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NEWS from U.S. Senator Bob Dole

(R.—Kans.)

New Senate Office Building, Washington, D.C. 20510 (202) 224-6521

FOR IMMEDIATE RELEASE
FRIDAY, JULY 11, 1975

CONTACT: JANET ANDERSON

DOLE SAYS GRAIN INSPECTION SCANDAL WAS AVOIDABLE, SITES OVERSIGHT NEED

WASHINGTON, D.C.--The ranking Republican on the Senate Agriculture and Forestry Committee said Friday that better "oversight of the Agricultural Marketing Service and its Grain Inspection Division might well have alerted us earlier" to the recently discovered irregularities in U.S. inspection of our grain export shipments.

Dole, who is the author of Senate Resolution 152 which would require regular program oversight by all standing Committees of the Senate, called for the start of a series of oversight hearings by the Agriculture panel. Senator Dole said the Committee should undertake periodic review of all programs and agencies of the U.S. Department of Agriculture. Doing so, Dole said, would help "achieve the cooperation we want and that the President has indicated he wants between the executive and legislative branches ... and cooperation will make the urban oriented Congress much more aware of the importance of agriculture both domestically and to our international balance of trade."

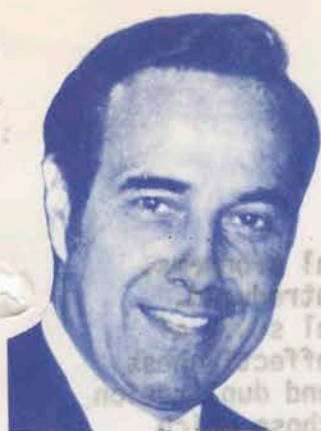
At the first of a series of general oversight hearings scheduled by the Committee, Dole urged Secretary Butz "to immediately increase the loan levels for wheat, feed grains and milk. Citing the decline in wheat prices during the recessionary period, Dole asserted that "since the May 1st veto of the Emergency Farm Bill, H.R. 4296, we have seen that Congress was correct in its appraisal of the Agricultural Emergency."

The higher commodity loan levels he advocates would not have imposed any additional cost on the Federal Treasury, he pointed out, except in the case of cotton.

Returning to the grain inspection scandal, Dole repeated his request for full staffing of the Grain Marketing Research Laboratory in Manhattan, Kansas and cited failure to do so as another factor contributing to the Grain inspection abuses and irregularities recently discovered.

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(FULL STATEMENT ATTACHED)



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JULY 11, 1975

OPENING STATEMENT

SENATOR BOB DOLE

OVERSIGHT HEARINGS ON STATUS OF U.S. FARM ECONOMY

SENATE AGRICULTURE AND FORESTRY COMMITTEE

Mr. Chairman, I commend you for calling this, the first in a series of quarterly oversight hearings to be held this year. I am confident they will help the Committee maintain close watch over the critical status of American agriculture. We appreciate Secretary Butz appearing to give us a report on this situation.

FARM EMERGENCY VERIFIED

Since the May 1 veto of the Emergency Farm Bill, H.R. 4296, we have seen that Congress was correct in its appraisal of the agricultural emergency. Prices wheat farmers receive for their crops have been declining steadily during the course of the recession.

Two particular factors which emerged during the past year accelerated that decline. The first of these was the "back door" export controls, in the form of prior approval reporting, which were installed by the Administration last October 4 and liberalized earlier this year. The second was the recently discovered negligence in the supervision of our inspection of export grain.

I have no doubt that the Emergency Farm Bill would have stabilized wheat prices substantially. Without it, however, prices have slumped to the \$2.50 to \$2.75 per bushel range. At this price, with today's inflated cost of production, a wheat farmer can barely manage continuing his operation.

Wisely, but at great expense and greater risk, these producers are holding back on selling their grain in hopes of better prices. The risks could have been avoided at minimal public cost if the increased loan and target price levels in the Emergency Farm Bill had been approved. With the increases, I am confident farmers would have had adequate financing to accomplish much more orderly marketing of their grain.

REGULAR OVERSIGHT REQUEST

Mr. Chairman, today I would like to request that the Senate Agriculture and Forestry Committee expand on this oversight concept by developing a schedule of regular oversight hearings on all agencies and programs of the Department of Agriculture. There is a growing recognition among our colleagues that, over the years, the Congress has been derelict in its oversight duties. These were outlined in the Legislative Reorganization Act of 1946 which committed Congress to strengthen its oversight of the administration of our laws.

