AND LEADERSHIP QUALITIES. I ASK YOU TO JOIN WITH ME IN THE MONTHS AHEAD, AS TOGETHER WE PERSUADE THE NATION WE SERVE THAT IT'S TIME FOR US TO BE GREAT AGAIN. THE ROAD TO ECONOMIC REVIVAL IS CLEAR. IT IS OUR RESPONSIBILITY TO DIRECT GOVERNMENT AWAY FROM THE EXCESS OF RECENT YEARS, AND BACK TOWARD A POLICY OF PRODUCTIVITY AND ECONOMIC PLENTY FOR ALL.

REMARKS OF SENATOR BOB DOLE

CALIFORNIA FEED AND GRAIN DEALERS

LAKE TAHOE, CALIFORNIA

SATURDAY, MAY 12, 1979

I'm both pleased and honored to be with you this morning, and have this opportunity to discuss with you some of the pressing problems facing the American people.

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.

The United States is the world leader in the feed manufacturing and merchandising of grains and oilseeds.

The technical skills and organization needed to produce and market millions of tons of feed and grain with low profit margins require the best management buttressed by the newest technology. I know that this can be done by private enterprise at less social cost and with more efficiency than by government.

I believe in the profit system. I also believe that it can work effectively for the public good.

Already we pay too high a price for excessive government intervention in the economy and in taxation that discourages investment and incentives.

More and more I am concerned by the excessive zeal of Washington's burgeoning bureaucracies. How many forms do we have to fill out, and at what cost to satisfy the government? How many manhours must be devoted to nonproductive uses to satisfy some government agency? How many new regulations will have to be read, understood and followed to the letter if you are to avoid the wrath of government agents?

ENERGY AND FOOD POLICIES

Two initial problems facing our people are government's policies toward energy and food. Many government planners have felt we could maintain an abundant supply of cheap energy and food forever. Now we are finding these two resources do not come cheaply, nor are they likely to in the future.

I believe many of our current energy and farm income problems can be traced directly to government intervention in the free market system. We never seem to learn. Government has worked for years to impose a cheap energy policy and a cheap food policy. These policies have now backfired and we will pay the consequences for years to come.

PRESIDENT'S GAS RATIONING PLAN

I voted this week to reject President Carter's standby gasoline rationing plan on the grounds that it provided insufficient guarantees that agricultural areas would get the fuel they need to operate both on and off farm vehicles during times of emergency. Fortunately, the House agreed. It rejected the President's plan for some very good reasons.

The gasoline rationing plan does not give agriculture full priority as had been done in the past since W.W. II with any type of energy conservation or allocation legislation. Farmers will not be given any priority allocation for their on-highway vehicles, such as trucks, that are predominantly used for farm business purposes.

This proposal is yet another example of the disregard that the President has for the agricultural community. No priority was given to businesses like yours who have to supply

farmers with needed products. No priority was given to those who take the farmers products from the farm to the market. Agriculture and agribusiness would be seriously handicapped under the President's gas rationing plan. But ultimately, it would be the consumer who would lose the most under the plan. For that reason, it deserved rejection and replacement by something better.

PRODUCING ENERGY FROM AGRICULTURAL PRODUCTS

On the other hand, agriculture and energy can come together to our mutual benefit. I believe one of the solutions to America's energy shortage and the farm income crisis in this country is the use of agricultural products to make energy.

Farmland and forest resources can contribute significantly to the nation's future energy needs, and private and public research and development aimed at converting and using such resources should be one of our highest priorities.

NEW LEGISLATION

This is one area where government can accomplish something positive, if only it has the vision and will to succeed. During this session of Congress I have introduced three bills to assist toward this goal.

For years now I have sought to obtain a gasoline tax exemption for gasohol. This was accomplished during the last session for the years 1979 to 1984. One of my new bills will extend the federal tax exemption for 5 additional years, until 1989. This will encourage investment in new plants.

Another would provide an additional 10% investment tax credit for equipment used in the production of certain alcohol fuels, and would set up a federal loan guarantee program for gasohol production.

My third bill would authorize 12 additional pilot projects for the production and marketing of fuels from agricultural products. In addition, the commodity credit corporation would issue loan guarantees of up to \$15 million for each project.

America badly needs an alternative, renewable source of fuel. Gasohol is such a fuel, and I invite your support in making it a reality.

EXPORTS AND FARM PROSPERITY

We are witness in this nation to a quiet revolution of tremendous implications. We have achieved success in food production sufficient to make sales and distribution to the rest of the world. The historic struggle to produce enough to eat has been won.

Yet, to sustain our farm morale, American farmers must receive decent returns in the marketplace. One way to promote such prosperity is by boosting agricultural exports.

Last year, U.S. agricultural exports reached a record high of \$29 billion.

Farmers and agribusinessmen have a right to be proud of this accomplishment. It shows what can be done when they are not encumbered by the strictures of international commodity agreements.

I note that in speeches Secretary of Agriculture Bergland is proud of the American export accomplishments. He should be. But perhaps we should stop and think: it was the private grain trade that really undertook the risks, the financing, the problems of physical movement through privately owned or leased facilities. This, may I suggest, is a story that deserves to be told. But you won't hear it from government.

