



NEWS from U.S. Senator Bob Dole

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FROM THE NATION'S CAPITOL
BY SENATOR BOB DOLE

OPEN LETTER TO THE PRESIDENT

I have been very concerned about recent farm policy decisions. In a letter to President Ford on September 18, I outlined these concerns and following is the full text of my letter:

Dear Mr. President: The winter wheat planting season is beginning in Kansas and other states and farmers are finalizing plans to increase or decrease the size of their crop. Recent events may cause many of them to carefully consider a crop reduction.

On September 9, 1975, following a meeting between yourself, the Secretary of Labor and various labor union leaders, an extension of the ban on further sales to the Soviet Union until mid-October was announced. This extension of export control follows your own statement of May 1, that "our farm products must have unfettered access to world markets." This decision was apparently made with the complete absence of any representation by or consultation with agriculture. It was followed only a few days later by a crop report showing record level production adequate to cover all domestic and export requirements.

Also following the meeting, the Secretary of Labor -- not the Secretary of Agriculture -- announced bilateral negotiations with the Russians on making regular annual grain sales to them. The initial negotiations were directed by the State Department, not the Department of Agriculture.

As farmers finalize planting intentions, they will consider the cost of fertilizer, equipment, land and other essentials. Fertilizer is selling for well over \$200 per ton. Prices of tractors, combines, and trucks, if those items can be bought at all, are expressed in multiples of \$10,000 and \$20,000. \$50,000 price tags are not unusual. Farm land of any type sells for \$500 to \$1,000 per acre. Fuel expenses have doubled. In general, these and other production costs are 200 to 500 percent higher than only a few short years ago.

\$3.50 per bushel is the average production cost for wheat estimated by wheat growers. Cash prices in Kansas only regained that level recently. Then about that time, the ban on further sales was imposed, putting an immediate depressant on what had been a potentially beneficial market outlook.

For young farmers trying to get started, the cost of production is usually higher than average and the denial of open access to world markets put the greatest pressure on them. It is on the success or failure of these young men that the future food supply of the United States and much of the world depends. Apparently, labor unions and consumer advocates, with the support of some in the Administration, want to continue a course of action that would force these young farmers out of business.

Farmers will consider that, with wheat production costs at \$3.50 per bushel, USDA loan rates are at the ridiculous level of \$1.37 per bushel. Administration officials have said that sales to the Soviet Union will hopefully be resumed in mid-October and that the strength of market prices should cancel any need for high loan rates. But farmers must pay their bills when they come due. They must have operating capital all the time. If the Administration wants to give farmers the marketing flexibility that would allow them to cope with arbitrary dates for export sales, loan rates should be raised to a level adequate for farmers to meet their operating costs until sales are resumed.

To top things off, grain trade reports indicate that the Soviets are aggressively in the market to obtain wheat and feedgrain contracts from other countries. These are contracts that could have been made in this country, to the benefit of farmers, consumers, and taxpayers. As it is, the lost opportunity to strengthen the dollar abroad with more export sales will cost consumers in the foreign goods buying power. The lost opportunity for sales will reduce the tax revenues that could have been collected from resulting income. And finally, those lost contracts obviously hurt farmers. With South American wheat, corn, and soybeans reportedly selling \$5 to \$35 a ton higher than U.S. prices, Brazilian and Argentine farmers probably do not fully appreciate what the U.S. government and labor unions are doing for them.

All these factors are important to farmers in making their planting decisions. They understandably wonder who in Washington cares about them. But the time to plant is here.

Sincerely yours, BOB DOLE