

BOB DOLE
KANSAS

22.
STANDING COMMITTEES:
AGRICULTURE AND FORESTRY
BUDGET
FINANCE
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Earlier this month, the Senate Agriculture Committee conducted four field hearings in Kansas on pending farm legislation. As ranking minority member of the Committee, I held hearings in Goodland, Manhattan, Hutchinson, and Winfield. We heard a great deal of excellent testimony from farmers, rural bankers, farm wives, ranchers, conservation district representatives, implement dealers, and others. This testimony, which will be printed in an official hearing record and made available to all members of Congress and the public, will be extremely helpful to those of us on the Agriculture Committee.

No Easy Answers

It was obvious to all who attended the hearings that there are no easy answers to current farm problems. But on one thing, all seemed to be in agreement: Farm prices are too low. The question remaining is: What kinds of farm policies should be pursued by the federal government to enable farmers and ranchers to realize a fair return on their hard-earned investment? That is the issue that Congress will be grappling with in the days, weeks, and months ahead as we formulate a farm program for the next few years.

Cost of Production

The Senate Agriculture Committee is committed to setting target prices at an average cost of production level. In order to establish a realistic target price, I asked many witnesses during the Kansas field hearings for their recommendations for an average cost of production figure. As you might expect, few witnesses could supply an average figure and there was a wide disparity among the figures that were offered.

Expanding Export Markets

All in attendance seemed to understand that 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 years, and the success of our farm policy will depend greatly on market development. With an eye to increasing exports of American farm products, the new farm bill will probably focus on increased target prices with loan rates being adjusted only slightly upward from existing levels.

In addition to modification and extension of the basic farm program, the Senate Agriculture Committee is also expected to take up proposed changes in the Food for Peace program, agricultural research, soil and water conservation, pesticide regulation, dairy price supports, and extension of the food stamp act.

Agriculture Committee Action

The full Agriculture Committee is now continuing to receive testimony on farm programs here in Washington. Following the Senate hearings, probably near the middle of March, the Committee will begin writing a bill. Any further suggestions you might have would be very helpful. For it will be the Agriculture Committee's task -- with your help -- 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.

To provide a framework upon which the Agriculture Committee can build, I have sponsored or cosponsored 22 bills that directly affect farmers and ranchers. Undoubtedly, many changes will be made in these bills before they are enacted. But you may be interested in a general outline of the most important proposals.

Grain Inspection Bill. Implementation of the Federal Grain Inspection Act of 1976 has caused many problems for Kansas producers and others in the grain industry. To correct these problems and reduce costs to Kansas farmers, I have introduced a bill which would (1) eliminate federal fees for the supervision of state and private inspection and weighing agencies; (2) drastically reduce the record-keeping requirement for country grain elevators; (3) establish an advisory committee of seven members from all segments of the grain industry to advise the Federal Grain Inspection Service on any future problems which may arise.

The Food and Agriculture Act of 1977. This bill would extend the existing commodity programs for wheat, feed grains, and other programs for five years. It would raise target prices to \$2.91 per bushel for wheat, \$2.28 per bushel for corn (with feed grain target prices based on corn), and 51¢ per pound for cotton. Minimum loan levels are set at 75% of the target

price, but the Secretary of Agriculture is authorized to raise loan levels as high as 90% of parity. In the interest of bipartisan cooperation, I introduced this legislation with Senate Agriculture Committee Chairman Herman Talmadge. However, I believe some modifications should be made before the legislation receives final Senate approval, including an increase in the minimum loan levels to 80% of target prices.

The Talmadge-Dole bill extends a number of other farm-related programs, including the Food for Peace program, the pesticide regulation program, the food stamp program, and the agricultural research program. I plan to work with my colleagues in the Committee to carefully review the pesticide program to ensure that it is being administered realistically by the Environmental Protection Agency. In addition, I believe the food stamp program and the agricultural research program are in need of more extensive reform than is provided in the Food and Agriculture Act of 1977.

The Federal Crop Insurance Expansion Act of 1977. Presently, crop failure protection is provided through the Federal Crop Insurance Corporation and the disaster payment program. Neither of these programs is adequate. The FCIC is limited to certain commodities in certain counties. Disaster payments are unrealistically low and the program contains numerous inequities.

My bill, the Federal Crop Insurance Expansion Act of 1977, would (1) expand FCIC nationwide and make insurance available to all producers of wheat, cotton, corn, rice, grain sorghum, barley, and other crops; (2) provide for a 25% federal subsidy on the premiums farmers pay to FCIC in order to lower the cost of insurance so that all farmers can participate; (3) raise the FCIC capital stock in order to make it a viable program; (4) expand insurance coverage to prevent planting losses caused by floods.

Wellmon-Dole Credit Bill. This legislation makes the Farmers Home Administration operating in farm ownership loans more realistically correspond to conditions in today's agricultural economy. It increases the loan limitation on direct farm operating loans to \$100,000 (from the present \$50,000), increases a loan limitation on farm operating loan guarantees to \$200,000, increases the direct farm ownership loan limitations to \$200,000 (from \$100,000) and raises the limitation on farm ownership loan guarantees to \$300,000. Hopefully, this bill will relieve the strain on rural credit sources by providing additional assistance to farmers and rural banks.

National Agricultural Research Policy Act of 1977

This bill would upgrade the agricultural research which is performed primarily by land grant universities such as Kansas State. It would increase the focus on farm research in the Department of Agriculture by establishing an Assistant Secretary of Agriculture for research and by creating a twenty-two member advisory board to advise the Department of Agriculture on research policy and needs. It authorizes an additional \$7.5 million for nutrition research and creates a new competitive grant program of \$15 million for research by federal agencies, schools, or private individuals.

Agricultural Conservation Program Reform Bill

This legislation would require that all practice under the ACP be of long-term conservation benefit. It would eliminate assistance for short-term practices, such as liming. The bill would also raise the ceiling on the amount of payment that can be made to individual farmers so that larger conservation projects can be undertaken. Kansas farmers have indicated that they strongly support such a reform of the Agriculture Conservation Program.

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