

February 26, 1993

TO: SENATOR DOLE

FROM: BRET FOX

SUBJECT: TUESDAY, MARCH 2nd SPEECH TO THE KANSAS FARM BUREAU

ATTACHED ARE DRAFT COMMENTS FOR YOUR SPEECH TO THE KANSAS FARM BUREAU GROUP. YOU ARE SCHEDULED TO DROP BY THE CAPITOL HOLIDAY INN, 550 C STREET, S.W., ON TUESDAY, MARCH 2, BETWEEN 7:45 AND 8:00 AM.

THE AUDIENCE WILL BE 135 KANSAS COUNTY FARM BUREAU PRESIDENTS AND THEIR SPOUSES, AS WELL AS A GROUP OF APPROXIMATELY 55 INDIANA FARM BUREAU LEADERS.

PAUL FLEENER HAS INFORMED ME THAT THE GROUP WILL BE INTERESTED IN HEARING SOME COMMENTS ON THE PRESIDENT'S ECONOMIC PACKAGE AND ON TRADE ISSUES, SPECIFICALLY WITH REGARD TO THE NAFTA AND THE RUSSIAN CREDIT SITUATION. I HAVE INCLUDED SOME COMMENTS THAT FOCUS ON THOSE ISSUES, MOST OF WHICH ARE FROM YOUR REMARKS GIVEN TO MONDAY'S "1993 NATIONAL FORUM FOR AGRICULTURE" SPEECH. ALSO ATTACHED, FOR YOUR REFERENCE, IS A MEMO OUTLINING THE SPECIFIC BUDGET CUTS AND SPENDING INCREASES PROPOSED FOR USDA.

February 23, 1993

TO: SENATOR DOLE  
FROM: BRET FOX  
SUBJECT: DETAILS OF AG BUDGET CUTS -- FYI

THE PROPOSED CUTS AND SPENDING "STIMULUS" IN THE USDA BUDGET ARE AS FOLLOWS (IN MILLIONS):

<u>CUTS</u>	<u>FY1994</u>	<u>FY1994-97</u>
*TARGET PROGRAM PAYMENTS TO THOSE WITH LESS THAN \$100,000 OFF-FARM INCOME	-75	-470
*LIMIT WOOL AND MOHAIR PAYMENTS	-10	-212
*INCREASE TRIPLE-BASE FROM 10% TO 25%, INCREASE FEES ON NON-PROGRAM CROPS, ELIMINATE 0/92 AND 50/92, ELIMINATE HONEY PROGRAM	-12	-2,899
*CAP MARKET PROMOTION PROGRAM AT 1993 LEVEL	-52	-208
*REFORM CROP INSURANCE	-105	-1,290
*FOREST SERVICE PROGRAM CHANGES	-12	-74
*REDUCE FOOD STAMP ADMIN. EXPENSE	-40	-300
*CREATE FARM SERVICE AGENCY	-68	-742
*FmHA AND REA CHANGES	-196	-838
*INCREASE FOOD INSPECTION FEES	-104	-416
*CUT EARMARKED RESEARCH PROJECTS	-136	-567
*INCREASE GRAIN AND MKTG. INSPECTION FEES	-14	-59
*CUT FOREIGN AG SERVICE	-10	-40
*REDUCE PL-480 PROGRAMS	-65	-369
*CUT BELOW-COST TIMBER SALES	-46	-274
*(REDUCTION IN RECEIPTS FROM ELIMINATING BELOW-COST TIMBER SALES)	+38	+202
<b>TOTAL CUTS</b>	<b>-907</b>	<b>-8,556</b>
 <u>SPENDING "STIMULUS"</u>		
*RURAL DEVELOPMENT LOANS AND GRANTS	+145	+871
*FmHA LOANS AND GRANTS	+393	+2,361
*FOOD SAFETY AND INSPECTION	+18	+120
*NATIONAL RESEARCH INITIATIVE	+30	+480
*FOOD STAMPS, WIC, TEFAP	+1,506	+12,806
*FOREST SERVICE INITIATIVES	+170	+1,295
<b>TOTAL SPENDING INCREASES</b>	<b>+2,262</b>	<b>+17,933</b>

\*\* ADD THE REQUESTED \$791 MILLION FOR FY-1993 SUPPLEMENTAL APPROPRIATIONS, NET INCREASE IN SPENDING -- \$10.168 BILLION



REMARKS OF SENATOR BOB DOLE  
KANSAS FARM BUREAU BREAKFAST

INTRODUCTION

\*THANK YOU. I'M HAPPY TO BE HERE THIS MORNING, SPEAKING TO A LOT OF GOOD FRIENDS -- FRIENDS OF MINE AND FRIENDS OF AGRICULTURE.

