



NEWS from U.S. Senator Bob Dole

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FOOD AND AGRICULTURE POLICY
REMARKS BY SENATOR BOB DOLE
BEFORE THE NATIONAL FARMERS' ORGANIZATION
OMAHA, NEBRASKA
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Mr. Staley, and members of the National Farmers' Organization, you have honored me by inviting me to your convention. As a fellow American who is dedicated to this nation and the agriculture which helps make it great, I wish to thank your President for his dynamic leadership and dedication to this great country. It is true that we have not always agreed on every item of farm policy. However, a close examination of the facts will reveal that on most items of policy our views have coincided.

In this republic there is a basic need for free expression by the people - especially farm people - a shrinking proportion of our population, but one of the most important. I want to assure you that my office has always been open to considering the views of the NFO, as your most capable Washington representative, "Chuck" Frazier will attest. The NFO, with its roots in the soil of America must and does participate actively in policy discussions and in making recommendations to your government representatives.

More importantly, however, our objectives have coincided. As people dedicated to doing what is best for America, we believe in doing what is in the interest of American agriculture. From differing points of view we arrive at common objectives. Basically, we are trying to find better ways to enable the farmers and ranchers who create the bounty we all enjoy to share more fully in that which they create.

Actually, it is true that for most of the really important items, we are closer in our views than most people realize.

For example, Oren Lee Staley, spoke out clearly and boldly recently in opposition to the proposed fuel tax on barge lines. I agree with his position. Let me give you some background.

Lock and Dam 26

Very early after the Congress reconvenes in January there will be consideration given by the Senate to a bill which is of extreme importance to the entire farming community. It is H.R. 8309 - a bill which authorizes a new Lock and Dam 26 at Alton, Illinois, on the Mississippi River. At the same time the bill provides for a fuel tax of 6 cents per gallon on the fuel burned by the barge lines. Make no mistake about it, that increased cost will have to immediately be passed on to the shipper and that means a corresponding reduction in the price paid to the farmer for his grain.

What is being done is a basic change in the U.S. policy - unchanged since the beginning of this republic - a fee for the use of our navigable waters. The technique that is being used is to withhold approval of the lock and dam - through which more tonnage moves than the Panama Canal, unless a user fee is approved.

What we are really looking at, for the first time in the History of this Nation, is an export tax on farm products. This legislation merely puts the barge lines in the position of a Federal tax collector on your products. Also,

obviously, there will be an increase in the cost of barging fertilizer and fuel. The cost-price squeeze will increase its pressure on you and reduce net farm income.

There will be an attempt in January to increase the tax from 6 cents per gallon to a higher figure, one as high as 42 cents per gallon. Another proposal would levy a tax not to exceed one percent of the value of the cargo plus the transportation. That doesn't sound like much until you put your pencil to it. It means that \$8 beans would have a tax, or a reduction to the farmer of 8 cents per bushel.

Any attempt to increase the fuel tax beyond 6 cents per gallon must be defeated. I urge you to let your Congressmen and Senators know of your feelings before they go back to Washington.

Policy for Sugar and Sweeteners

Let us examine another item which directly affects the demand for corn. We have in this Nation a corn refining industry which buys about 10 percent of the corn marketed by farmers. This domestic demand is important to corn producers, and competent economic analysts tell me that this adds 25 to 30 cents per bushel to the prices farmers receive. Now, you would think that the Administration would try to take measures to expand this demand to get farmers even better prices.

Would it surprise you to know that the President reacted to the U.S. International Trade Commission recommendation for an import quota of 4.275 million tons by actually saying the following:

"It would be of questionable benefit to the domestic sugar industry, because it would encourage increased market penetration by substitute sweeteners, particularly high-fructose corn syrup, which can be produced at a lower cost than most U.S. sugar."

He then proceeded to announce an illegal payment program, and in fact encouraged imports of sugar.

The Congress reacted by passing a sugar program involving import duties and fees. To this date, imports are still pouring in because of delay by the Administration. At least 1 million tons of sugar have poured in with attendant loss of markets for corn producers of about 60 million bushels.

According to Donald Schlichte, Executive Vice President of the National Corn Growers, "The loss of a market for 60 million bushels of corn will reduce the price of corn by about 4 to 5 cents per bushel, with a resultant reduction in the value of the corn crop by \$250 to \$300 million. The Corn Growers are disturbed by corn refinery shutdowns and lost markets for corn."

I want to make it clear that this decision by the Administration put foreign sugar producers ahead of the welfare of domestic corn growers.

Soviet Grain Crop Forecast and Sales

On November 2, 1977, Brezhnev announced a Soviet grain harvest of 194 million metric tons, which fell short of both the Soviet target of 213 million tons and the USDA estimate of 215 million tons.

I have asked for hearings before the Senate Agriculture Committee to explore with USDA officials (1) the possibilities of more precision in USDA estimates of the Soviet grain crop and (2) whether the monitoring of exports can be better accomplished so that farmers can know while they still hold their grain, of actual or prospective Soviet purchases.

Both of these areas pose difficult problems I know, but I want our farmers to have as much information as possible on export possibilities on a timely basis so that they can make the best possible marketing decisions.

