NATIONAL GRAIN AND FEED ASSOCIATION

TALKING POINTS

Pik Program

- Pik tax problems resolved when bill passed last week.
- Understand producer sign-up is excellent. Combined registration in Acreage Reduction, Paid Diversion and PIK programs is about 70% of corn, 90% of Spring wheat and 70% of Winter wheat base acreage.
- USDA is evaluating "whole base bids" this week, with the final decision on which to accept due on Friday. They are expected to accept more bids to compensate for the slippage of producers who signed up for only the Acreage Reduction and Paid Diversion Programs, who may back out due to the heavier than expected PIK participation.
- Successful Farming reports that the break-even point for normal (30%) PIK participation is $2.70 per bu. for corn and $4.00 per bu. for wheat. If harvest prices are lower, farmers will do better under the program.

Farm Export Policy

- Senate Committee bill may be considered before Easter recess. Includes following features:
  - --Export PIK to provide commercial buyers with a commodity "bonus";
  - --Earmarks 20% of Economic Support Fund for farm exports. Under review by Foreign Relations Committee this week;
  - --Mandated dairy subsidies may violate countervailing duty laws. Because of higher U.S. price supports, U.S. has no traditional dairy markets as for wheat, flour, broilers.
  - --Target price/Revolving Fund idea deferred until budget review process begins.
  - --Cargo preference amendment added by Sen. Boschwitz to exempt export PIK and blended credit is strongly opposed by maritime industry. Possible compromise could be to limit cargo preference to only the bonus part of export PIK.

- o Negotiations on a new LTA with the Soviet Union remain unclear due to lack of communication by both sides.

  --Consultations under second one-year extension of 1975 Agreement set for March 24-25 in Moscow, but agenda will deal with technical rather than substantive issues.

  --Export bill asks President to report on status of LTA talks by March 31 and expresses Congressional support for negotiations.

  --Planning to introduce resolution calling for President to begin negotiations on a new and expanded LTA.

- o Administration continues efforts to offset EEC subsidies pending progress in talks:

  --Egyptian wheat flour sale got the EEC's attention. Need to reclaim legitimate U.S. share of markets. Similar action could be taken to move pountry and eggs to North African countries (Algeria, Tunisia).

  --Blended credit program and loan guarantees continue to make U.S. products competitive. Sale last week announced of $620 million in feedgrains, wheat and oilseeds.

Grain Elevator Bankruptcy Legislation

- o Omnibus Bankruptcy Improvement Act introduced on first day of session includes Dole grain elevator provisions, which passed the Senate four times in the 97th Congress.

- o Mark-up of bankruptcy legislation in full Judiciary Committee at 10:00 A.M.

- o Understand Ad Hoc Subcommittee of House Agriculture Committee held hearings in Kansas City yesterday. Hope exercise makes substantive contribution to the issue rather than just postponing action in House Judiciary Committee.

Farm Loan Deferral and Mortgage Foreclosure

- o Huddleston credit bill passed Senate Agriculture Committee and may be brought up before recess. Would defer overdue farm loans, impose moratorium on farm foreclosures, add $200 million for new farm ownership loans and increase maximum loan limit from $100,000 to $300,000.

- o Judiciary Subcommittee on Courts held hearings yesterday on farm and home foreclosures. Need to examine bankruptcy laws to find ways to prevent more farmers and homeowners from defaulting on their loans.

OUTLINE OF REMARKS

NATIONAL GRAIN AND FEED ASSOCIATION

March 15, 1983--9:00 a.m.--Sheraton Washington

I. The President and the New Congress

A. In his State of the Union message, President Reagan made clear that he and the 98th Congress must work together to deal with an active agenda. That means action on the deficit, on unemployment, on social security, and attention to the shifting patterns of industry and job creation in our economy. At the same time we have to realize there will be major areas where we will not agree. No one is going to compromise away the gains won towards restraining the growth of spending, controlling the tax burden, and beating back inflation. The American people still overwhelmingly support those goals.

B. The President, the House leadership, and the Senate leadership will have to work together to forge a consensus on major decisions if we are to get the job done. On some issues we simply cannot afford to have a legislative stalemate: social security is one of these, and the President and the Speaker have shown a statesmanlike regard for the public interest in supporting the bipartisan social security package, and in agreeing on the basic of a $4 billion-plus package.

C. The President still sets the agenda. On taxes, spending, deficits, employment, and trade the President proposes, and Congress must dispose. Those of us who have ideas of our own will work with the White House to get things done--but leadership still must come from the President. That is why we are unlikely to see any major departure from the principles of government Ronald Reagan has espoused in his first two years in office.

D. There is no coherent alternative to Republican leadership. The people still recognize that our economic problems were a long time in the making, and that the cure will take time too. According to CBS/New York Times voter exit polls in the last election, voters by a 5 to 4 margin blamed our economic problems on past Democratic policies rather than on President Reagan.