\*THIS MORNING, I WANT TO SPEND A FEW MINUTES OUTLINING SOME OF THE CHALLENGES FACING AMERICAN AGRICULTURE TODAY.

TAXING AGRICULTURE

\*LET ME BEGIN WITH WITH THE NUMBER ONE TOPIC IN WASHINGTON AND ACROSS AMERICA--TAXES. PRESIDENT CLINTON'S ECONOMIC PLAN WILL HIT JUST ABOUT EVERYONE WITH SOME FORM OF A TAX INCREASE-- AND AGRICULTURE IS CERTAINLY NO EXCEPTION.

\*ONE PARTICULARLY TROUBLESOME ASPECT OF THE PRESIDENT'S TAX AND SPEND PLAN IS THE PROPOSED "BTU" TAX. IT WILL HIT AGRICULTURE ESPECIALLY HARD, FOR A FEW KEY REASONS, INCLUDING THE LACK OF AN EXEMPTION FOR OFF-ROAD FARM USE, AND THE LARGE AMOUNTS OF ENERGY REQUIRED TO MANUFACTURE FERTILIZER.

\*LET ME GIVE YOU A FEW QUICK NUMBERS THAT SHOW HOW THE PRESIDENT'S ENERGY TAX WILL APPLY TO DIFFERENT KINDS OF FARMS -- AND THESE NUMBERS SHOW JUST THE IMPACT OF A \$.10 INCREASE IN DIESEL TAX ALONE, AND NOT THE ADDITIONAL TAX COSTS FOR TRANSPORTATION, FERTILIZER INPUTS AND HOME HEATING.

700 WHEAT/300 ACRE MILO (KANSAS) -- INCREASE OF \$900-1,300 PER YEAR

2,000 ACRES WHEAT (IN NORTHWEST) -- INCREASE OF \$3,500-4,000 PER YEAR

450 ACRE COTTON (CALIFORNIA) -- INCREASE OF \$3,000-3,500 PER YEAR

\*WHAT'S MORE, FOR YOU CORN FARMERS IN THE AUDIENCE, IT APPEARS THAT THE ADMINISTRATION INTENDS FOR THE BTU TAX TO APPLY TO ETHANOL AS WELL.

\*THE ONLY GOOD NEWS FOR FARMERS IS THE INCLUSION OF AN INVESTMENT TAX CREDIT AND NO REDUCTION--AS OF YET--IN THE \$600,000 ESTATE TAX EXEMPTION.

\*BUT THAT FALLS SHORT OF INCLUDING THE THREE TAX PROVISIONS THAT I'VE ALWAYS FELT COULD BE THE MOST BENEFICIAL TO FARMERS AND RANCHERS -- 1) THE INVESTMENT TAX CREDIT, 2) A RETURN TO INCOME-AVERAGING, AND 3) 100% DEDUCTIBILITY FOR HEALTH PREMIUMS.



## BUDGET CUTS IN AG

\*WE ARE STILL WAITING FOR MANY DETAILS ON THE PRESIDENT'S BUDGET, BUT SOME OF US ARE A LITTLE SUSPICIOUS THAT THE BUDGET DEBATES WITHIN THE ADMINISTRATION ARE GOING ON WITHOUT THE COUNSEL OF THE SECRETARY OF AGRICULTURE.

\*I SAY THAT BECAUSE USDA OFFICIALS -- IF YOU CAN FIND ONE THESE DAYS -- OFFER MOSTLY BLANK STARES WHEN PRESSED FOR DETAILS BEHIND THE NUMBERS. THAT GENERALLY POINTS TO A CASE WHERE POLICY IS BEING DRIVEN BY THE NUMBER CRUNCHERS OVER AT THE OFFICE OF MANAGEMENT AND BUDGET, MOST OF WHOM HAVE NO CLUE AS TO THE SERIOUS POLICY CONSIDERATIONS THAT ARE AT STAKE.