More Aggressive Export Policy Needed

Let us together review some of my more recent recommendations to the Carter Administration - proposals with which I feel you will agree.

We need a more aggressive and realist export policy to better meet the competition that we are facing in world markets. We must not be residual suppliers. The following recommendations, if implemented, will help both the farmers' income and the economy of the entire nation:

(1) Commit Additional CCC Credits Immediately. In a letter of October 20, 1977, to President Carter, sixteen of my colleagues on the Senate Agriculture Committee and I asked that the Administration double the funding level of \$750 million for CCC credits, announced on August 18, 1977. On November 17, 1977, Secretary Bergland announced that the CCC credit allocation of \$750 million would be increased to \$1.5 billion. This increase, if committed promptly, should help U.S. farm exports more readily compete with credits offered by Canada, Australia, and others in world grain and other commodity markets.

The CCC credit program, as Secretary Bergland has testified, "makes money for the Government" since the interest rates received by CCC are higher than the rates paid by them to the U.S. Treasury for money. The repayment record also has been excellent. I am pleased that the Administration has now responded to the need for additional CCC credits and I urge that these new credits be committed as lines of credit for our overseas customers at an early date in order to maximize export opportunities.

(2) Expand Export-Import Bank Credits. On September 8, 1977, I wrote the President of the Export-Import Bank, asking that the Eximbank's farm commodity export policy be revised. I suggested that the meager \$70-95 million financing of agricultural exports in recent years be increased to at least \$500 million annually. Farm exports, which annually represent over 20 percent of total U.S. exports, deserve a more equitable share of the \$6-10 billion of annual U.S. export financing. If farmers do not get a better break from Eximbank in the near future, I will introduce legislation in the next session of Congress to accomplish that objective.

(3) Support CCC Credit Legislation. Moreover, I invite the Administration to support my bill and that of Senator Humphrey to authorize CCC credits to such non-market economy countries as the People's Republic of China, the Soviet Union and Eastern European countries such as East Germany and Czechoslovakia. However, credits to the Soviet Union would be pursued following an increase in the number of Jews permitted to emigrate. I also oppose extending such credits to Vietnam, North Korea, Cambodia, Laos and Cuba. Also, I will work with the Administration to obtain legislation which will provide "intermediate" CCC credits so that we can take advantage of export opportunities that require credits with terms longer than the current maximum of three years.

This legislative endeavor can bring dividends not only to farmers but to all mankind. My recent trip to Belgrade taught me that very clearly.

The question we should consider is whether the restrictions we impose in isolation from our export competitors serve our national interest. I believe it is clearly to our advantage and influence to modify our policies.

(4) Better Use of Food for Peace. Another important export tool that is not being sufficiently utilized is the PL 480 or Food for Peace Program. This legislation was signed by President Eisenhower back in 1954. During the last 23 years, with bipartisan support, over \$30 billion worth of farm commodities have been exported under its provisions. The great value of this program, in terms of lives saved and new markets developed, is impossible to comprehend. It is one of the great practical humanitarian steps of this and any other generation.

In a letter to Secretary Bergland, I recommended that \$1 billion worth of grain and other farm commodities be exported under Title I of PL 480 to help meet the food needs of developing countries in fiscal year 1978. The Administration was nearly a month late in announcing their FY 78 allocation of only \$800 million worth of commodities. This allocation compares with the Ford Administration's allocation of September 22, 1976, of \$866 million worth of commodities for FY 77.

Not only is the Administration "short" on their allocation, but they have not yet signed the first Title I agreement for the new fiscal year which began October 1. A year ago, Title I agreements for \$311 million worth of farm commodities representing almost 2 million metric tons were signed in October and November. On November 16, 1977, most of my colleagues on the Senate Agriculture Committee joined me in a letter to Chairman Talmadge asking for Committee hearings on the unusual delay in PL 480 programming this fiscal year. Additionally, I have asked President Carter to personally intervene to obtain immediate resumption of PL 480 programming and shipments which as of today is at a standstill.

I am concerned that the PL 480 leadership in the Carter Administration is good at conducting seminars and appointing task forces but appear to be a bit short on their capability to execute programs that are timely and meaningful to American farmers, as well as to hungry people in developing countries. Starving and hungry people do not eat seminars or option papers. Yesterday's hungry people cannot eat twice as much tomorrow.

(5) More Attention to Market Development. I would like to see the Administration spend less time at international commodity agreement conferences and direct more of their resources into market development activities. The USDA - industry cooperator market development program is not receiving the attention that it should be getting. There is far less real activity by these programs in world markets than there was 10 years ago.

We need to be carrying the message to overseas markets more vigorously than is being done that we are not only a dependable supplier but that we have the widest range of commodity qualities of any exporting country in the world. We should follow up these messages by servicing more adequately the markets in which we sell.

(6) Use of PL 480 to Improve Storage and Handling Facilities. I urge the Administration to make use of existing authority provided under Section 104(b)(1) of Public Law 480 to write into Title I agreement provisions for the generation of foreign currencies to be made available to the Secretary of Agriculture to fund projects in PL 480 recipient countries to improve storage, handling and distribution of farm commodities. This would materially assist in the consumption, distribution, and reduction of waste of food. Such facilities would be used for both PL 480 and commercial imports as we have seen demonstrated in India in the past following U.S. assistance provided that country for storage facilities.

