

5/18/87

May 14, 1987

TO: SENATOR DOLE  
FROM: MARK SCANLAN  
SUBJECT: DELTA COUNCIL SPEECH

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You will be introduced by Senator Cochran. Expected attendance will be between 3000 - 4000.

The Delta Council represents top business, agricultural and professional leaders of the area. Delta Council represents the 18 Delta and part-Delta counties of Mississippi and includes a land area of 5.5 million acres.

Producers in that area have 250,000 acres of rice, one million acres of cotton and 2.5 million acres of soybeans.

These producers feel the marketing loan program is their "trade bill" and strongly support competing on a "level playing field" in world markets. They are concerned about tightening up the \$50,000 payment limit too much.

SPEECH BY SENATOR BOB DOLE

DELTA COUNCIL ANNUAL MEETING

CLEVELAND, MISSISSIPPI

MAY 18, 1987

IT IS A GREAT PLEASURE FOR ME TO BE WITH YOU  
TODAY IN CLEVELAND. I KNOW I SHARE THIS PODIUM  
WITH AN ILLUSTRIOUS GROUP OF SPEAKERS, DATING  
BACK TO THE 1930'S. I ALSO KNOW THAT

MISSISSIPPI IS THE CRADLE OF SOME OF THE MOST  
ASTUTE AND RESPECTED POLITICAL LEADERS OF OUR  
TIMES: MEN LIKE JIM EASTLAND, JOHN STENNIS,  
AND JAMIE WHITTEN ON THE DEMOCRATIC SIDE AND  
THAD COCHRAN AND TRENT LOTT ON MY SIDE OF THE  
AISLE.

I WANT TO COMMEND YOU FOR YOUR INVOLVEMENT IN  
ONE OF THE LARGEST AND OLDEST ECONOMIC  
DEVELOPMENT ORGANIZATIONS OF ITS TYPE IN THE  
ENTIRE COUNTRY. YOUR LEADERSHIP ON AGRICULTURE  
POLICY, AND OTHER RURAL DEVELOPMENT AND FLOOD  
CONTROL ISSUES HAS HAD TREMENDOUS IMPACT, NOT  
ONLY IN THE DELTA, BUT THROUGHOUT MISSISSIPPI  
AND THE SURROUNDING STATES.



THE SOUTH CAN BE JUSTIFIABLY PROUD OF ITS  
AGRICULTURAL ROOTS -- IT IS A HERITAGE THAT HAS  
HELPED BUILD A SOLID AND RELIABLE ECONOMIC  
FOUNDATION FOR RURAL AND URBAN CITIZENS ALIKE.  
MAINTAINING THAT FOUNDATION, I BELIEVE, IS THE  
KEY TO RENEWED PROSPERITY AND RECOVERY ON THE  
FARM AND UP AND DOWN MAIN STREET.

THAD COCHRAN

THERE HAVE BEEN A LOT OF STORIES IN MAGAZINES  
AND NEWSPAPERS LATELY TELLING US THAT THE  
SO-CALLED FARM CRISIS IS BEHIND US. OF COURSE,

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THESE WERE THE SAME MAGAZINES AND NEWSPAPERS,  
THAT WERE TELLING US RURAL AMERICA WAS DEAD  
ONLY TWO YEARS AGO. WELL, THINGS ARE LOOKING  
UP -- BUT WE STILL HAVE A LONG WAY TO GO. BUT  
AS ONE WHO GREW UP IN A SMALL KANSAS TOWN, I  
KNOW SOMETHING ABOUT THE DETERMINATION OF RURAL  
AMERICA. AND I BELIEVE WE'VE TURNED THE  
CORNER.

A MAJOR REASON THAT WE ARE NOW SEEING SOME GOOD  
NEWS ON THE FARM FRONT IN THE SOUTH AND  
ELSEWHERE IS THE 1985 FARM BILL. ITS NOT  
PERFECT, BUT IT LOOKS LIKE A GOOD VOTE RIGHT  
NOW. AND FARMERS SEEM TO AGREE, WHETHER ITS IN  
KANSAS, IOWA, VERMONT OR MISSISSIPPI.

AND, I WANT EACH OF YOU TO KNOW, THAT THAD COCHRAN CAN TAKE REAL CREDIT FOR THE BILL'S SUCCESS. THAD'S LEADERSHIP THROUGHOUT THE 1985 FARM BILL DEBATE -- AND HE WAS THE KEY AUTHOR OF THE MARKETING LOAN PROVISION -- WAS ABSOLUTELY ESSENTIAL TO THE EVENTUAL PASSAGE OF THIS LANDMARK LEGISLATION. MISSISSIPPI CAN BE PROUD OF HIS DECISIVE LEADERSHIP. WHEN THE CHIPS WERE DOWN, THAD COCHRAN DELIVERED FOR RURAL AMERICA. HIS LEGISLATIVE SKILLS, COUPLED WITH HIS KEEN UNFLINCHING COMMITMENT TO A THRIVING SOUTHERN ECONOMY, HAS MADE HIM ONE OF THE REAL LEADERS ON AGRICULTURE IN THE U.S. SENATE. WHEN THAD SPEAKS, WE LISTEN.