\*MANY PEOPLE ALSO HAVE NO CLUE JUST WHAT IS EXACTLY IN THE PRESIDENT'S PLAN, AS IT IS FULL OF GENERALITIES AND NOT SPECIFICS.

\*FOR EXAMPLE, GRAIN INSPECTION AND OVERTIME INSPECTION FEES. ARE TO BE RAISED TO THE TUNE OF \$59 MILLION OVER FOUR YEARS--BUT NO ONE KNOWS THE DETAILS, EXCEPT THAT THIS IS MORE COSTS WHICH ARE BEING PASSED ON TO THE FARMER.

\*BECAUSE THE DETAILS ARE STILL SO SKETCHY AND THE BUDGET GIMMICKS ARE SOME OF THE BEST I'VE EVER SEEN, IT'S HARD TO TELL WHAT THE AGGREGATE IMPACT OF THIS PACKAGE WOULD BE FOR AGRICULTURE.

\*BUT THE END RESULT IS CLEAR -- THESE TAXES, DIRECT AND INDIRECT, ALONG WITH INCREASED USER FEES AND OTHER PROVISIONS WILL ADD A TREMENDOUS COST TO THE FOOD INDUSTRY IN THIS COUNTRY. AND THAT PUTS THE BURDEN ON YOUR POCKETBOOK AND DOES NOTHING TO ENHANCE COMPETITIVENESS.

## THE NAFTA

\*THE CLINTON ADMINISTRATION HAS SAID IT INTENDS TO NEGOTIATE THREE "SIDE AGREEMENTS" TO THE NAFTA -- ONE ON ENVIRONMENT, ONE ON ASSISTANCE TO WORKERS HURT BY THE IMPLEMENTATION OF THE TRADE AGREEMENT AND ONE ON IMPORT SURGES TO PROTECT DOMESTIC INDUSTRIES HURT BY UNEXPECTED INCREASES IN IMPORTS.

\*THE ADMINISTRATION HAS SAID IT PLANS TO NEGOTIATE THE THREE SIDE AGREEMENTS AND THEN SEND THEM TO CONGRESS IN JUNE OR JULY THIS YEAR WITH THE ORIGINAL AGREEMENT, WHICH, THEY SAY, WILL NOT BE CHANGED.

\*THE JUNE OR JULY TIMETABLE -- EVEN IF IT'S LIKELY -- WOULD GIVE CONGRESS A NAFTA RIGHT WHEN WE'RE DEBATING THE NEW BUDGET, HEALTH CARE, APPROPRIATIONS AND A LOT OF OTHER IMPORTANT ISSUES SO WE MAY NOT SEE A NAFTA VOTE UNTIL NEXT YEAR.

\*THE BOTTOM LINE IS THAT MEXICO -- WITH A NEAR 100 MILLION POPULATION BY THE END OF THIS CENTURY -- IS ONE OF OUR FASTEST



GROWING AND BEST MARKETS. THE MORE PROSPERITY MEXICO HAS, THE MORE ITS FOOD AND FIBER NEEDS WILL INCREASE AND IT SIMPLY CANNOT SUPPLY ITS OWN NEEDS.

\*A FREE TRADE AGREEMENT GIVES US, IN FACT, A SPECIAL MARKET FOR AMERICAN PRODUCTS RIGHT ACROSS THE BORDER. IF WE DON'T TAKE THIS OPPORTUNITY TO GIVE OURSELVES PREFERRED ACCESS, THE MEXICAN MARKET -- AND OTHER VALUABLE MARKETS IN LATIN AMERICA -- WILL BE UP FOR GRABS BY OUR COMPETITORS.

\*DEVELOPING COUNTRIES ARE THE ONLY REAL GROWTH MARKETS AMERICAN AGRICULTURE HAS. IF WE DON'T GO AFTER THOSE MARKETS AGGRESSIVELY, WE'RE JUST NOT GOING TO HAVE A PLACE TO SELL THE \$20 BILLION WORTH OF SURPLUS THAT WE NOW PRODUCE.

### RUSSIAN CREDITS

\*LET ME TURN NOW TO ANOTHER MATTER I KNOW IS OF GREAT INTEREST TO THIS AUDIENCE--AND THAT'S GRAIN CREDITS.

