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Congress of the United States
House of Representatives
Washington, D.C. 20515

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February 2, 1968

STATEMENT ON COMMODITY RESERVE LEGISLATION BY REPRESENTATIVE BOB DOLE,
FIRST DISTRICT, KANSAS, TO THE SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,
MARKETING, AND STABILIZATION OF PRICES OF THE SENATE COMMITTEE ON AGRICULTURE AND FORESTRY

Mr. Chairman, I appreciate very much the opportunity to submit this statement for the record in connection with the strategic reserve legislation which you have under consideration.

Previous Reserve Proposal

We in the Congress have been exposed to intensive discussion and debate on this important matter for some time now. As you are aware, the Livestock and Grains Subcommittee of the House Committee on Agriculture held extensive hearings on an Administration-sponsored strategic reserve bill during the last session. As a member of that subcommittee, I participated in those hearings. It is my firm belief that the Administration-sponsored legislation would not have resulted in the establishment and maintenance of a true strategic reserve for use in an emergency. Others shared in this belief; hence, the measure was defeated in the subcommittee.

Mr. Chairman, I support the basic concept and policy of establishing and maintaining strategic reserves of agricultural commodities. It is necessary and in the public interest that this Nation have an ever normal storage of vital food stocks to meet emergency needs both here and abroad.

Need For Judicious Action

However, I strongly urge that we be extremely judicious in our consideration of legislation to provide this reserve. There is a strong feeling among farmers and farm organizations that the establishment of a reserve will give at least an initial boost to sagging commodity prices. This is not surprising in face of the cost-price squeeze that farmers are caught in. But, none of us should forget how government stocks of grain were dumped on the market in recent years and the effect of this action on prices. No matter what they are called -- reserves or surpluses -- the heavy load of massive Government-held stocks is too much for the market to bear without adversely affecting prices -- unless adequate control is placed over the release of those stocks.

(Over)

House of Representatives
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Washington, D.C. 20515

Requirements For a True Strategic Reserve

As stated above, I support the concept of strategic commodity reserves.

But in developing legislation to provide for such reserves, we must be absolutely certain that:

1. It provides for a genuine strategic agricultural commodity reserve.

This will require a continuous ongoing program with adequate provisions for the release of stocks in an emergency.

2. Producers control the reserves.

3. An adequate release price mechanism that will assure that resale is handled in such a way as to protect market prices. I would further recommend that consideration be given to similar restrictions on the resale of all government-held grain.

4. Thorough consideration is given to the cost of such legislation.

It will accomplish little to pass legislation providing for reserves if sufficient funds are not available to finance the program.

Let me reiterate my plea for judicious action on this matter. Let us not take action that will come back to haunt the beleaguered American farmer.