OVERSIGHT WORKS WHERE TRIED

The Subcommittee on Rural Development of this Committee has made a conscientious oversight effort the past few years. As a result, we are more aware of the strengths and weaknesses of the Farmers Home Administration, the Rural Electric Administration, The Rural Development Service and other related agencies. As a further result, we are able to work more closely in cooperation with these agencies to improve these programs through mutually agreeable amendments to existing laws. Some oversight process should be applied to all of the agencies of the Department. Oversight of the Agricultural Marketing Service and its Grain Inspection Division might well have alerted us earlier to the fact that, while our grain exports were tripling, the supervision of licensed grain inspectors by USDA was actually decreasing. This should never have been allowed to happen. But, in all candor, we cannot put the blame for this on the Administration alone. I join the Chairman of the Subcommittee on Foreign Agriculture Policy, Senator Humphrey, who emphasized in hearings earlier this week that had we not been derelict in our oversight duties in this area, much of the current problem might have been avoided.

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I believe very strongly in the need for better oversight of all Federal programs, by the Committees of Congress. Senate Resolution 152, which I have introduced, would require that each standing committee of the Senate make a special study of the programs within its jurisdiction with a view to evaluating their effectiveness in meeting the problems they are designed to meet, identifying waste and duplication, and making recommendations for reform, improvement or elimination of those which may not any longer be needed.

My resolution is offered primarily as an attempt to strengthen the newly reformed federal budget process by enlisting every committee -- not just the Budget and Appropriations Committees -- in the effort to establish well-defined and realistic priorities and assure the efficient, intelligent use of federal dollars.

Though the proposal was offered primarily for this purpose, regular, meaningful oversight would yield other benefits as well. The example of grain inspection irregularities, which might have been detected much earlier with proper oversight has already been mentioned. Every member of the Senate, I am sure, could think of some analogous problem that may have developed in a federal program that could have been solved early, "if only we had known..."

Therefore, I hope that these quarterly oversight meetings with the Secretary of Agriculture will be the start of a more comprehensive oversight of all the agencies within the Department. This could carry us a long way toward achieving the cooperation we want and that the President has indicated he wants between the Executive and the Legislative branches of government. Most of all, I sincerely feel that such oversight and cooperation will make the urban oriented Congress much more aware of the importance of agriculture both domestically and to our international balance of trade. Hopefully, urban Congressmen will then be more understanding and willing to assist in the passage of meaningful legislation that will enhance the future of American agriculture.

LOAN LEVEL INCREASE NEEDED

To return to specifics, this morning I would like to repeat my request of Secretary Butz to immediately increase the loan levels for wheat, feed grains and milk through the authority he has in existing law. We have seen, since the veto of the Emergency Farm Bill, that for almost all commodities, the loan levels contained in that bill would not have cost the Treasury any additional expense and would have provided the financial support our farmers need to enable them to market these commodities in an orderly and more profitable manner. Market prices for all but one of these commodities are still well above the loan levels contained in that bill. Present loan levels, such as \$1.37 for wheat, do not provide adequate funds for farmers even to pay their out-of-pocket expenses if they wish to hold their crops for better prices.

Also, an immediate review of the manufactured milk price support level is needed to bring it into line with cost increases farmers have experienced.

RUMORED RUSSIAN SALE

We are daily hearing the rumors that Russia will buy more wheat this year. In Kansas City earlier this week, Secretary Butz confirmed the Soviet need for more grain. We have plenty of grain being harvested. There is enough to fill Russian needs and supply our regular customers without jeopardizing our own food supply. When and if these sales are consummated, there will be a stimulus to the grain markets. Already, the rumors themselves have prompted some increase over the past few days. However, if higher loan levels were in effect, these increases might have been added to grain prices higher than the current depressed levels in the range of \$2.50 to \$2.75 for wheat. Other segments of the economy have been protected from the worst impact of the recession. Why should we ask our farmers to take all the risks? We need to assure them a more secure income through improved prices, not through government checks. Farmers want it that way. Let's help them -- and the entire nation.

PRIORITIES

I would briefly like to comment on the subject of priorities. For many years we have been experiencing the general prosperity that made it possible -- if not prudent -- for us to add program after program without regard to cost. That luxury is gone. Now we must take action to more closely evaluate these programs and more scrupulously establish priorities within the budgetary restraints we are properly imposing on ourselves.

