



NEWS from U.S. Senator Bob Dole

(R.—Kans.)

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REMARKS BY
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NATIONAL COUNCIL OF FARMER COOPERATIVES
SAN JUAN, PUERTO RICO
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We are meeting today in a time of government transition -- a time when changes are being made in both the Executive and Legislative branches of government.

Not surprisingly, there is no scarcity of advice for the incoming leaders on the proper course for American farm policy.

Some people, comfortable with the current philosophy and current government programs, resent and resist any change.

Others, eager to try their hand at improving the nation, are full of new ideas and projects -- some of them unorthodox, some innovative, many of them costly.

And then there are what might be called "the other guys" -- the retreads who once occupied policy and administrative positions of power. Now, they are back in control -- or are seeking to be -- and they see an opportunity to resurrect old ideas and old programs.

Our job in the Congress -- and your job as leaders in the farmer cooperative movement -- is to maintain a sense of economic balance, to sort out the good ideas from the bad ones, and to structure a sound American farm policy which will carry us well into the next decade.

Current Farm Prices Too Low

So, where do we begin? A good place to start is with a dose of hard, not particularly pleasant, economic facts.

Farm prices are too low. In December, farmers received an average of \$2.39 per bushel for wheat, down from \$4.65 a bushel just two years ago.

December corn prices averaged under \$2.25 a bushel compared with over \$3.25 in 1974

Grain sorghum prices have fallen below \$2 a bushel, down from nearly \$3 a bushel two years ago.

The True Culprits

These dreary statistics tell us many things. But, they should not -- and cannot -- be interpreted as an indictment of government farm programs. World production levels, meddling in export policy by forces who do not have the farmers best interests at heart, and inflation -- the most dangerous and insidious enemy of our farm economy -- are the true culprits.

Obviously, we can't exert much influence over the weather and farm policies in foreign countries, but we can refrain from imposing -- directly or indirectly -- embargoes on exports of American farm products, and we can lick inflation, if we have the will and determination to bite the bullet and hang tough on our market-oriented farm policy and programs.

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Removing Government Controls

Over the past few years, the American farmer has shown what he can do when government controls are removed. More than 215 million Americans eat well -- better than any other people in the world -- because American farmers are efficient. Millions more people in other parts of the world also share in America's abundant production.

One reason for this abundance is that under the farm programs of the 1970's, farmers are making more of their own decisions.

Sixty million acres of farmland, formerly held idle at tremendous cost to the American taxpayer, have been released. Nearly forty million of those acres are now back into production.

Cropping limitations, which prevented crops from being shifted to other land and to areas where production costs were lower, have been lifted. Today, farmers are free to shift production to the crops that in the judgement of the farmer -- not the government -- offer the greatest economic advantages.

Increasing Farm Income

And despite the current, temporary setback in farm prices, the increases in farm income have been substantial in recent years under the market-oriented farm programs.

From 1973 to 1975, farm people increased their spendable income to an average of 97% of that of non-farm people. By contrast, spendable farm income was only 65% of non-farm income in the 1960's. I happen to believe that these figures provide a strong indication that Republican leadership is vastly superior to Democratic leadership. But, more importantly, they demonstrate that market-oriented farm programs are good for farmers -- philosophically and from the standpoint of money in the bank.

For nearly forty years, American agriculture was dominated by government production controls. Legislation and programs were geared to the philosophy that if we cut back on production and curtailed growth to fit the historical demand, we could somehow "stabilize" the supply-demand ratio -- and with it, stabilize farm income as well. You know better than I that "stabilized" farm prices mean only one thing -- low farm prices. The restrictive farm programs of the 60's served only to "stabilize" the farmer with an income only about two-thirds that of his city cousin. Government price-support programs and acreage diversion benefits actually benefited most the farmers whose incomes were already above the average, and government farm production control actually widened the gap of income distribution in agriculture.

Past Mistakes

I think we've learned from past mistakes and I am hopeful that the incoming Administration will keep them in mind in formulating farm legislation this year. If yesterday's hearing in the Senate Agriculture Committee is any indication, I think we have cause for optimism. Our Committee supported the nomination of Congressman Bob Bergland as Secretary of Agriculture, and I am confident he will be quickly confirmed by the full Senate.

The New Agriculture Secretary

In my view, President-elect Carter could not have selected a more capable and qualified Secretary of Agriculture. He has wide experience with the problems of agriculture and rural America as well as the ability to work effectively with members of both parties in Congress. I have worked with Congressman Bergland personally on a variety of matters and I know him to be knowledgeable about the operations of the Department of Agriculture and the laws under which it operates.

I have urged Congressman Bergland to take action on two fronts when he becomes Secretary.

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Expanding U.S. Export Markets

First, I urged him to make every effort to aggressively expand our exports of agricultural products. Expansion of export markets for U.S. farm commodities is the key to American farm policy. World prices are the most competitive we have seen in several years. I urged the Secretary-designate to set a goal of \$25 billion in agricultural exports by 1980. To achieve this goal, we must succeed in the current world trade negotiations. Also, we must expand the number of companies willing to devote resources to exporting. In this category, I include the great cooperatives.

An Agricultural "Ambassador"

In addition, I urged Congressman Bergland to work for the appointment of an agricultural expert with the rank of Ambassador to represent the U.S. in the negotiations at the multi-national trade talks in Geneva. It is vitally important that negotiations for agricultural trade agreements be made at the same time trade agreements are negotiated for other commodities. If these are not negotiated simultaneously, we will have difficulty in making progress in liberalizing agricultural trade, and we will continue to have unfair competition to our exports.

The New Farm Bill

Of more immediate concern to farmers and their cooperative representatives is the new farm bill. One bill which will be introduced soon will serve as a starting point for our consideration of farm legislation in the 95th Congress. In its present form, the legislation would extend the present successful farm program for five years.

For the first time, a cost-of-production concept for wheat, feed grains, and cotton would be implemented. The present set aside, target price concept would be continued. But the target price would be set at the cost of production. The cost of production would be determined according to a formula specified in the bill, taking into account all the actual costs of planting and harvesting a crop, including an allowance for management and the cost of land.

Target prices would be set at the cost of production for each crop and the loan level would be set at about 80% of this cost. Both the target levels and loan levels would change each year as the cost of production figures changed.

In addition, the bill would extend the present programs for wool, rice, and dairy commodities, and extend the Food for Peace program for five years. It would provide authority to waive the present requirement that 75% of our Title II donations of food to foreign nations be made to countries with per capita incomes below \$300 a year. Should this change be enacted, we could export an additional 1.3 million metric tons of wheat -- almost 50 million bushels.

Another important element of the proposed farm bill would improve and expand food and agricultural research. It would authorize special research programs for food and nutrition and animal health in addition to ongoing research efforts, and it requires additional coordination and accountability in research efforts.

As I have said, this farm bill is being considered as a starting point for our committee deliberations. And I do not suggest that it is complete or that all of its revisions are correct or adequate. I do agree with most of the concepts, and I plan to consider some other provisions and make some changes. I know that this group will have some proposals of its own and I look forward to discussing them with you.

I have enjoyed this opportunity to participate in the 48th annual meeting of the National Council of Farmer Cooperatives and will close by issuing a challenge.

Role of the Farmer Coops

Ultimately, the success of our U.S. farm policy will depend greatly on market development, both at home and abroad. This is an area in which the cooperative movement should be taking a strong lead.

Cooperatives should develop more aggressive export sales programs. The list of top grain exporting firms in the U.S. should include at least one grain marketing cooperative. I urge this group -- and its members -- to begin today to meet this challenge.