

News from Senator

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## REMARKS OF SENATOR BOB DOLE

### 5TH ANNUAL ILLINOIS CORN-SOY CONFERENCE

DECATUR, ILLINOIS

FEBRUARY 3, 1983

I CAME FROM WASHINGTON, D.C.--A CITY THAT DOESN'T ALWAYS DISPLAY MUCH SENSITIVITY TOWARD THE AMERICAN FARMER, BUT ONE THAT SUDDENLY HAS A VERY INTENSE INTEREST IN HOGS. IF YOU WATCHED THE SUPER BOWL YOU KNOW WHAT I MEAN.

### VICTIMS OF SUCCESS

WASHINGTON HAS GONE CRAZY OVER THE REDSKINS, AND SOME OF YOU MAY SEEM A LITTLE CRAZY TO OTHERS BY TRYING TO EARN A LIVING FARMING. GOVERNMENT IS RESPONSIBLE FOR SOME OF THAT SENSE OF FRUSTRATION. GOVERNMENT CAN BE A HINDRANCE AS WELL AS A HELP. WASHINGTON, D.C. PLANTS AS MANY SEEDS OF DOUBT AS HOPE--AND I NEEDN'T REMIND YOU THAT THERE'S RARELY ANY SHORTAGE OF THE STUFF THAT MAKES PLANTS GROW. YET THE FARMER HAS ACHIEVED MIRACLES OF PRODUCTIVITY. IRONICALLY, THE AMERICAN FARMER MAY BE A VICTIM OF HIS OWN SUCCESS. THAT'S AN OLD SAYING THAT HOLDS THAT NOTHING SUCCEEDS LIKE EXCESS. HERE IN THE MIDWEST, EXCESSIVE PRODUCTION HAS SUCCEEDED IN SOME WAYS. SURELY, IT'S BEEN RESPONSIBLE FOR AN ENHANCED STANDARD OF LIVING FOR MOST AMERICANS, NOT TO MENTION TENS OF MILLIONS IN OTHER LANDS DEPENDENT ON U.S. FARM PRODUCTS. BUT WHAT ABOUT THE STANDARD OF LIVING OF THE AVERAGE FARMER? IT IS THIS QUESTION WE CONFRONT. HOW WE ANSWER IT WILL DETERMINE THE FUTURE OF FARMING AS A WAY OF LIFE.

### SIGNS OF ECONOMIC RECOVERY

OF COURSE, THE AGRICULTURAL ECONOMY DOES NOT EXIST WITHIN A VACUUM. IT IS PART AND PARCEL OF A LARGER ECONOMY, AND ITS RECOVERY IS VITAL TO EFFORTS TO OVERCOME THE RECESSION AND HIGH INTEREST RATES. FORTUNATELY, SIGNS OF ECONOMIC RECOVERY ARE ALL AROUND US, ALTHOUGH THEY ARE STILL FRAGILE AND REQUIRE CAREFUL TENDING TO REACH MATURITY. BOTH INFLATION AND INTEREST RATES ARE DOWN SHARPLY. THE GROWTH RATE AT WHICH UNCLE SAM SPENDS MONEY HAS BEEN BROUGHT DOWN BY A THIRD SINCE 1980. THANKS TO THE TAX CUTS AND SUBSEQUENT REFORMS ENACTED LAST YEAR, AMERICANS WILL TAKE HOME AN EXTRA \$344 BILLION BETWEEN NOW AND 1985. THEY'LL HAVE A TAX SYSTEM THAT'S FAIRER AS WELL AS LESS BURDENSOME. THEY'LL BE ABLE TO PASS ON THEIR ESTATES TO THEIR HEIRS--NOT THE GOVERNMENT. AND THEY'LL BE ABLE TO COUNT ON A VASTLY ENLARGED POOL OF CAPITAL TO FINANCE NOT ONLY SHORT-TERM RECOVERY, BUT LONG-RANGE AND SUSTAINED PROSPERITY.

IN HIS STATE OF THE UNION ADDRESS, PRESIDENT REAGAN MADE CLEAR HIS INTENTION TO WORK WITH THE 98TH CONGRESS. THE PRESIDENT STILL SETS THE AGENDA. HE PROPOSES; WE DISPOSE. AND NO ONE HAS YET DEFINED A COHERENT ALTERNATIVE TO THE LEADERSHIP OF RONALD REAGAN OR HIS ALLIES ON CAPITOL HILL. NOT TIP O'NEILL, NOT ROBERT BYRD, AND NOT THE HERD OF DEMOCRATIC PRESIDENTIAL CONTENDERS.

