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NEWS from U.S. Senator Bob Dole

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NEW CONCEPT IN FARM PROGRAMS CONSIDERED

As the Senate Agriculture and Forestry Committee commenced mark-up on S.517, a bill I introduced to extend the present farm program for five years, a new approach to farm legislation was suggested by Senator Milton Young (R-N.Dak).

The suggestion would establish "target prices" for wheat, feed grains, and cotton that would be tied to the basic production costs of farmers for future years. Essentially this concept would mean that once the target or guarantee price is established, it would rise or fall with production costs. An index would also be established to reflect changes in prices paid by farmers for production items, interest, taxes and wage rates.

The new target concept would be based on a nationwide allotment determined by the Secretary of Agriculture that would accommodate the projected need for both domestic consumption and export demand. The present wheat program, for example, is based on only domestic consumption.

The same formula for allotments and target prices would be applied to feed grains and cotton. If this concept is approved, it would mark the first time these major commodities had been administered under comparable provisions.

The Department of Agriculture maintains that export demand and resulting higher prices will continue unabated for agricultural products. This new approach to farm legislation would make this a real possibility. I believe, however, that the farmer should be provided some protection against a disastrous drop in prices if that demand does not continue. That protection is the

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target price this bill would establish.

If USDA is correct, and the market prices remain stabilized at current levels, the payments to farmers would be minimal compared to present payments. However, let me emphasize that under the target price system, the farmer would receive a payment for the difference between the target price and the average price paid to farmers the first five months of the marketing year.

Thus USDA would be encouraged to continue its efforts to stimulate export markets with present loan levels for these commodities, and yet the farmer would be protected against disastrously lowered prices by the target price.

Other proposals under consideration are the dairy program, Food for Peace (P.L. 480), extension of the wool program, and the food stamp program which are all predicted to be extended for five years. Under consideration in a few days will be the question of whether the limitation of payments to a farmer should be lowered. The present limitation is \$55,000.

The Senate Agriculture Committee is working daily on the farm bill and it is hoped that we will be able to report a bill by May 23, so that it may be considered on the Senate floor early in June. If this occurs, passage into law could be accomplished by July 1. This would allow the regulations implementing the program to be published in advance of planting time for winter wheat.