II. The Economy

A. Prognosis. We have to realistically assess the state of the economy and the prospects for the next few years. The fact is that the groundwork has been laid for a stable and lasting recovery, without renewed inflation. It is absolutely crucial that we proceed with care at this point, and not throw away the gains already made.

No one should doubt that we are making progress. In January the index of leading economic indicators jumped 3.6 percent--the biggest one-month rise since 1950, and the ninth increase in the last 10 months. In addition, the "concurrent indicators" of current economic performance rose .6 percent in January, showing we are in recovery.

1. Inflation was cut to 3.9 percent in 1982, from 12.4 percent in 1980. This is the lowest inflation rate since 1972.

2. Interest rates are down and still falling. The prime rate is down to 10 1/2 percent, way down from the 21 percent that prevailed when President Reagan took office. Home mortgage rates are down 3 points since last year. Long-term rates for business loans are off 3 to 4 points from a year ago.

3. Government spending growth rate is down to 11.2 percent this year from 17.4 percent in 1980. The 1983 budget resolution projects the growth rate of government to fall to 7.5 percent by 1985.

4. Lower taxes with major improvements in tax equity will help buoy the recovery, both on the consumer side and on the investment side. The combined effect of the 1981 and 1982 tax bills has been to lower individual taxes over 3 years by $344 billion, as well as improve compliance and tax fairness. Lower individual rates boost personal income and restore incentive, while favorable capital cost recovery rules should spur investment.

5. In January, industrial production was up 0.9 percent; housing starts were up 36 percent; the stock market is up 300+ points over last August. These are tangible evidence of recovery.

B. Unemployment. The January drop in unemployment to 10.4 percent is major good news, and the decline should continue even if there are a few "blips" upward. Unemployment, of course, remains the major negative in the economic picture. High unemployment has to come down and stay down without inflationary stimulus--that is what we have failed to do in the past.

o Clearly there is a bipartisan consensus for more jobs. But resuming the inflationary policies of the past will not create lasting jobs, just an illusion of prosperity that leaves us worse off the next time we try to get "off the wagon."

o That means the most important thing we must do is judge carefully the degree of stimulus the economy can and should take, consistent with a firm anti-inflation policy. The Federal Reserve will play a key role, and has already shown a willingness to adjust its short-term goals based on an assessment of the weakness of the economy. We will not allow the recession to continue, but we will not reinflate the economy, either.

o While the main emphasis must remain on the long-term goals of growth with low inflation, there are steps we can take in the short term to deal with the plight of the unemployed. Many things have already been done:

- A new Federal supplemental unemployment compensation program was passed with the 1982 tax bill, providing additional unemployment benefits to about 2 million workers in 38 States. The President has agreed to extend this through December 31, and proposes a tax credit voucher for employers who hire the long-term unemployed

- The President signed into law the new Job Training Partnership Act, which emphasizes training for permanent employment rather than make-work jobs. New initiatives outlined by the President focus on the long-term unemployed, youth, and on training or relocating displaced workers who lost jobs due to plant closures or force reductions

- The targeted jobs tax credit, which was extended for 2 years by the 1982 tax bill, gives employers a real incentive to hire the disadvantaged--about 600,000 workers are certified under the program

- The administration's enterprise zone legislation, reported last fall by the Finance Committee, can provide us with an experiment in private-sector job creation in depressed areas, through a combination of Federal tax incentives and State and local efforts to target an area for development with regulatory and tax relief, neighborhood participation, and capital and other improvements

- The 5¢ per gallon gax tax increase can create over 300,000 jobs by funding much needed repairs and construction of the Federal highway system.

C. <u>The Deficit and Interest Rates</u>.

1. All our economic difficulties are, of course, related--high interest rates and slow growth boost the deficit, and higher deficits create greater uncertainty in the business community as to our future course; will there be more inflation, or less credit available for business expansion?

2. Because of this, it makes sense first of all to chart a path that is most likely to bring stable growth without inflation. Higher growth boosts revenues and cuts unemployment costs, thereby reducing the deficit as well: already, upward

revisions of growth estimates are being made in light of the economic indicators.

3. In the short term, as the President urges, it makes sense to continue to review every part of the Federal budget in an effort to bring the deficit down. This means both defense and entitlements must be under scrutiny to maximize the efficiency of every dollar spent. A balanced deficit reduction program is still our goal: the Budget Committee will produce a budget resolution in the next few weeks.

4. Continued efforts to restrain the deficit by controlling Federal spending will give the Federal Reserve a bit more room to accommodate the potential for real growth that exists in the economy without inflationary pump-priming. But restraint in both fiscal and monetary policy is crucial if we want to maintain long-term confidence in the economic program. That means long-range goals must be carefully reconciled with efforts to respond to particular weaknesses in the economy. Radical attempts to reverse course would be self-defeating and must be resisted.