WE MUST REMAIN COMMITTED TO THE PRAGMATIC: IF A JOB NEEDS TO BE DONE, DO IT; IF PROBLEMS ARISE, FIND WAYS TO SOLVE THEM. NO IDEOLOGICAL BLINDERS SHOULD PREVENT US FROM SEEING OPPORTUNITIES WHERE OTHERS SEE ONLY OBSTACLES.

FACTS ARE FACTS. AND THE FACT IS THAT THE ECONOMIC PROBLEMS WE CONFRONT TODAY HAVE THEIR ROOTS IN MANY YESTERDAYS. A WHOLE NEW CLIMATE HAD TO BE CREATED, ONE CONDUCTIVE TO SAVING AND INVESTMENT, TO HARD WORK AND REWARDS TO MATCH.

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- 2 -

### FIGHTING UNEMPLOYMENT

NOW NO ONE IS CLAIMING WE HAVE REACHED A MILLENNIUM. ALTHOUGH THE GROUNDWORK FOR A STABLE, LASTING RECOVERY HAS BEEN LAID, TWELVE MILLION OF OUR PEOPLE ARE WITHOUT JOBS AND MILLIONS MORE ARE UNDEREMPLOYED. THE CHALLENGE WE FACE IS HOW TO BRING DOWN THE UNEMPLOYMENT RATE WITHOUT POURING GAS ON THE FIRES OF INFLATION. THEY'VE COOLED, BUT THE EMBERS ARE STILL HOT TO THE TOUCH. FOR NOW, WE CAN PROVIDE THE UNEMPLOYED WITH ADDITIONAL BENEFITS. WE CAN TARGET OUR JOBS TRAINING PROGRAMS AT YOUNG PEOPLE AND THE LONG-TERM UNEMPLOYED. WE CAN PROVIDE TAX CREDITS TO EMPLOYERS WHO HIRE THE ECONOMICALLY DISADVANTAGED. WE CAN PASS THE PRESIDENT'S ENTERPRISE ZONE LEGISLATION, FORGING A PARTNERSHIP BETWEEN THE PUBLIC AND PRIVATE SECTORS TO RESTORE JOB OPPORTUNITIES TO DEPRESSED RURAL AS WELL AS URBAN COMMUNITIES. WE CAN COUNT ON THE NEW GASOLINE TAX--A TAX FROM WHICH FARMERS ARE LARGELY EXEMPT--TO CREATE 300,000 PRODUCTIVE PRIVATE SECTOR JOBS AT THE SAME TIME WE GET ON WITH THE OVERDUE WORK OF REPAIRING A CRUMBLING FEDERAL HIGHWAY SYSTEM.

### FIGHTING DEFICITS

OF COURSE, THE GREATEST SINGLE STEP THAT CONGRESS AND THE PRESIDENT TOGETHER COULD TAKE TO PROMOTE A SUSTAINED RECOVERY WOULD BE TO ATTACK THE DEFICIT PROBLEM HEAD-ON. A LOT OF PEOPLE IN WASHINGTON THESE DAYS ARE SPENDING A LOT OF TIME DEBATING WHAT PORTION OF THE DEFICIT IS STRUCTURAL AND WHAT PORTION IS DUE TO THE RECESSION. I'LL LET THEM ARGUE SUCH POINTS. I PREFER TO GET THE DEFICIT DOWN, PERIOD. LOWER THE DEFICIT AND WE CAN SET THE STAGE FOR STILL MORE REDUCTIONS IN INTEREST RATES. LOWER THE DEFICIT AND YOU MAKE IT EASIER FOR FARMERS AND SMALL BUSINESSMEN ALIKE.

BUT HOW TO LOWER THE DEFICIT? LET ME SUGGEST A FEW WAYS.

FIRST OFF, YOU SCRUTINIZE EVERY FEDERAL PROGRAM, DEFENSE AS WELL AS ENTITLEMENT PROGRAMS. IF WE CANNOT DECIDE HOW TO BASE AN MX MISSILE, SHOULD WE PRODUCE IT? IF WE CAN'T FIND WAYS TO CONTROL THE SPIRALING COST OF MEDICARE AND OTHER HEALTH PROGRAMS, THEN ALL OUR PROCLAMATIONS OF COMPASSION FOR THE POOR AND THE ELDERLY ARE EMPTY PROMISES FOR THE NEXT GENERATION.