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This evaluation can be greatly assisted by the oversight hearings I suggested earlier. We need to help the Department make these appraisals as we learn more about the operations of the programs ourselves. Priorities could then be established through a cooperative effort and hopefully avoid problems such as we are experiencing in the grain Inspection Division. For years, licensed inspectors for this division have operated with minimal supervision. During this period, little or no effort has been made to improve procedures, especially during the period of increased exports and since the passage of the Grain Standards Act of 1968. At the same time, in 1970 the Agriculture Research Service completed construction of a multi-million dollar grain marketing research laboratory in Manhattan, Kansas, the purpose of which was to conduct continuing research in the handling, inspection and marketing of grain. I have repeatedly appealed to USDA to make this facility fully operational through proper staffing and funding as has the National Association of Wheat Growers and other producer groups. We have not progressed in this area as is illustrated in the grain inspection problem we face today. I, again, strongly urge Secretary Butz to take prompt action to put this facility to work in this area. Export Grain inspection needs some improvements. Increased supervision and stricter penalties might solve the immediate problem, but the high quality of grain delivered to our export customers can only be assured through consistently rigorous inspection and handling techniques. Research can provide the direction and guidance we need in this area.

WHEAT

The price support level for wheat currently stands at \$1.37 per bushel. Prices paid to farmers have steadily declined this year from \$4.11 in January to \$2.92 per bushel in June. The price being offered wheat farmers in Russell, Kansas this week is \$3.09, up from the \$2.58 on June 2 and \$2.64 on July 3.

The emergency farm bill called for a target price of \$3.10 per bushel compared to the present \$2.05 per bushel. The loan would have been increased to \$2.50 from the current level of \$1.37.

CORN

The price support level for corn currently stands at \$1.10 per bushel. Prices paid to farmers have steadily declined this year from \$3.07 in January to \$2.68 per bushel in June.

The emergency farm bill called for a target price of \$2.25 per bushel compared to the present \$1.38 per bushel. The loan would have been increased to \$1.87 from the current \$1.10.

COTTON

The price support level for cotton currently stands at \$.3427 per pound. Prices paid to farmers have declined this year from \$.3990 per pound in January to \$.3220 in February and currently \$.3690 in June.

The emergency farm bill called for a target price of \$.45 per pound compared to the present \$38 per pound. The loan would have increased to \$.38 per pound from the current level of \$.3427.

MILK

The dairy price support level for manufacturing milk currently stands at \$7.24 per hundredweight. When this was announced on January 3, 1975, it was equivalent to 80 percent of parity. During June, farmers received \$7.04 per hundredweight for manufacturing milk (the equivalent of 74.3 percent of parity).

The emergency farm bill called for a minimum dairy price support level of 80 percent of parity with quarterly adjustment. Based on June data, 80 percent of parity for manufacturing milk is now \$7.58 per hundredweight. The current \$7.24 support level is equivalent to 76.5 percent of parity.

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AVERAGE PRICES PAID TO FARMERS

MONTH-1975	MILK	CORN	WHEAT	COTTON
January	\$7.00	3.07	4.11	39.9
February	7.04	2.86	3.95	32.0
March	7.01	2.67	3.65	33.9
April	7.04	2.68	3.69	32.2
May	7.05	2.66	3.47	36.3
June	7.04	2.68	2.92	36.9

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The emergency farm bill called for a target price of \$2.52 per bushel compared to the current \$1.30 per bushel. The loan would have been increased to \$1.87 from the current \$1.10.

COTTON

The price support level for cotton currently stands at \$2.3427 per pound. Prices paid to farmers have declined this year from \$3.95 per pound in January to \$2.3227 in February and currently \$2.3600 in June.

The emergency farm bill called for a target price of \$2.45 per pound compared to the current \$2.38 per pound. The loan would have been increased to \$2.38 per pound from the current level of \$2.3427.

MILK

The dairy price support level for manufacturing milk currently stands at \$7.24 per hundredweight. When this was announced on January 3, 1975, it was equivalent to 80 percent of parity. During June, farmers received \$7.04 per hundredweight for manufacturing milk (the equivalent of 76.3 percent of parity).

The emergency farm bill called for a minimum dairy price support level of 80 percent of parity with quarterly adjustment. Based on June data, 80 percent of parity for manufacturing milk is now \$7.29 per hundredweight. The current \$7.24 support level is equivalent to 78.7 percent of parity.