III. Taxes and the Budget

A. If we need additional revenues in the out-years, it has to be done consistent with the goal of reducing the deficits as recovery proceeds: a goal that everyone agrees is essential.

B. There are lots of ways to raise revenue, but our job is to choose ways that are fair and consistent with good tax policy. We should resist the temptation to undo the progress that has been made in providing greater incentives for savings, work, and investment: those incentives will become more important as recovery proceeds. There are many base-broadening measures still to be considered that would improve the equity and efficiency of the tax code.

C. Indexing. There seems to be a growing clamor for repeal of the tax indexing provision of the 1981 tax act, which takes effect in 1985. We all know that we have to compromise to get things done, but this is one area that we ought to leave alone if we are interested in sound tax policy and honesty in government. We can raise revenues--but why resort once again to back-door revenue increases generated by inflation? Tampering with indexing further risks sending a signal that we are prepared to reinflate the economy and generate revenues through bracket creep to deal with the deficit. That would mean undoing all the progress we have made over the past two years, and it would be a tremendous mistake.

D. Outyear tax increases. The President's budget recommends a contingency tax to raise $46 billion in FY 1986, consisting of a 5% surcharge and an oil tax, to be triggered if the deficit remains too high despite adoption of major spending cuts. It is not clear why we would need to use a "trigger" device to raise taxes based on deficit levels: if we estimate that the revenues will be needed, we can agree that any tax increase we provide for will be temporary, whether it be a surtax or a package of miscellaneous changes. It seems unlikely that a "trigger" mechanism would create the kind of reassurance on the deficit that the country is looking for.

If growth and revenues turn out better than now projected, we can always reduce taxes to the extent that becomes fiscally desirable. One possibility is to enact some additional base-broadening measures--improvements in equity and eliminating tax provisions that are economically inefficient--then provide for further rate reductions if the deficit is brought under control more rapidly than is now expected. This would maintain the momentum for a lower-rate, broader-based tax system that has been built over the last two years. It is also consistent with the administration's consideration of a streamlined and simplified tax structure with lower rates.

E. Tax Issues of Continuing Concern

A number of issues that have been around for some time ought to receive attention from the 98th Congress.

1. 6-month holding period. Efforts to reduce the capital gains holding period to 6 months will continue. There is very strong support for this change, because it can give a boost to capital markets at a time when greater savings and investment is vitally important to sustained economic recovery. This change was approved by the House in 1981 and by the Senate on three separate occasions in 1982, so it is time to get it enacted into law.

2. Education Savings Account. An idea that has been around for several years and may receive attention in the new Congress is to use an IRA-type arrangement to encourage savings for college education or advanced vocational training. Contributions to an account set up for this purpose would be tax-free subject to limits on the use of the funds for the stated purpose. In the area of education of one's children, in particular, the President has proposed a version of this initiative in his FY 1984 budget. It could provide support for education with a free-market approach, which has a lot of appeal.

3. Fringe Benefits. The moratorium on IRS fringe benefit regulations expires on December 31, 1983, having been extended to that date by ERTA. This issue has been with us since 1978, when the moratorium was first imposed, and it may be time to deal with it. The Congressional Budget Office estimates that

about $500 million could be generated by taxing so-called "nonstatutory" fringe benefits provided to employees--e.g., free airline travel, recreational facilities, etc. While theoretically taxable, these benefits raise difficult issues of valuation and allocation to individual employees. Still, fringe benefits are "compensation" and, to prevent erosion of the revenue base, something may have to be done.

4. Life Insurance Taxation. The temporary life insurance company taxation provisions of TEFRA expire at the end of 1983. The Finance Committee and Joint Committee staffs, as well as GAO, are looking at permanent changes in the taxation of the life insurance and casualty insurance industries. If the temporary rules were simply extended, a substantial revenue loss would result, probably in excess of $1 billion per year.

5. Withholding on Interest and Dividends. The withholding repeal campaign has to be resisted, and the President has indicated he will resist it. Withholding is an equitable compliance measure, not a new tax--without the $4 billion per year from withholding, we will have to raise someone else's taxes. On a $1,000 account, withholding would mean only a 50-cent loss each year on compounding--and banks can help people avoid that by opting for annual withholding.

G. Possible Administration Tax Initiatives

A number of initiatives were not acted on in the 97th Congress, and the administration's 1984 budget proposes action in these areas in the 98th Congress.

1. Tuition Tax Credits. Although the Finance Committee fashioned a compromise tuition tax credit proposal last year after extensive consideration, the bill received no further action last year. But the Committee's efforts could form the basis for legislation in the 98th Congress. Legislation, S. 528, was introduced February 17.

2. Caribbean Basin Initiative. The administration's proposal to provide trade and certain tax incentives for economic development in the Caribbean Basin made substantial progress in the 97th Congress, but still awaits final action. This is likely to be a priority item for the administration; The Finance Committee will hold hearings on April 13.

