



# NEWS from U.S. Senator Bob Dole

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## 17 SENATORS URGE DEFEAT OF MUSKIE AMENDMENT

WASHINGTON, D.C.---Following is the text of a letter urging defeat of Senator Edmund Muskie's amendment to lower target prices contained in the farm bill. The letter was signed by a bipartisan group of 17 Senators.

Dear Colleague:

Senator Muskie plans to offer an amendment to the farm bill today to lower the wheat target price for 1977 from \$2.90 per bushel to \$2.65 per bushel. Senator Muskie supports his amendment on the basis of the projected budgetary impact of the \$2.90 target price.

Looking at the issue from the producers' point of view, I see no way the \$2.90 target on 1977 wheat can legitimately be attacked. During the 1977 crop year, production costs have continued to increase while wheat prices have dropped 50% from \$4.00 to less than \$2.00 a bushel. The \$2.90 target price included in the present bill is not even equal to the average cost of producing a bushel of wheat. Judging the issue on the merits, the \$2.90 target is very reasonable.

Adding budgetary considerations to the analysis does not alter the conclusion. It makes little sense to use the First Concurrent Budget Resolution to argue in favor of lower target prices for wheat than farm conditions justify. It has been frequently stated by many, including the Chairman of the Budget Committee, that the Budget Resolution is not a "line item" measure. It is intended to set overall limits on spending. If this is true--and it is--any proposal that seeks to cut a specific but variable cost item in the Farm Bill on the basis of the First Budget Resolution alone should be rejected.

The First 1977 Concurrent Budget Resolution includes \$4.35 billion in outlays for the Agriculture Function and \$460.95 billion in projected outlays for the entire budget. The normal weather outlay estimates for the \$2.90 target price for wheat is \$.5 billion. During an April 27 Budget Committee mark-up session, the cost of agriculture target prices was discussed. The transcript of that session shows that the Budget Committee Chairman agreed that if the target price level was not accommodated by the Agriculture Function alone, it could likely be accommodated by the flexibility in the overall spending ceiling.

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It should be emphasized that the projected cost of higher target prices are only estimates--estimates that will be affected by future weather and market conditions. The purpose of the Second Concurrent Resolution is to allow adjustments for changes of this nature. As the Chairman of the Budget Committee pointed out in a letter to the Agriculture Committee, there are likely to be many re-estimates both up and down between now and the Second Resolution.

In our view, it is too early to make concrete predictions about the prices of a 1977 crop that has not been harvested. And, the budget process was not intended to force us to attempt such impossible predictions. The Second Concurrent Resolution was added to the budget process to accommodate the unpredictable costs of responsible programs. The \$2.90 target price is below the average cost of production for wheat and it is responsible. To attack it on the basis of estimates in the First Concurrent Budget Resolution, which may no longer be valid, misconstrues the intent of the Budget Act.

During the recent Presidential Campaign, President Carter promised a decent price for farm products. Appearing in Kansas last October, Vice President Mondale called for a \$3.00 minimum price support for wheat. We are seeking only a \$2.90 target price.

Currently, farm dispersal sales and bankruptcies are prevalent throughout the wheat belt. A \$2.90 wheat target price is a reasonable compromise needed to avert further economic disaster. There is no justification for allowing an estimated figure calculated two months ago to thwart our efforts to be responsible to real farm needs. I therefore urge you to join in supporting the \$2.90 wheat target price approved by the Senate Agriculture Committee.

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