1985 FARM BILL

SO WHAT'S AHEAD FOR AMERICAN AGRICULTURE? AS I SAID EARLIER, THE CONSENSUS SEEMS TO BE THAT THE 1985 FARM BILL IS WORKING. LOOK AT THE FACTS: OTHER COUNTRIES ARE BEGINNING TO PLANT LESS ACREAGE AS THE U.S. HAS BECOME MORE COMPETITIVE, U.S. EXPORTS IN THIS MARKETING YEAR ARE EXPECTED TO BE UP ABOUT 10% OR MORE, NET CASH FARM INCOME WILL HIT A RECORD \$48 BILLION THIS YEAR; AND FARM EXPENSES, AFTER HAVING DROPPED \$7 BILLION IN 1986, WILL BE DOWN AGAIN, BY ABOUT \$5 BILLION THIS CALENDAR YEAR.

COTTON PROGRAM

WE ARE ALSO WITNESSING A DRAMATIC TURNAROUND IN COTTON AND RICE THANKS TO SENATOR COCHRAN'S MARKETING LOAN, WHICH I SUPPORTED. COTTON EXPORTS WILL BE THREE TIMES THE LEVEL OF LAST YEAR; COTTON STOCKS ARE PROJECTED TO BE 60 PERCENT LOWER THIS AUGUST THAN A YEAR AGO, DOMESTIC CONSUMPTION WILL BE HIGHER; AND PROGRAM COSTS WILL BE DOWN ABOUT 50 PERCENT FROM LAST YEAR. THAT'S REAL PROGRESS, AND THERE IS MORE.



MARKET PRICES HAVE REBOUNDED, AND THE  
ADDITIONAL ECONOMIC ACTIVITY GENERATED FROM  
GREATER PRODUCTION, PROCESSING AND SALES VOLUME  
WILL YIELD ABOUT \$11 BILLION, FROM COTTON  
ALONE, OVER THE LIFE OF THE FARM BILL.

#### RICE PROGRAM

THE GOOD NEWS SEEMS TO CARRY OVER FOR RICE.  
RICE FARMERS, LIKE KANSAS WHEAT FARMERS, HAVE  
TRADITIONALLY EXPORTED 60 PERCENT OF THEIR  
PRODUCTION.

WE'RE SEEING AN INCREASE IN BOTH EXPORTS AND NET FARM INCOME DUE TO THE MARKETING LOAN, AND IT EVEN APPEARS THE U.S. WILL RECAPTURE ITS TRADITIONAL 25 PERCENT LEVEL OF THE WORLD RICE MARKET. THE POINT IS THAT THE FARM BILL IS FINALLY GIVING US A LEVEL PLAYING FIELD IN THE INTERNATIONAL ARENA. WE'RE BACK IN THE GAME, READY TO COMPETE AND READY TO BATTLE THE SUBSIDIES THE COMPETITION IS HANDING OUT.

### EXPORTS

NOW, SOME OF US BELIEVE THE MARKETING LOAN COULD WORK AS WELL FOR WHEAT, FEED GRAINS AND SOYBEANS.

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LET'S FACE IT, WE NEED TO KEEP THE PRESSURE ON  
OUR COMPETITORS -- EITHER THROUGH A MARKETING  
LOAN OR AN AGGRESSIVE USE OF THE EXPORT  
ENHANCEMENT PROGRAM -- WHILE WE PUSH FOR FAIRER  
TERMS IN THE GATT NEGOTIATIONS.

### BUDGET DEFICITS

BUT LET ME SOUND A WARNING. ALL OF OUR  
SUCCESS, HARD WORK AND GOOD FEELINGS ABOUT THE  
FUTURE, MAY ALL GO DOWN THE DRAIN IF WE DON'T  
DO SOMETHING ABOUT WHAT I CONSIDER TO BE THIS  
COUNTRY'S NUMBER ONE THREAT -- FEDERAL BUDGET  
DEFICITS.



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WE CAN'T GO ON SPENDING AS IF THERE IS NO TOMORROW. IF WE DO, THERE WON'T BE ANY TOMORROWS -- NOT ON THE FARM AND NOT ON MAIN STREET. WE CAN HELP REVITALIZE RURAL AMERICA, BUT IF WE GO BACK TO THE DOOM AND GLOOM DAYS OF SKYHIGH INTEREST RATES, DOUBLE-DIGIT INFLATION AND RECORD SETTING UNEMPLOYMENT, WE'LL BE FLAT ON OUR BACKS AGAIN.

THE FEDERAL GOVERNMENT CONTINUES TO RUN A DEFICIT OF NEARLY \$200 BILLION A YEAR -- ONE-FIFTH OF OUR PROJECTED TOTAL EXPENDITURES IN 1987. LET ME ASSURE YOU THAT SLASHING THE FEDERAL DEFICIT IS MY TOP PRIORITY -- IT WON'T

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BE EASY. BUT IF WE DON'T CUT FEDERAL SPENDING  
-- ACROSS THE BOARD, INCLUDING AGRICULTURE --  
WE WILL HAVE FAILED THIS GENERATION, AND THE  
GENERATIONS TO FOLLOW.