3. Enterprise Zones. The Finance Committee reported out a modified version of the administration's enterprise zone proposal last September, but no further action was taken. New legislation has been sent up by the President, and the proposal is likely to come up again in connection with discussion of job-creation and economic development proposals, and possibly could be acted on with further refinements. A major question is

whether the House will take an interest in the idea, which they did not in the 97th Congress.

4. DISC. While no specific DISC proposal was made in the 97th Congress, the issue was extensively discussed--particularly the question of legality under the GATT. The search is clearly on for an alternative way to encourage exports, and the administration is likely to be active.

IV. Social Security

A. Bipartisan cooperation continues to be the key to resolving the social security financing crisis. The National Commission developed a bipartisan package that deserves support. It is not perfect, and everyone had to swallow hard on some items: that is the cost of reaching agreement.

B. The work of the Commission made clear that it *is* a crisis in social security that we are confronting. The Commission agreed that $150-$200 billion is needed between 1983 and 1989 to ensure the solvency of the system through 1990. This means providing about a 15 percent reserve ratio by 1990 under the pessimistic--some would say realistic--assumptions. This is still a reserve level lower than at any point in history, and does not take into account the medicare program, which will have serious reserve problems by 1990 if nothing is done.

C. The real job is, and always has been, up to Congress. The bipartisan package, including a 6-month delay in cost-of-living adjustments, partial acceleration of scheduled payroll tax increases, coverage of new Federal workers and non-profit organizations, and partial taxation of benefits for higher-income beneficiaries, is now before Congress. The House approved the basic package last week, and the Finance Committee approved similar legislation last Thursday.

D. Long-term changes are also needed, of course, and the work of the commission has helped give us valuable guidance. We cannot forget that the payroll tax burden is already heavy and scheduled to increase, and the confidence of young people is critically low. The long-term deficit *can* be reduced considerably by very gradually slowing the growth of benefits as people come on to the rolls in the future. The House and Finance Committee bills both involve raising the retirement age, again very gradually, for people retiring some 20 or 30 years from now. Ample time is available for people to adjust their savings and retirement decisions. The Finance Committee bill has the additional virtue of phasing out the retirement earnings test beginning in 1990. This will eliminate the penalty against older Americans who choose to remain in the work force.

E. Major Features of the Package

1. COLA Delay

Even with the 6-month delay of the cost-of-living increase, benefits for 1984 for the average retired couple will be about $330 higher than their benefits for 1983, assuming an inflation rate of 4 percent.

2. Taxation of Benefits Above Threshhold

Many low and moderate income retired taxpayers are already taxed on their pensions, dividends, interest, and other income. Basic fairness requires that individuals with substantial amounts of other income should at least treat some of their social security benefits as income subject to income tax. One-half is an appropriate amount and should not cause undue hardship.

Taxation of benefits above the threshhold should only affect about 7 percent of all social security beneficiaries, so the great majority of social security recipients will not be affected by this change.

3. Payroll Tax Acceleration

The acceleration of the payroll tax increase will only increase payroll tax revenues by $9 billion between now and 1988. Half of this amount--the employee portion--will be offset by a tax credit. The other half--the employer portion--will be deductible on the employer's income tax return. The net effect will only be to take about $3 billion out of the economy--an insignificant factor in a 3 trillion dollar economy.

By removing the enormous amount of misinformation and uncertainty which has scared the elderly people of the country, the bill will improve confidence, both among the elderly and in the financial markets. These should have significant positive economic effects.

F. Benefits vs. taxes

- Of the $169 billion National Commission financing package, one can view the largest component as being on the benefit side through slowing the rate of future benefit growth and partial taxation of benefits for the highest-income beneficiaries.

  - Benefit slowdown and recapture $70 billion - 41%

    COLA adjustments ($40 billion)

Recapture of benefits through tax systems (\$30 billion)

- Expansion of coverage and repayment of military service obligation — \$41 billion - 24%

  Coverage of Federal and nonprofit employees (\$23 billion)

  Military service debt (\$18 billion)

- Tax speedup and restructuring of self-employment tax — \$58 billion - 34%

  Tax speed up (\$40 billion)

  Self-employment restructuring (\$18 billion)

  \$169 total

- Even though one-third (\$58 billion) of the package is comprised of payroll tax changes, the real impact on the economy will be less because of the tax credit to employees, the deductibility of employer payroll taxes and the tax deduction provided for the self-employed will reduce the total tax burden by about \$18.5 billion. Thus the real additional payroll tax burden will be slightly below \$40 billion over the period 1983-1990.

V. Trade

A. Trade deficit is too large. The size of our trade deficit (which is now projected at \$75 billion in merchandise trade and \$40 billion in current account) alone means Congress will continue to look hard for ways to reform our trade policy. The system of multilateral arrangements has been called into serious question as many believe it fails to meet our needs. Many voters and members of Congress will want to see us approach more of our trade problems on a bilateral basis. The average American simply does not understand why Japanese cars and TV's sell well here but American cigarettes, beef, baseball bats, and cosmetics cannot be sold in Japan. Remedies for this type of situation are certain to be a major focus of attention in the new Congress.

