



# NEWS from U.S. Senator Bob Dole

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## REMARKS OF SENATOR BOB DOLE TO THE AGRICULTURAL EDITORS ASSOCIATION WASHINGTON, D.C. APRIL 19, 1977

I am grateful for this opportunity to visit with you today. The American people and their leaders need to be reminded of some basic concepts that are sometimes forgotten about farm policy in a global setting.

You are acquainted with the old Chinese proverb: "The well-being of a people is like a tree and agriculture is its root." Even as late as 40 years ago, this general feeling still prevailed in the United States. One out of four of our people lived on a farm. Throughout rural America, agriculture was the great employer. Most of our national leaders had a farm or a farm-rural background.

Today, the attitudes of many Americans are quite different.

Less than four percent of our people now live on farms. There are fewer than two persons on farms today for every five 40 years ago.

Consequently, too many in government are saying: "Agriculture is a declining industry -- a dwindling influence in national and world affairs."

They could not be more wrong -- on all counts.

### GROWING IMPORTANCE OF AGRICULTURE

U.S. agriculture is growing in importance, not declining. It is the keystone of American abundance. Its role in the world has never been so vital as now. There has never been more reason for painstaking attention to the needs and problems of our farmers and rural people in general.

Our agriculture has made, and continues to make, contributions of major importance to our economy.

For America's agriculture and its agribusiness counterpart are fulfilling an increasingly vital role in the national interest. The Secretaries of State, Treasury, Commerce, and the Council of Economic Advisers are concerning themselves with farm affairs. The Office of Management and Budget watches closely over the activities of the USDA.

Today, many government agencies are studying reports of drought in China. The weather in Australia and Canada is of interest. How the European Economic Community stockpiles and disposes of surplus dry milk is of international significance. The weather in the Soviet Union and the rice outlook in Asia take on worldwide economic importance. Each has a direct impact on the world agricultural supply-demand balance; hence, on U.S. farm exports.

Agriculture has become so important that farm policy is really made at the highest levels of government. For agriculture has become central to the success of U.S. foreign economic policy. Economic strength is one of the major factors in our foreign policy. Agriculture contributes to our economic strength in a major way. Our foreign policy makers cannot help but be interested in what is happening on our farms.

Farm exports account for \$1 out of every \$5 earned in trade with foreign countries -- ten to twelve billion dollars a year. Agricultural trade surpluses are essential to our country's balance of trade, and therefore, the value of the dollar.



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#### ONE-THIRD FROM EXPORTS

Nearly one out of three acres of U.S. cropland is devoted to production for foreign consumers. One-third of our gross income from crops is derived from exports. American farmers produce about one-fourth of the world's wheat and feed grains. U.S. exports of wheat and feed grains accounted for roughly half of the world's exports. Without the American farmer's ability to produce, the world would be far worse off trying to feed itself adequately.

While the so-called food crisis is not on the front pages, nor on prime-time television these days and nights, it is well to keep some basic facts in mind.

The Soviet Union made a basic decision to upgrade the diet of its population. This means expansion in animal protein production and ambitious livestock and poultry production goals. Out of this shift in basic policy has come a five-year agreement with the Soviet Union calling for minimum annual sales of six million metric tons of corn and wheat. It is significant that the Soviets are observing the terms of that purchase agreement despite a record grain crop and higher cost shipping arrangements.

Recent adverse weather conditions on the mainland of China may be of significance to the American grain producer. It was noted that a recent sale of soybeans was made to the Peoples Republic of China on an optional origin basis, part of which may be U.S.-produced soybeans. Feed grain exports may be next. I have sent a telegram to President Carter urging the Administration to check out the legal possibilities of providing CCC credit for wheat sales to the PRC.

Looking ahead, the chances appear favorable that China will be an importer of agricultural commodities. I hope we will attempt to make the Sino-U.S. agricultural trade more of a normal, regular, year-to-year flow. Among the commodities the United States has to offer, I would hope that the Chinese would be most interested in wheat. Peking is continuing to buy Canadian wheat. Members of the Australian Wheat Board have been invited to China to make new wheat sales. Peking will not wish to be dependent upon a limited number of suppliers. Thus, China may also buy wheat from other suppliers, and we should see to it that the United States will be included among those suppliers.

#### EXPORT SALES REPORTS

I am pleased that Secretary Bergland has reversed his previous decision regarding the timely announcement by USDA of grain export sales exceeding 100,000 tons. It is most significant that the major exporters all agreed to voluntarily cooperate in making the daily announcements. Every segment of the grain trade, from producer to consumer, will benefit by being able to make decisions based on facts rather than rumors. USDA's announcement of the changed policy said in part, "The daily reports will be compiled from information received from exporters by 3:00 P.M. These reports will list export transactions for wheat, corn, grain sorghum, barley, oats, soybeans and soybean cake and meal. Identical to the Thursday weekly report, the daily release will accumulate transactions by commodity and destination, but it will not reveal the names of the companies making the sales."