In a large sense, these commercial exports constitute food for peace at its best--mutually beneficial, multilateral trade using the efficiency of commercial trade channels. The soundest and the simplest way to maintain our balance of payments would be to utilize to the maximum the productive efficiency of our farmers and agribusinesses by finding ways to increase our agricultural exports ever more. And that's exactly what I hope to do.

FOOD FOR PEACE

The Food for Peace Program is far more than just a farm program. It is a national program, supporting national foreign policy objectives.

Food and fiber from American farms have saved the lives of millions of people. There are millions of schoolchildren today, throughout the world, who regularly receive school lunches through this program.

Yet the Carter Administration has not utilized this basic tool of foreign aid to its full potential. Instead, the program has been considered all too narrowly by the Office of Management and Budget.

I strongly urge President Carter to use his authority to move larger quantities of agricultural commodities into export under the Food for Peace Program.

EXPORTS TO CHINA

Elsewhere on the international front, there is new interest in trading with China.

The United States could benefit because the People's Republic of China must import vast quantities of food and agricultural technology to improve living standards. U.S. agriculture exports to China this year are likely to total about \$1 billion--a significant increase over the recent past.

The Chinese are reported to have embarked on a national program of modernization in which agriculture ranks as the No. 1 priority. China should be a good customer in the future for agricultural technology and foods, especially feed grains and soybeans.

I don't expect U.S. trade with China to show a dramatic growth over this year's increase but over a 10 year span the country could develop into one of the leading agricultural customers of American farmers and agribusiness.

I introduced in the Agricultural Trade Act of 1978 a provision to allow the commodity credit corporation to provide short-term export credit sales of agricultural commodities out of private stocks to the People's Republic of China. This legislation was adopted by the Congress.

MULTILATERAL TRADE NEGOTIATIONS

The trade agreements recently concluded in Geneva and commonly referred to as the MIN agreements, are a mixed bag for agriculture. In some areas, such as beef exports, citrus or tobacco, there are some positive developments.

On the other side of the ledger, our concessions to increase cheese imports will have to be placed in the minus column. Also, it appears that the subsidies/countervailing duty code will be more minus than plus for our agricultural interests.

Let me explain my last statement a little more fully. The subsidies/countervailing duty code embodies a basic trade-off between us and the Europeans. We agreed to adopt an injury test in our countervailing duty law if they would agree to restrict their use of agricultural export subsidies provided under the common agricultural policy.

I wonder if the trade-off will really be balanced. As many of you know, proving injury to an agricultural industry here in the U.S. may be pretty tough. The effect of the injury test may be to restrict the utility of our countervailing duty law as it is applied to subsidized agricultural exports that enter our market.

On the other side of the ledger, the commitment in the code to exert greater discipline in the use of export subsidies is rather vague. Recent developments in which we have lost sales to subsidized EC wheat exports in Brazil and Morocco demonstrate the tentative nature of this commitment. In fact, upon reading the code in detail, it appears we may be legitimizing the EC common agricultural policy by approving the code. The EC thinks so and a recent letter from Ambassador Strauss to the EC tends to confirm this.

I have attempted to counterweight this imbalance in legislation that we are drafting to implement the code. I have proposed a more flexible test of inquiry for the agricultural sector in the countervailing duty law. I have also succeeded in persuading the Finance Committee to propose a mechanism that should give the private sector the ability to push an international complaint against foreign export subsidy practices.

Hopefully, if made part of the law, these provisions will make the trade package more palatable for U.S. agriculture.

CUTTING GOVERNMENT DOWN TO SIZE

Finally, we must grasp the potential that the upcoming elections hold for advocates of free enterprise in America. We must press on in the battle to reduce federal spending--and to mandate a limit upon the amount of taxes as well. We must press on toward a national system of tax indexing, which would remove government's incentive to inflate prices so as to collect additional revenues. We must cut both business and personal taxes, so as to free up additional capital for investment and job creation.

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We must move toward adoption of a catastrophic health insurance system. Last year, some seven million American families paid more than 15% of their income in health costs. By adopting a catastrophic bill, and by placing maximum reliance upon the private delivery system to make it work, we can fill the gaps that currently exist in American health care--without bankrupting the Treasury and the taxpayer.

We must come back to the belief in individual incentive that made this country the economic envy of mankind. We have a hundred years of energy locked up in shale oil deposits. The equivalent of billions of barrels of oil lie in coal deposits. Solar energy has yet to be developed as fully as it could. Geothermal and hydroelectric power also hold enormous potential for the years ahead.

I believe that America stands on the brink of an economic renaissance, if only we accept the genius of free enterprise, assisted by reduced taxation and federal spending, to fuel a resurgence of private initiative. Millions of jobs are waiting to be created. Inflation can be reduced. Government can be made more responsive.

But none of these things happen overnight, and none without the leadership of men and women of vision and leadership qualities. I ask you to join with me in the months ahead, as together we persuade the nation we serve that it's time for us to be great again. The road to economic revival is clear. It is our responsibility to direct government away from the excess of recent years, and back toward a policy of productivity and economic plenty for all.

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