\*I'LL BE MEETING WITH A DELEGATION OF RUSSIANS LATER TODAY, INCLUDING DEPUTY PRIME MINISTER SHOHKIN, WHO ARE IN WASHINGTON TO DRUM UP SUPPORT FOR ADDITIONAL GRAIN CREDITS.

\*THIS IS A SERIOUS SITUATION FOR BOTH FARMERS AND FOR TAXPAYERS. ALL ALONG WE'VE KNOWN THAT EXTENDING GRAIN CREDITS WAS A RISK, AND NOW WE FIND RUSSIA IN REPAYMENT ARREARS WELL OVER \$300 MILLION. THOSE DEFAULTS, AS YOU WELL KNOW, HAVE SHUT OFF THE CREDIT PIPELINE TO THE DETRIMENT OF GRAIN AND LIVESTOCK PRODUCERS ALIKE.

\*BUT, NO DOUBT ABOUT IT, WE NEED TO FOCUS ON THIS PROBLEM, BECAUSE ALTHOUGH WE MUST PROCEED WITH CAUTION -- A LOT OF MONEY IS AT RISK -- WE SHOULD NOT LOSE SIGHT OF THE BIGGER PICTURE.

\*THAT BIGGER PICTURE SHOWS THAT THE TRANSITION ONGOING IN RUSSIA HAS STILL NOT TAKEN HOLD. YOU'VE PROBABLY HEARD SOME PEOPLE EVEN QUESTIONING HOW LONG PRESIDENT YELTSIN WILL LAST.

\*BUT OUR OPTIONS ARE LIMITED. IT SEEMS TO ME THAT WE CAN EITHER ATTEMPT TO FACILITATE SOME KIND OF LARGE-SCALE BARTERING, OR ELSE WE JUST HAVE TO FACE THE MUSIC -- IT'S A RISKY INVESTMENT, WE MAY NEVER GET PAID BACK, BUT IT IS IN THE LONG-TERM INTERESTS OF THE TAXPAYER WHO DOESN'T WANT TO PAY FOR ANOTHER ARMS RACE AND FOR OUR CHILDREN WHO DON'T WANT TO LIVE THROUGH ONE.

\*THOSE ARE JUST A FEW OF THE CHALLENGES FACING AMERICAN AGRICULTURE...I LOOK FORWARD TO WORKING WITH SENATOR GRASSLEY AND EVERYONE HERE IN ENSURING THAT GOVERNMENT POLICIES WILL NOT PREVENT OUR FARMERS FROM MEETING THOSE CHALLENGES.





# Kansas Farm Bureau

2627 KFB Plaza, Manhattan, Kansas 66502-8155 / (913) 587-6000

Office of the President

February 4, 1993

Capitol Holiday dinner  
6:30 / reception  
7:00 / dinner

The Honorable Bob Dole  
United States Senate  
141 Hart Senate Office Bldg.  
Washington, D.C. 20510

Dear Bob:

Kansas Farm Bureau is sponsoring the annual trip to the Nation's Capitol for approximately 135 Kansas County Farm Bureau Presidents and their spouses. Our group will be in Washington, D.C. on March 1-4, 1993.

We would be honored if you and Elizabeth would join us at our Congressional reception and dinner which will be Tuesday, March 2, at the Capitol Holiday Inn, 550 C Street, S.W. The reception will begin at 6:30 p.m. with dinner at 7:00 p.m. in the Lewis and Clark Rooms. Key members of your staff are also being invited to join us for the evening.

Would you please share a few remarks concerning issues affecting Kansas agriculture. This evening is always a highlight for our Kansas leaders and your participation will make it a memorable one. We are looking forward to an enjoyable evening with you!

Very sincerely,

Doyle D. Rahjes  
President

rs

call Paul Flener  
Dir of Public Affairs  
913/233-1001 Topeka

look for  
reception  
dinner  
etc

BOB DOLE  
KANSAS

# United States Senate

OFFICE OF THE REPUBLICAN LEADER

WASHINGTON, DC 20510-7020

February 12, 1993

Senator Dole,

The Kansas Farm Bureau made two suggestions:

- (a) On Tuesday morning, March 2, they will be having breakfast at the Capitol Hill Club at 7:00 a.m. and would be happy to have you speak on trade between 7:30-8:15 a.m. (You are scheduled to have brkfst. with the class of '94 that morning at 8:30 a.m.)
- (b) Or, on Wed, March 3, they could bring 20 of their top people to your office for coffee & doughnuts at 10:00 a.m. (You have nothing on your schedule until 11:00 a.m. that morning.)