BUDGET REDUCTION FOR AGRICULTURE

THIS YEAR, THE HOUSE AND SENATE AGRICULTURE  
COMMITTEES WILL BE ASKED TO CUT FARM SPENDING  
-- WHICH HAS BEEN FLOWING TO THE TUNE OF \$25  
BILLION DURING THE PAST TWO FISCAL YEARS -- BY  
ABOUT ONE BILLION DOLLARS A YEAR THROUGH FISCAL  
YEAR 1990.

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NOW, I'M AWARE OF YOUR CONCERN OVER POSSIBLE ATTEMPTS TO TIGHTEN THE \$50,000 PAYMENT LIMIT TO FIND SOME BUDGET SAVINGS.

AS I'VE SAID BEFORE, IF SUPPLY MANAGEMENT IS GOING TO BE A PART OF AGRICULTURAL POLICY, THEN WE'RE GOING TO HAVE TO HAVE THE BIG PRODUCERS AS WELL AS THE SMALL GUYS PARTICIPATING IN FARM PROGRAMS.

I UNDERSTAND THE AVERAGE SIZE COTTON FARM IN SUNFLOWER COUNTY, MISSISSIPPI, IS MORE THAN 600 ACRES; BUT WITH AVERAGE YIELDS A PRODUCER BUMPS THE PAYMENT LIMIT AT LESS THAN 300 ACRES.



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SO I UNDERSTAND YOUR CONCERNS. WE WILL  
CONTINUE TO WORK WITH THAD COCHRAN AND YOUR  
OTHER REPRESENTATIVES TO MAKE CERTAIN THAT YOUR  
VOICE IS HEARD ON CAPITAL HILL.

FARM CREDIT

BESIDES THE DEFICIT, THERE IS ANOTHER CRISIS  
LOOMING OVER RURAL AMERICA, AND THAT IS THE  
FARM CREDIT SYSTEM. DURING THE PAST TWO YEARS  
THE SYSTEM HAS LOST A STAGGERING \$4.5 BILLION.  
IT IS NO SECRET THAT THEY NEED REAL HELP IN  
1987.

AND MANY OF US FEEL HELP WILL NEED TO COME BEFORE THE AUGUST RECESS. SOME DISTRICTS MAY NOT MAKE IT BEYOND THE SECOND QUARTER. WE WANT TO BE HELPFUL, BUT WE ALSO WANT TO BE PRUDENT. IF WE SPEND TAXPAYER DOLLARS, WE HAD BETTER BE SURE WE ARE NOT JUST POURING MONEY INTO A BLACK HOLE. WE WANT REFORMS IN THE SYSTEM THAT WILL GUARANTEE LONG TERM STABILITY.

THE CONSENSUS SEEMS TO BE THAT WE'LL NEED TO PROTECT BORROWER STOCK OVER TIME AND ENSURE LOCAL CONTROL BY BORROWER-MEMBERS. BEYOND THAT, ITS MY VIEW WE SHOULD LOOK AT THE PROBLEMS AND NEEDS OF ALL RURAL LENDERS, INCLUDING THE FARMERS HOME ADMINISTRATION, AND

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WE MAY WANT TO INCLUDE A SECONDARY MARKET AS PART OF THE PACKAGE.

### CONCLUSION

IN CONCLUSION, I WOULD SIMPLY SAY THAT I HAVE BEEN A MEMBER OF THE HOUSE AND SENATE AGRICULTURE COMMITTEES FOR TWENTY-SEVEN YEARS AND I HAVE ENJOYED MY WORKING RELATIONSHIP WITH SOUTHERN AGRICULTURE. IT DOESN'T TAKE LONG TO REALIZE THAT CONGRESS DOESN'T SIMPLY PASS A WHEAT BILL, OR A CORN BILL. THE ONLY WAY TO PASS A FARM BILL IS TO WRITE A FARM BILL FOR EVERYBODY -- WHEAT, CORN, COTTON, RICE, SUGAR, TOBACCO, DAIRY AND OTHER COMMODITIES. LET'S



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FACE IT, THERE ISN'T A STATE IN THE UNION THAT  
DOESN'T HAVE SOME KIND OF INVESTMENT IN  
AGRICULTURE.

SO WE ALL HAVE A STAKE IN AGRICULTURE, TRADE  
AND BUDGET DEBATES. YOUR PARTICIPATION IN WHAT  
CONGRESS DOES OR DOES NOT DO IS ESSENTIAL. I  
LOOK FORWARD TO CONTINUING TO WORK WITH THE  
DELTA COUNCIL AND YOUR MEMBERS OVER THE NEXT  
SEVERAL MONTHS AND IN THE COMING YEARS.

WE'VE COME A LONG WAY TOGETHER.