B. Export issues. Unfortunately, the GATT ministerial failed to make progress on the question of foreign subsidies for agricultural exports. This will continue if pressure from Congress to resolve this situation through negotiation or for other export promotion actions like the recent wheat flour sale to Egypt. I will be introducing legislation which will facilitate such activities in the future. This does not mean trade war, but does mean seeking to expand East-West trade, developing a viable substitute for DISC, utilizing Ex-Im Bank resources more adeptly, and moving the trade reciprocity bill that the Finance Committee approved in 1982. Fair access to markets must be a two-way street, and Congress will be under considerable pressure to see that that is so.

C. Import issues. As you know, the House passed "local content" legislation at the end of the last Congress. That is a drastic proposal and likely to be counterproductive in the long run if our goal is to increase access to markets and to gain maximum benefit from the mutual advantages of international trade. There may be other areas, however, where we might make adjustments: in considering extension of the Generalized System of Preferences, there may be an interest on the part of some members of the Finance Committee to restrict the program, particularly in light of the failure of the GATT ministers to agree on a new round of negotiations between developed and developing countries concerning tariffs. Similarly, there may be some objection to the trade provisions of the CBI proposal, and it may be difficult to extend the President's authority to negotiate tariff reductions on a limited basis. It is a good sign that the Japanese have agreed to continue to voluntarily restrain their automobile imports to this market for a third year until the domestic industry has had an adequate time to get back on its feet.

D. Clearly the heat is on when it comes to seeing that American producers get fair treatment under our system of international trade. If we choose our battles carefully to secure an appropriate response from our trading partners, we have an opportunity to making trade freer and fairer, to the advantage of everyone. But we must avoid the two extremes of allowing the world to think only the U.S. will play by the rules of free trade, regardless of disadvantage to our citizens; or, on the other hand, taking extreme unilateral actions that may look good politically but that, in the long run, will provoke severe reaction and deprive us of market opportunities. We need just the right amount of leverage to open more doors, not have them slammed in our face.

VI. Conclusion

The months and years ahead must not be dominated by rigid ideologies on either side--but neither can the President or the Republican leadership be expected to cast aside the principles of Government the American people so soundly endorsed in 1980. Those principles--a more restrained Government, a freer economy, greater accountability to the American people--are as valid today as they ever were, and there is no indication that the people have changed their commitment to these same principles. Guided by these principles, we will try to work together to build on the sound foundation for recovery that has already been laid.

Mar. 15

NATIONAL
GRAIN & FEED
ASSOCIATION

Office of the
Executive Vice President
Alvin E. Oliver

March 9, 1983

The Honorable Robert Dole
United States Senate
Washington, DC 20510

Dear Bob:

We are looking forward to your meeting with us on Tuesday, March 15 at 9 a.m. at the Sheraton Washington Hotel in the Sheraton Ballroom. Enclosed for your information is a brochure on our program and a galaxy of stars showing on one page the program participants.

Presiding at your session will be Mr. T.L. (Sam) Irmen, our first vice president, Manager-Grain Group, The Andersons, Maumee, Ohio.

Betty Meyer has advised us that you will get to the hotel on your own. I would suggest that you arrive at 8:45 a.m. at the second (lower) entrance from the Woodley Road entranceway. Bill Keating will meet you there and escort you to the ballroom.

All of our members are looking forward to hearing your speech, particularly those from Kansas. When our registration list for those from Kansas is available, I will send a copy to you.

If there is anything I can do to facilitate your participation in our program, please let me know.

Sincerely yours,

Al

Alvin E. Oliver
Executive Vice President

AEO:lmw
Enclosures

3/9. Braught in by Mr Keating

Post Office Box 28328 · Washington, D.C. 20005 · Telephone 202/783-2024

Speak

March 15
Tuesday
D.C.

9:00 am
Sheraton Room

NATIONAL GRAIN & FEED ASSOCIATION

Office of the
Executive Vice President
Alvin E. Oliver

January 4, 1983

The Honorable Bob Dole
United States Senate
Washington, D.C. 20510

Dear Al

T Y -- will be in touch as soon as we begin work on March schedule

Dear Senator Dole:

9:00 a.

The purpose of this letter is to invite you to be the featured speaker at the general session of the 87th annual convention of the National Grain and Feed Association at ~~10:30~~ a.m. on Tuesday, March 15, 1983 at the Sheraton Washington Hotel, Washington, D.C. The theme of our convention is "Rendezvous with Destiny."

Sheraton Rm

At the general session we will have 1000 members and spouses from most of the contiguous 48 states. Our members are owners and managers of country and terminal grain elevators, merchandisers, processors and exporters covering the wide spectrum of the grain and feed industry. In addition to our 1,250 member companies, we have 46 state and regional grain and feed associations affiliated with the National, including the Kansas Grain and Feed Association.