\_\_\_\_\_ will speak to them on Tues,  
March 2, at Capitol Hill Club  
at 7:45 a.m.

\_\_\_\_\_ coffee & doughnuts in S-230 on  
Wed, March 3, at 10:00 a.m.

Yvonne

*Return*  
*7:45*  
*A*

**REMARKS OF  
SENATOR BOB DOLE  
KANSAS FARM BUREAU  
MARCH 2, 1993**



## INTRODUCTION

**\*THANK YOU. I'M HAPPY TO  
BE HERE THIS MORNING,  
SPEAKING TO A LOT OF GOOD  
FRIENDS -- FRIENDS OF MINE  
AND FRIENDS OF AGRICULTURE.**

**\*THIS MORNING, I WANT TO  
SPEND A FEW MINUTES  
OUTLINING SOME OF THE**

# **CHALLENGES FACING AMERICAN AGRICULTURE TODAY.**

## **TAXING AGRICULTURE**

**\*LET ME BEGIN WITH WITH  
THE NUMBER ONE TOPIC IN  
WASHINGTON AND ACROSS  
AMERICA--TAXES. PRESIDENT  
CLINTON'S ECONOMIC PLAN  
WILL HIT JUST ABOUT**



**EVERYONE WITH SOME FORM OF  
A TAX INCREASE--AND  
AGRICULTURE IS CERTAINLY NO  
EXCEPTION.**

**\*ONE PARTICULARLY  
TROUBLESOME ASPECT OF THE  
PRESIDENT'S TAX AND SPEND  
PLAN IS THE PROPOSED "BTU"  
TAX. IT WILL HIT AGRICULTURE**

**ESPECIALLY HARD, FOR A FEW  
KEY REASONS, INCLUDING THE  
LACK OF AN EXEMPTION FOR  
OFF-ROAD FARM USE, AND THE  
LARGE AMOUNTS OF ENERGY  
REQUIRED TO MANUFACTURE  
FERTILIZER.**

**\*LET ME GIVE YOU A FEW  
QUICK NUMBERS THAT SHOW**



**HOW THE PRESIDENT'S ENERGY  
TAX WILL APPLY TO DIFFERENT  
KINDS OF FARMS -- AND THESE  
NUMBERS SHOW THE ANNUAL  
IMPACT OF A \$.10 INCREASE IN  
DIESEL TAX ALONE, AND NOT  
THE ADDITIONAL TAX COSTS  
FOR TRANSPORTATION,  
FERTILIZER INPUTS AND HOME  
HEATING:**

-- **700 WHEAT/300 ACRE MILO  
(KANSAS) -- INCREASE OF  
\$900-1,300**

-- **2,000 ACRES WHEAT (IN  
NORTHWEST) -- INCREASE  
OF \$3,500-4,000**

-- **450 ACRE COTTON (CAL.) --  
INCREASE OF \$3,000-3,500**



**\*WHAT'S MORE, FOR YOU  
CORN FARMERS IN THE  
AUDIENCE, IT APPEARS THAT  
THE ADMINISTRATION INTENDS  
FOR THE BTU TAX TO APPLY TO  
ETHANOL AS WELL.**

**\*THE ONLY GOOD NEWS  
FOR FARMERS IS THE  
INCLUSION OF AN INVESTMENT**

**TAX CREDIT AND NO  
REDUCTION--AS OF YET--IN THE  
\$600,000 ESTATE TAX  
EXEMPTION.**

**\*BUT THAT FALLS SHORT  
OF INCLUDING THE THREE TAX  
PROVISIONS THAT I'VE ALWAYS  
FELT COULD BE THE MOST  
BENEFICIAL TO FARMERS AND**



**RANCHERS -- 1) THE  
INVESTMENT TAX CREDIT, 2) A  
RETURN TO INCOME-  
AVERAGING, AND 3) 100%  
DEDUCTIBILITY FOR HEALTH  
PREMIUMS.**