(7) Implement Legislation Enabling Importers to Store Purchases in U.S. Also, I urge the Administration to implement immediately the provisions of legislation that I sponsored to enable commercial grain importing countries to purchase U.S. grain, and store it in the United States for 12 months or longer for subsequent export without export restraints or controls.

(8) Geneva Trade Negotiations. Further, I would urge that the Administration's trade negotiators in Geneva not be "mousetrapped" into any agreements that would work to the detriment of U.S. farm exports. I believe that we must not give away easier access to U.S. markets for industrial goods or agricultural commodities by reduced tariff or non-tariff barriers without attaining greater access to the markets of the world for U.S. agriculture. Greater access to world markets is the most important objective for U.S. agriculture. Both industrial and farm items must be brought along together as the trade negotiations proceed. We must not be the forgotten relatives as we were during the Kennedy round.

We must all exert pressure that meaningful results for agriculture be brought home by our negotiators. I will be reviewing closely the negotiated package when completed in Geneva to consider whether or not the Congress should approve it. I will welcome your input pertaining to the agriculture portion of the agreement.

Summary of Recommendations

In summary then, I would like to urge the Administration to facilitate farm exports by:

- (1) Committing the additional CCC credits immediately to lines of credit so that export opportunities do not slip away;
- (2) Increasing PL 480, Title I - \$1 billion worth of commodities, up from the \$800 million announced for FY 78 and resume programming immediately;
- (3) Expanding Eximbank financing of farm commodities from the \$75 million allocated to finance cotton to Japan to at least \$500 million for the export of farm commodities;
- (4) Supporting CCC credit legislation to provide financing of commodities to better meet competition in countries such as the People's Republic of China, the Soviet Union and certain Eastern European countries;
- (5) Supporting with adequate resources and new ideas a more vigorous market development effort;
- (6) Making the most of the U.S. agriculture efficiency and gain concessions for U.S. farm exports in the Geneva trade negotiations;
- (7) Using PL 480 to improve storage and handling facilities for U.S. grain and other commodities imported in developing countries; and,
- (8) Implementing legislation enabling commercial grain importers to purchase U.S. grain and store it in the United States for subsequent export.

I sincerely believe that the best way out of the current cost-price squeeze in which so many U.S. farmers are caught is through expanded exports and reduced inflation. I believe that proper attention to these five recommendations will go a long way toward alleviating the current farm problem and reducing inflation.

I urge Secretary Bergland to set a national goal of \$30 billion in farm exports by 1980 and then to take appropriate actions - such as these which I have mentioned - to make it become a reality. The attendant benefits not only to our farmers, but also to the Nation, would be of great significance.

In addition to my recommendations to stimulate exports, I urge the Secretary of Agriculture to use the disaster reserves provision of the new farm bill. This section permits him to purchase wheat, feedgrains, hay or other livestock forages for disposition in disaster situations where CCC stocks are not available at locations where they may be economically used. During the current period of low prices it seems prudent for the Secretary to use his authority to acquire such stocks which would be of great value in case of natural disaster.

Seizing opportunities for greater domestic demand and utilizing export authority is extremely important to farmers. Recent failures have been reflected in prices received at a lower level than necessary. This is a basic grievance which has made farmers angry enough to strike. Farmers have every right to be in a fighting mood. They are being squeezed. They are being hurt. They don't want sympathy, but rather they want to make a decent living, to be able to meet their obligations, to educate their children and to participate in the national economy on an equitable basis. I have suggested administrative actions and sponsored legislation which would give farmers the break that they deserve. It is my contention that farmers would today be in a much better mood and financial condition if the Carter Administration would have moved quickly to reflect the true situation. Let us have less rhetoric and position papers and more constructive action!

There is an old Chinese proverb that states, "The well-being of a people is like a tree and agriculture is its root."

Until a relatively few years ago there would have been little disagreement, if any, over the statement that agriculture is our most basic industry.

Almost instinctively, people agreed with this Chinese proverb. Today, many Americans hold quite a different concept. Only about 4 percent of our people now live on farms. Only one person is on a farm today for every three that were there 40 years ago. Some people say, "Agriculture is a declining industry - a dwindling influence in national and world affairs." And the unspoken corollary is that the nation no longer needs to pay much attention to the well-being of U.S. farmers.

They could not be more wrong - on both counts.

U.S. agriculture is growing in importance, not declining. Not only is it still the keystone of American abundance, its role in the world has never been so vital as now. Never has there been more reason for attention to the needs and problems of our farmers and our rural people.

The watchword of this organization is service. Service to farmers is service to all people. Can we not now resolve to seriously attempt to gain the universal recognition of the farmer's continuing role of doing more for more people than other segments of our population? This has been the history of American agriculture. This is its future.

I pledge to you that I will continue to remind all Americans of the debt that all of us owe American agriculture and of its importance to the future well-being of our Nation and the world.