THERE ARE DIFFICULT DECISIONS TO BE MADE. BUT SOMEONE HAS TO SPEAK FOR AMERICA, FOR HER FUTURE AS WELL AS HER PRESENT. I HAPPEN TO BELIEVE THAT WE IN CONGRESS WERE ELECTED TO DO PRECISELY THAT. FREEZING DISCRETIONARY PROGRAMS IS A WORTHWHILE IDEA. BIPARTISAN COOPERATION OF THE KIND THAT RESCUED THE SOCIAL SECURITY SYSTEM THROUGH MINIMAL REFORMS IS NOT ONLY WORTHWHILE, BUT AN ABSOLUTE PREREQUISITE IF DEFICITS ARE TO BE CONTROLLED. THE FEDERAL RESERVE MUST BE GIVEN ROOM TO ACCOMMODATE THE POTENTIAL FOR REAL GROWTH WITHOUT INFLATIONARY PUMP-PRIMING. AND THAT MEANS A HEAVY RESPONSIBILITY AND SOME TOUGH DECISIONS AWAIT THIS CONGRESS AND THIS PRESIDENT.

### LOWER DEFICITS - HIGHER REVENUES

SO LET'S NOT MERELY NIBBLE THE ECONOMIC BULLET. LET'S BITE IT. LET'S HONESTLY ADMIT THAT WE'LL NEED SOME INCREASE IN REVENUES IF OUTYEAR DEFICITS ARE TO BE RESTRAINED. WE CAN FIND SUCH REVENUES, I'M CONVINCED, WITHOUT DOING ANY DAMAGE TO THE BASIC THRUST OF THE PRESIDENT'S PROGRAM. WE CAN TAKE A FRESH LOOK AT THE TAX CODE ITSELF, AND FIND WAYS TO MAKE IT BOTH MORE EQUITABLE AND MORE EFFICIENT.

THERE ARE SOME IN WASHINGTON WHO WOULD LIKE TO REPEAL THIS YEAR'S 10% INDIVIDUAL TAX CUT. HAVING ACCOMPLISHED THAT, THEY'D LIKE TO GO ON AND DO AWAY WITH TAX INDEXING, WHICH IS THE ONLY PROTECTION THE WORKINGMAN AND WOMAN HAVE AGAINST BACKDOOR TAX INCREASES THROUGH INFLATION. REPEALING EITHER THE 10% CUT OR INDEXING SENDS THE WRONG SIGNAL. IT SUGGESTS THAT WE'VE NOT LEARNED A THING FROM OUR STRUGGLE TO SUBDUCE INFLATION. IT SAYS THAT WHENEVER TROUBLE IS BREWING, A SPENDTHRIFT CONGRESS IS WILLING TO RESORT TO TAX INCREASES RATHER THAN SPENDING DISCIPLINE. WELL, A LOT OF AMERICANS HAVE HAD TO DO A LOT OF BELT-TIGHTENING THESE LAST FEW YEARS. IT WOULD BE A TRAGEDY IF ALL THEIR SACRIFICE WERE WASHED AWAY IN A FLOOD OF CONGRESSIONAL RED INK.

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### ALTERNATIVES TO THE STATUS QUO

NO ONE HAS MADE MORE OF A SACRIFICE THESE PAST FEW YEARS THAN THE AMERICAN FARMER. NO ONE DOUBTS THAT IN RECENT YEARS, WE HAVE OUT-PRODUCED DEMAND. THERE MAY BE LESS THAN COMPLETE UNANIMITY ON THE PIK PROGRAM, BUT CONSIDER THE ALTERNATIVE OF DOING NOTHING. ACCORDING TO USDA, WITH PIK IN PLACE CORN PRODUCTION SHOULD FALL FROM AROUND 8.3 BILLION BUSHELS LAST YEAR, TO JUST UNDER SEVEN BILLION THIS YEAR. STOCKS WOULD DECLINE BY ABOUT THE SAME PERCENTAGE. BY ITSELF, THIS ISN'T ENOUGH TO BRING RECOVERY IN CORN PRICES. HERE AS ELSEWHERE, THE SUPPLY SIDE IS ONLY ONE ELEMENT OF A COMPLEX PICTURE. BUT LET'S NOT IGNORE IT. I WOULD ENCOURAGE PARTICIPATION IN ANY PROGRAM THAT WILL BRING PRODUCTION CLOSER TO DOMESTIC AND WORLD DEMAND.

I KNOW THAT THE PIK PROGRAM WILL RAISE QUESTIONS THAT WILL NEED QUICK ANSWERS FROM WASHINGTON. CONCERN OVER THE TAX TREATMENT OF PIK COMMODITIES IS RISING, AND COULD ENDANGER SIGN-UPS. IN RESPONSE, SENATOR JEPSEN AND I INTRODUCED LEGISLATION THIS AFTERNOON TO MAKE THE PIK COUNT AS INCOME FOR TAX PURPOSES IN THE YEAR IT IS SOLD--NOT THE YEAR IT IS RECEIVED.