**BUDGET CUTS IN AG**

**\*WE ARE STILL WAITING  
FOR MANY DETAILS ON THE**

**PRESIDENT'S BUDGET, BUT  
SOME OF US ARE A LITTLE  
SUSPICIOUS THAT THE BUDGET  
DEBATES WITHIN THE  
ADMINISTRATION ARE GOING ON  
WITHOUT THE COUNSEL OF THE  
SECRETARY OF AGRICULTURE.**

**\*I SAY THAT BECAUSE USDA  
OFFICIALS -- IF YOU CAN FIND**



**ONE THESE DAYS -- OFFER  
MOSTLY BLANK STARES WHEN  
PRESSED FOR DETAILS BEHIND  
THE NUMBERS. THAT  
GENERALLY POINTS TO A CASE  
WHERE POLICY IS BEING DRIVEN  
BY THE NUMBER CRUNCHERS  
OVER AT THE OFFICE OF  
MANAGEMENT AND BUDGET,  
MOST OF WHOM HAVE NO CLUE**

**AS TO THE SERIOUS POLICY  
CONSIDERATIONS THAT ARE AT  
STAKE.**

**\*MANY PEOPLE ALSO HAVE  
NO CLUE JUST WHAT IS  
EXACTLY IN THE PRESIDENT'S  
PLAN, AS IT IS FULL OF  
GENERALITIES AND NOT  
SPECIFICS.**



**\*FOR EXAMPLE, GRAIN**  
**INSPECTION AND OVERTIME**  
**INSPECTION FEES. ARE TO BE**  
**RAISED TO THE TUNE OF \$59**  
**MILLION OVER FOUR YEARS--**  
**BUT NO ONE KNOWS THE**  
**DETAILS, EXCEPT THAT THIS IS**  
**MORE COSTS WHICH ARE BEING**  
**PASSED ON TO THE FARMER.**

**\*BECAUSE THE DETAILS  
ARE STILL SO SKETCHY AND THE  
BUDGET GIMMICKS ARE SOME  
OF THE BEST I'VE EVER SEEN,  
IT'S HARD TO TELL WHAT THE  
AGGREGATE IMPACT OF THIS  
PACKAGE WOULD BE FOR  
AGRICULTURE.**

**\*BUT THE END RESULT IS  
CLEAR -- THESE TAXES, DIRECT  
AND INDIRECT, ALONG WITH  
INCREASED USER FEES AND  
OTHER PROVISIONS WILL ADD A  
TREMENDOUS COST TO THE  
FOOD INDUSTRY IN THIS  
COUNTRY. AND THAT PUTS THE  
BURDEN ON YOUR POCKETBOOK  
AND DOES NOTHING TO**



**ENHANCE COMPETITIVENESS.**

**THE NAFTA**

**\*THE CLINTON**

**ADMINISTRATION HAS SAID IT  
INTENDS TO NEGOTIATE THREE  
"SIDE AGREEMENTS" TO THE  
NAFTA -- ONE ON ENVIRONMENT,  
ONE ON ASSISTANCE TO  
WORKERS HURT BY THE**

**IMPLEMENTATION OF THE  
TRADE AGREEMENT AND ONE  
ON IMPORT SURGES TO  
PROTECT DOMESTIC  
INDUSTRIES HURT BY  
UNEXPECTED INCREASES IN  
IMPORTS.**

**\*THE ADMINISTRATION HAS  
SAID IT PLANS TO NEGOTIATE**

**THE THREE SIDE AGREEMENTS  
AND THEN SEND THEM TO  
CONGRESS IN JUNE OR JULY  
THIS YEAR WITH THE ORIGINAL  
AGREEMENT, WHICH, THEY SAY,  
WILL NOT BE CHANGED.**

**\*THE JUNE OR JULY  
TIMETABLE -- EVEN IF IT'S  
LIKELY -- WOULD GIVE**



**CONGRESS A NAFTA RIGHT  
WHEN WE'RE DEBATING THE  
NEW BUDGET, HEALTH CARE,  
APPROPRIATIONS AND A LOT OF  
OTHER IMPORTANT ISSUES SO  
WE MAY NOT SEE A NAFTA VOTE  
UNTIL NEXT YEAR.**