The attendees at our general session are leaders in the grain and feed industry as well as leaders in their own states and communities. They will be interested in hearing from you as Chairman of the Committee on Finance on the state of the economy, taxes, social security and trade agreements. We have invited Mr. Michel Fribourg, President and Chairman of Continental Grain Company, to speak on "Trade Protectionism in the '80s -- Fallout on the Grain Trade" which will occur just prior to your address.

You spoke at our convention in Washington in 1974 and we hope you will be able to give us a repeat performance now that we are back in Washington again. We would be pleased to give you an honorarium of $2,000.00 after you address our general session.

I look forward to a favorable reply.

Bill Keating

Sincerely yours,

Al

Alvin E. Oliver
Executive Vice President

2/7 Copies to John, ~~Mark~~; Joyce & George

AEO/ccj

Post Office Box 28328 · Washington, D.C. 20005 · Telephone 202/783-2024

National Grain and Feed Association

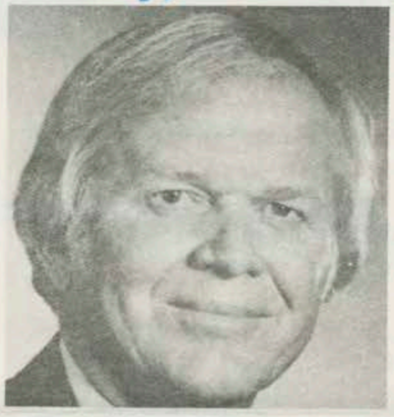
87th Annual Convention
"A Rendezvous with Destiny"

March 13-17, 1983
Sheraton Washington Hotel
Washington, D.C.

The issues and policies affecting the industry during this momentous year are of great consequence. And importantly, they are in a state of flux and change. This year, more than most, even wise men and women need all of the help, advice and information possible. It is a year requiring an exceptional convention program. Industry members will need to make business decisions knowledgeable of the latest government programs and policies, and industry trends. That is exactly the kind of program the National Association will unfurl for its 87th annual convention March 13-17 in the nation's capital. It will be a convention at which vital industry issues are clarified -- a convention at which management and operations decisions can be made with the benefit of the thoughts of leaders of Congress, government, industry and business.

The Program

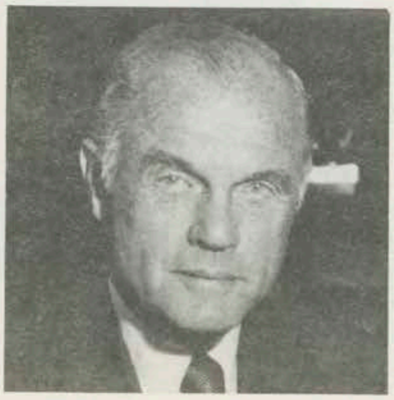
Sunday, March 13



President Matthies

National members' "Rendezvous with Destiny" will begin March 13, arrival day. Check-in time at the ultramodern headquarters hotel -- the Sheraton Washington -- is 3 p.m. Registration is from 9:30 a.m. to 6 p.m. Three committees will conduct 3:30 to 5 p.m. "open forum" meetings, to which all attendees are invited. The Commodity Exchange Committee will examine current issues with CFTC commissioners. The Research Committee will discuss research under way at land grant universities with Dr. Orville Bentley, assistant secretary of agriculture for science and education. The Barge Users Committee will meet with Howard Watters, deputy maritime administrator, Department of Transportation, to examine waterway projects and proposed user fees. The featured evening event will be the gala "Welcome" Reception" hosted by the Chicago Board of Trade at 6:30.

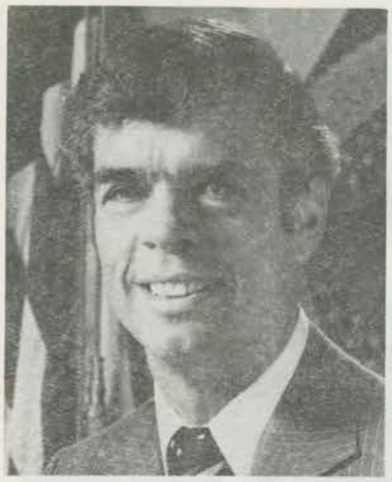
Monday, March 14



Sen. Glenn

"The President's Own" -- the U.S. Marine Corps Band -- will create an unmatched and unforgettable patriotic flavor when it officially opens the convention. The keynote address at the popular "Good Morning Breakfast" at 8:15 will be presented by Sen. John Glenn, D-Ohio, who is considered to be a leading presidential candidate. The former Marine Corps pilot, astronaut and now two-term senator from Ohio will be discussing domestic and foreign policy issues and America's role in the world. The chaplain of the U.S. Senate will give the invocation.

