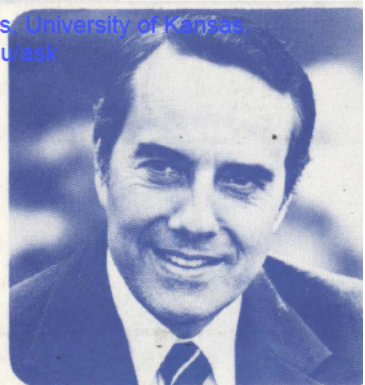


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EMBARGO HAS PROVED TO BE POOR FOREIGN POLICY TOOL, SHOULD BE ABANDONED

WASHINGTON-- Senator Bob Dole (R.-Kansas), a senior member of the Senate Agriculture Committee and Chairman of the Republican Platform Committee's Subcommittee on Agriculture, told members of the Senate Banking Committee today that the U.S. grain embargo "was doomed to fail."

Dole, who opposed the embargo when it was announced last January, told the Committee that his bill to rescind the embargo, S. 2855, now has 21 co-sponsors in the Senate.

Dole also listed six "implications" to be drawn from the failure of the embargo:

"First, the U.S. farmer, the soybean worker at the processing plant, the U.S. transportation industry, and the U.S. economy have been dealt a severe economic blow. The recession has been steepened, and the balance of payments worsened.

"Second, American grain exporters have been forced to try to find new markets and have been denied access to the world's largest, most important grain importer.

"Third, the Russians got most of the grain they needed this year, and no doubt will make sure in the future that they will never again rely on the United States as a dependable supplier.

"Fourth, various governments around the world will question our ability to honor our commitments, and this will increase their determination to be more self-sufficient in food.

"Fifth, other countries will expand production and find a ready market. This will have a long-run effect to reduce U.S. markets.

"Sixth, in a speech given August 4, 1980, Secretary Bergland sought to minimize the embargoes cost by simply stating what the U.S. Treasury had to pay out to mitigate the embargoes import. The Secretary's estimate of this price tag is \$1.4 billion. But, perhaps the most important aspect of the entire grain embargo fiasco is not merely what the cost to the U.S. Treasury is but its ultimate cost to our total economy. In addition, the embargo has also left the farmer without any indication of what to expect of future world markets due to the lack of a new five-year wheat agreement with the Soviets. It has forced a permanent realignment of world grain trade.

"While it is almost impossible to attach a specific dollar amount to the hidden and long-term costs, it is quite clear that the embargo will cost our total economy a good deal more than the \$1.4 billion estimated by Secretary Bergland. In fact, estimates of this total cost range anywhere from \$7-10 billion over the long turn.

"There remains widespread support for comprehensive action against the U.S.S.R. But to be effective, it must be unified. Some penalties are more appropriate than others because the United States and its allies can together control most of the import to the Soviet Union. The key to such penalties, including the Olympic boycott, restriction on trade in high technology, and limits on other commercial relations lies in joint, cooperative action. But, a grain embargo could never punish the Soviet economy as much as it does ours, because of the many nation's willing to step in to export their grain to Moscow to make up the shortfall."