**\*THE BOTTOM LINE IS THAT  
MEXICO -- WITH A NEAR 100**

**MILLION POPULATION BY THE  
END OF THIS CENTURY -- IS ONE  
OF OUR FASTEST GROWING AND  
BEST MARKETS. THE MORE  
PROSPERITY MEXICO HAS, THE  
MORE ITS FOOD AND FIBER  
NEEDS WILL INCREASE AND IT  
SIMPLY CANNOT SUPPLY ITS  
OWN NEEDS.**

**\*A FREE TRADE  
AGREEMENT GIVES US, IN FACT,  
A SPECIAL MARKET FOR  
AMERICAN PRODUCTS RIGHT  
ACROSS THE BORDER. IF WE  
DON'T TAKE THIS OPPORTUNITY  
TO GIVE OURSELVES  
PREFERRED ACCESS, THE  
MEXICAN MARKET -- AND OTHER  
VALUABLE MARKETS IN LATIN**



**AMERICA -- WILL BE UP FOR  
GRABS BY OUR COMPETITORS.**

**\*DEVELOPING COUNTRIES  
ARE THE ONLY REAL GROWTH  
MARKETS AMERICAN  
AGRICULTURE HAS. IF WE  
DON'T GO AFTER THOSE  
MARKETS AGGRESSIVELY,  
WE'RE JUST NOT GOING TO**

**HAVE A PLACE TO SELL THE \$20  
BILLION WORTH OF SURPLUS  
THAT WE NOW PRODUCE.**

**RUSSIAN CREDITS**

**\*LET ME TURN NOW TO  
ANOTHER MATTER I KNOW IS OF  
GREAT INTEREST TO THIS  
AUDIENCE--AND THAT'S GRAIN  
CREDITS.**

**\*I'LL BE MEETING WITH A  
DELEGATION OF RUSSIANS  
LATER TODAY, INCLUDING  
DEPUTY PRIME MINISTER  
SHOHKIN, WHO ARE IN  
WASHINGTON TO DRUM UP  
SUPPORT FOR ADDITIONAL  
GRAIN CREDITS.**



**\*THIS IS A SERIOUS  
SITUATION FOR BOTH FARMERS  
AND FOR TAXPAYERS. ALL  
ALONG WE'VE KNOWN THAT  
EXTENDING GRAIN CREDITS WAS  
A RISK, AND NOW WE FIND  
RUSSIA IN REPAYMENT  
ARREARS WELL OVER \$300  
MILLION. THOSE DEFAULTS, AS  
YOU WELL KNOW, HAVE SHUT**

**OFF THE CREDIT PIPELINE TO  
THE DETRIMENT OF GRAIN AND  
LIVESTOCK PRODUCERS ALIKE.**

**\*BUT, NO DOUBT ABOUT IT,  
WE NEED TO FOCUS ON THIS  
PROBLEM, BECAUSE ALTHOUGH  
WE MUST PROCEED WITH  
CAUTION -- A LOT OF MONEY IS  
AT RISK -- WE SHOULDN'T LOSE**

**SIGHT OF THE BIGGER PICTURE.**

**\*THAT BIGGER PICTURE  
SHOWS THAT THE TRANSITION  
ONGOING IN RUSSIA HAS STILL  
NOT TAKEN HOLD. YOU'VE  
PROBABLY HEARD SOME  
PEOPLE EVEN QUESTIONING  
HOW LONG PRESIDENT YELTSIN  
WILL LAST.**



**\*BUT OUR OPTIONS ARE LIMITED. IT SEEMS TO ME THAT WE CAN EITHER ATTEMPT TO FACILITATE SOME KIND OF LARGE-SCALE BARTERING, OR ELSE WE JUST HAVE TO FACE THE MUSIC -- IT'S A RISKY INVESTMENT, WE MAY NEVER GET PAID BACK, BUT IT IS IN THE LONG-TERM INTERESTS OF THE**

**TAXPAYER WHO DOESN'T WANT  
TO PAY FOR ANOTHER ARMS  
RACE AND FOR OUR CHILDREN  
WHO DON'T WANT TO LIVE  
THROUGH ONE.**

**\*THOSE ARE JUST A FEW  
OF THE CHALLENGES FACING  
AMERICAN AGRICULTURE...I  
LOOK FORWARD TO WORKING**

**WITH EVERYONE HERE IN  
ENSURING THAT GOVERNMENT  
POLICIES WILL NOT PREVENT  
OUR FARMERS FROM MEETING  
THOSE CHALLENGES.**