Members will be informed about the association's programs and involvement in important issues during the general industry session, starting at 11 a.m. The featured speakers will be National Association President S.L. Matthies and Executive Vice President Alvin E. Oliver.



Secretary Block

The honored speaker during the general session will be Secretary of Agriculture John R. Block. The secretary's address is particularly appropriate and timely considering the many new and soon-to-be-revised USDA programs and policies that are central elements to grain industry management and operations. The subjects range from the payment-in-kind program to the revision of the Uniform Grain Storage Agreement; and from export subsidy legislation to farm policy. It will be an unequalled opportunity to learn the latest about USDA's policy direction.

Except for a 3 to 5 p.m. meeting of the National's Board of Directors, the afternoon will be free for touring and sightseeing in the nation's capital. Complete information on organized and self-guided tours will be available. The evening will be open for private dinners, receptions and any plans you may wish to make.

Tuesday, March 15

Sen. Dole

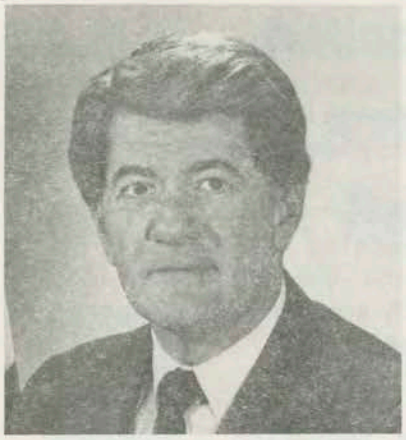
The outstanding convention program will continue March 15, beginning at 9 a.m. with a major address by Sen. Robert Dole, R-Kan., the chairman of the Senate Finance Committee and a key member of the Senate Agriculture Committee. Sen. Dole has been in the forefront on the top issues of the day, including the federal budget, social security, agriculture and trade. He is ideally qualified to apprise National members of Congress' current thoughts on the economy, taxes, social security and other issues.

Immediately following will be the National's annual meeting and "Academy Awards" program to recognize industry leaders and those providing valuable service to the Association. During the business meeting, officers and directors will be elected, and proposed amendments to the Trade Rules will be voted upon by Active members.

At 11 a.m., a major address will be delivered by Michel Fribourg, president and chairman of the board of the Continental Grain Company, New York, N.Y. His topic will be "front burner" issues confronting the industry: trade protectionism, the use of export subsidies by the United States and other nations, and world financial conditions.

Sen. Kassebaum

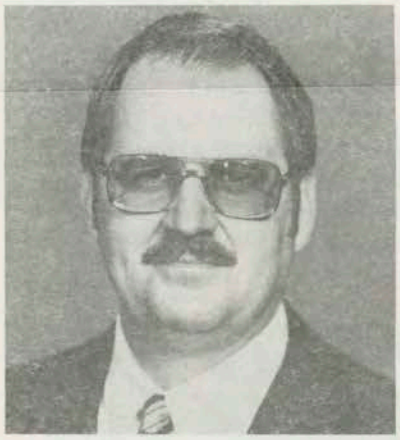
At noon, the Ladies' Luncheon will feature an address by one of the two women U.S. senators, Nancy Landon Kassebaum, R-Kan. Sen. Kassebaum is a member of three influential Senate Committees: Budget; Foreign Relations; and Commerce, Science and Transportation. She will be discussing such issues as the congressional budget process, balancing the budget, and international economic and foreign policy, particularly her recent fact-finding mission to Africa. Spouses who wish to invite their husbands to join them for the luncheon are welcome to do so. Additional tickets for the luncheon will be available at the registration desk.



Rep. Madigan

At 2 p.m. the convention will be transformed for the Country Elevator Council program into a major "Town Hall Meeting on PIK." The unique town hall meeting will enable participants to obtain an up-to-the-minute working knowledge of how the payment-in-kind program is designed to operate, particularly with respect to the grain industry. As such, it will be of major interest to warehousemen, merchants, brokers, farm supply and equipment dealers, and others. Panelists will be Rep. Edward R. Madigan, R-Ill., ranking Republican on the House Agriculture Committee; and two officials from USDA's Agricultural Stabilization and Conservation Service charged with running the program: Merrill Marxman, deputy administrator of commodity operations, and Roy Cozart, deputy administrator, state and county operations.

From 3:30 to 5 p.m., the Safety and Health, Country Elevator, and Terminal Operations and Marketing Committees will jointly host a major "open forum" session on the Occupational Safety and Health Administration's development of specific safety standards for grain handling facilities. Since the standards are scheduled to be proposed in late February, it will be an ideal opportunity for members to learn about the scope of the proposed rules, and voice their thoughts on the standards -- which promise to be a major issue throughout the coming year. Invited speakers are Rep. Douglas K. Bereuter, R-Neb., and OSHA Administrator Thorne Auchter.