We are hearing rumors again of export controls on soybeans and soybean meal. I realize that our soybean supply is not as large as we hoped for. However, I feel certain we have learned our lesson on export controls, and we have learned that we just cannot afford them. The Secretary is well advised to avoid them at all costs, and let the free market function.

We learned from the 1973 soybean embargo just how self-defeating export controls are. That embargo succeeded in scaring the daylights out of good customers around the world. It increased the cable traffic from our diplomatic representatives all over the world. We learned from our soybean embargo that one cannot maintain export markets by cutting them off.

We have already suffered some serious market losses as a result of the 1973 soybean export limitation. The Japanese reacted by investing huge amounts of money to encourage Brazilian soybean production.

#### NO EXPORT CONTROLS

The Common Market Commissioner of Agriculture warned that if we reimpose export controls on soybeans, the nations of Western Europe will make a serious effort to become self-sufficient in protein meal production by 1985. Such an effort would cost us dearly. The same could occur in market after market around the world -- and we cannot afford it.



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Summing up, we have learned that the United States cannot afford to restrict exports of soybeans. Export controls cannot change the economic forces that surround us. We cannot afford export controls merely to give government officials handles to pull or buttons to push. We must simply let market forces operate. They have served this country in the past, and they will do so in the future, if we can only resist the temptation to tamper with them.

I believe strongly that we should avoid involving the United States in commodity agreements with maximum and minimum price provisions, or other provisions aimed at price and market stability. The experience with such an approach is disruption of markets and long-term harm to both producers and consumers.

The last International Grains Agreement with maximum and minimum prices was an international economic disaster, especially to U.S. wheat growers. When he signed the agreement for the United States, the then President Johnson said he thought it would provide new price insurance to the U.S. wheat farmers.

It proved to be lower price insurance and a strategy for losing markets. Other countries undersold us. We were left "holding the bag" -- a bag full of unexported wheat. To be effective in stabilizing markets and prices, enough exporters and importers must participate to achieve a degree of monopoly power. Getting importers to go along is difficult, especially in years of large supplies or world shortages.

#### EXPAND EXPORT OUTLETS

All the studies reveal a history of failures. All the studies also reveal the need to engage in export and import controls to implement the programs. I am opposed because I just don't like going down that failure road again.

Rather than restrict markets, we should try to expand our agricultural outlets. The multilateral trade negotiations, in which we are engaged in Geneva, are the most ambitious since the postwar world trading era began in 1947. Along with 96 other nations, we are committed to their success of these negotiations. Why? Because the entire world stands to benefit from the mutual reduction of barriers to trade. We also are acutely aware that the price of failure in Geneva is nothing short of the very serious risk of returning to the kind of dog-eat-dog trade policies which brought the world economic disaster in the 1930's.

These negotiations, under the guidance of Ambassador Strauss, are the right forum for attempting to achieve our agricultural trade objectives. Agriculture represents some 26% of our annual exports. It contributes greatly to keeping our trade balance manageable. Agricultural exports are vital to the maintenance of our "full production" agricultural policy which benefits producers and exporters of agricultural products; we have a major stake in the trade negotiations.

The important stake of agriculture in these negotiations is closely recognized by our current trade negotiators. I know Bob Strauss; I have talked with him privately, and I have also discussed this question on the public record at his confirmation hearing. He knows that the livelihoods of our farmers are intimately involved in foreign trade, and that meaningful results for agriculture in this round of negotiations are essential.

#### ACCEPT NO LESS

I believe that he would walk away from the table and go home rather than accept less. He has chosen as his Washington deputy a man who has full sensitivity to American agriculture's needs in these trade talks. I know that one of his primary concerns will be the agricultural interests of the United States when he names a deputy to be based in Geneva.

The benefits of trade expansion are shared by all Americans, but its costs should not be imposed unfairly on a few. That is why, while pressing ahead on the broad front of trade expansion, there is still need for specific relief of pressing import problems with regard to meat, sugar and a few other special problem areas.

Trade expansion has a significant role to play in promoting international cooperation. For trade among nations weaves a seamless web of interdependence across national frontiers. A prosperous, productive American agriculture can be the key to a wider prosperity -- not only among consumers at home, but among many foreign peoples who need and want to buy what we can produce most efficiently.