Mr. Marxman

A concurrent open forum meeting will be conducted by the Trade Rules Committee. All members wishing to observe or comment upon the Trade Rules are invited.

The highlight of the evening will be the annual banquet and dinner dance, featuring the music of an outstanding orchestra and entertainment by the "Pied Pipers."

Wednesday, March 16

The program on March 16 will feature a host of important "open forum" committee meetings. As with all "open forums," anyone attending the convention is encouraged to attend. From 7 to 8:30 a.m., the Energy and Feed Industry Committees will conduct separate breakfast meetings centering upon genetic engineering and FDA programs, respectively. Non members of either committee may purchase tickets at the registration desk March 13-14.

Mr. Blanchette

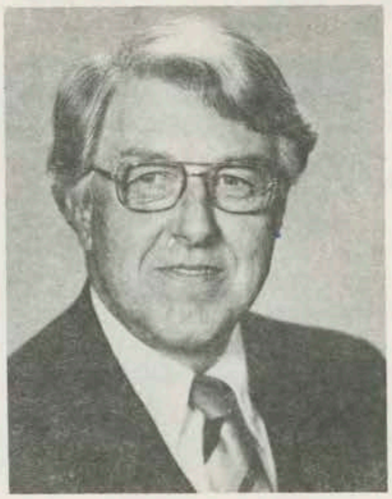
Three committees will host open forum meetings from 9:30 to 11:30 a.m. The Transportation Committee session will be dedicated to a major examination of the government's role in transportation. Speakers will be Martin "Buzz" Fitzpatrick, director of USDA's Office of Transportation, who will address the department's role in government transportation policy pertaining to agricultural products; Robert W. Blanchette, administrator of the Federal Railroad Administration, who will present the administration's views on transportation deregulation; and William C. Harding, vice president, transportation, Louis Dreyfus Corp., Stamford, Conn., who will examine the potential effects of deregulation on grain shippers dependent upon rail movement.

Sir Denman

Also from 9:30 to 11:30 a.m., the International Trade and Agricultural Policy Committees will sponsor an open forum meeting on trade issues. Featured speakers will include Sir Roy Denman, head of the Delegation of the Commission of European Communities.

The third concurrent open forum morning session will be conducted by the National's Fire and Explosion Research Council. The comprehensive research work will be reported through dramatic films and slides.

At 1:30 p.m., the Grain Grades and Weights Committee will conduct an open forum session featuring a thorough discussion of the programs of the Federal Grain Inspection Service. Present will be Dr. Kenneth A. Gilles, FGIS administrator, and his key staff. Discussion will center on such topics as the agency's budget, user fee projections, grain standards development and other topics.



Dr. Gilles

The Environmental Quality Committee also will host an open forum meeting from 1:30 to 3 p.m. The emphasis will be on two other major issues facing the industry in 1983: the reauthorization of the Clean Air Act and review of the New Source Performance Standards by the Environmental Protection Agency. The featured speaker will be Kathleen Bennett, assistant EPA administrator for air quality.

A 3:30 to 5 p.m. meeting of the Board of Directors will close out the convention program on March 16.

* * * * *

As can be seen, the issues to be addressed at this year's convention program are as diverse as the industry's interests, ranging from payment-in-kind to the Uniform Grain Storage Agreement; export subsidy legislation to farm policy; OSHA safety standards to EPA air quality standards; the U.S. budget to transportation policy; and FGIS programs to genetic engineering. The streamlined program is tailored to meet members' need to obtain information from, and convey viewpoints to, top policy makers. It will be a "decision-makers" convention.

Convention Registration — Hotel Reservations

Convention registration and hotel reservation forms are enclosed for your use. The complete convention package includes program sessions, group meal functions and refreshment breaks.

Complete the convention registration materials and hotel reservation form, and return both copies to the National's office with two checks: 1) One made payable to the National Grain and Feed Association for the amount of the convention registration; and 2) One made payable to the Sheraton Washington Hotel for one night's room deposit, as indicated on the hotel form.

Make plans now to take part in another memorable National Grain and Feed Association convention in the nation's capital.

National Grain and Feed Association
87th Annual Convention


Sen. John Glenn


Sen. Robert Dole


Sen. Nancy Kassebaum


Secretary John Block


Michel Fribourg


S. L. Matthies

PIK Town Hall Meeting


Rep. Edward Madigan


Merrill Marxman, USDA


Roy Cozart, USDA


Deputy Secretary Richard Lyng


Rep. Doug Bereuter

Galaxy of Stars


Sir Roy Denman, E.C.


Philip Johnson, CFTC


Kenneth Gilles, FGIS


Lester Crawford, FDA


Susan Phillips, CFTC


Robert Blanchette, FRA


Kalo Hineman, CFTC


Kathleen Bennett, EPA


Howard Watters, DOT


Patrick Tyson, OSHA


Orville Bentley, SEA