PROGRESS CAN ALSO BE MADE IN THE DEMAND SIDE. FOR INSTANCE, ALCOHOL FUELS IS A GROWING INDUSTRY. THIS YEAR ALONE, 150 MILLION BUSHELS OF CORN WILL BE USED TO MANUFACTURE ETHANOL AND REDUCE THE NUMBER OF U.S. DOLLARS FLOWING OVERSEAS TO PAY FOR FOREIGN OIL. SEEING POTENTIAL WHERE OTHERS SAW ONLY A PROBLEM, THE CONGRESS LAST DECEMBER ADDED ONE CENT TO THE FOUR CENT EXEMPTION ALREADY GRANTED ALCOHOL FUEL FROM THE GASOLINE SALES TAX. WE WERE ALSO ABLE TO DEVELOP A SUPPORT PROGRAM FOR SUGAR WITHIN THE 1981 FARM BILL THAT RECOGNIZES THE IMPORTANCE OF CORN SWEETENERS IN CREATING THOUSANDS OF NEW JOBS AND RAISING MILLIONS IN NEW REVENUES TO THE TREASURY.

### FOOD FOR THE HUNGRY

THERE ARE OTHER WAYS OF REDUCING AGRICULTURAL SURPLUSES WITHOUT HARMING DOMESTIC MARKETS. THERE ARE HUNGRY PEOPLE IN THIS COUNTRY, PEOPLE BEYOND THE REACH OF CONVENTIONAL GOVERNMENT PROGRAMS. AND IT IS INTOLERABLE THAT ANY AMERICAN SHOULD GO WITHOUT AT A TIME WHEN FOOD STOCKPILES GLUT OUR WAREHOUSES.

LAST WEEK, I INTRODUCED LEGISLATION TO MAKE SUCH GOVERNMENT-OWNED COMMODITIES AVAILABLE TO FOOD BANKS, CHURCHES, ELDERLY FEEDING PROGRAMS AND OTHER LOCAL AGENCIES. THIS WOULD MEAN THE USE OF OVER A BILLION DOLLARS IN SURPLUS DAIRY, CORN, WHEAT, SOYBEAN, RICE AND HONEY STOCKS IN THE FIRST YEAR ALONE. A LOT OF CORN WOULD GO INTO MEAL AND POULTRY FEED. A LOT OF SOYBEANS WOULD BE TURNED INTO OIL AND SHORTENING.

### THE SEARCH FOR OVERSEAS MARKETS

OF COURSE, THE MAIN EFFORT IN FINDING NEW MARKETS MUST COME OVERSEAS. THE PRESIDENT HAS MADE GOOD USE OF FUNDS SET ASIDE BY CONGRESS FOR THE BLENDED CREDIT PROGRAM--AND HAS NOW APPROVED A \$1.25 BILLION INCREASE BEYOND THE ORIGINAL CONGRESSIONAL MANDATE. AT THE SAME TIME, THE FUTURE OF SUCH FUNDING HAS TO BE IN SOME DOUBT. WHEN OTHER PROGRAM COSTS ARE BEING FROZEN OR EVEN REDUCED, FARM EXPORT PROGRAMS WILL HAVE TO JUSTIFY THEMSELVES TO A SKEPTICAL PUBLIC. ONE WAY OF DOING THIS IS TO PURSUE LOW-COST METHODS...FOR INSTANCE, AN "EXPORT PIK" THAT WOULD ALLOW THE SECRETARY OF AGRICULTURE TO MAKE BONUSES FROM CCC STOCKS TO FOREIGN BUYERS OF OUR FARM PRODUCTS. I WOULD ALSO PROPOSE SETTING UP A PERMANENT, BILLION DOLLAR REVOLVING FUND TO PROMOTE AGRICULTURAL EXPORTS. THIS COULD BE FINANCED BY LIMITING THE GROWTH IN TARGET PRICES FOR 1984 AND 1985 CROPS. ANOTHER APPROACH WOULD REQUIRE THE STATE DEPARTMENT TO USE 20% OF ONE OF ITS FOREIGN AID PROGRAMS--THE ECONOMIC SUPPORT FUND--FOR SALES OF U.S. FARM PRODUCTS. THAT WOULD MEAN AN EXTRA \$640 MILLION IN COMMODITIES SOLD ABROAD.

WE ALSO NEED TO MAKE CLEAR TO BOTH FOREIGN COMPETITORS AND CUSTOMERS THAT WE INTEND TO PROTECT EXISTING MARKETS AS WELL AS REGAIN OUR LOST SHARE OF OLD ONES. IN OUR OPPOSITION TO THE USE OF EXPORT SUBSIDIES BY THE ECC, THE RECENT SALE OF WHEAT FLOUR TO EGYPT WAS A CLEAR AND DECISIVE SIGNAL THAT DISCUSSIONS MUST YIELD RESULTS.

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- 4 -

WITH REGARD TO REGAINING OUR SHARE OF THE SOVIET MARKET, SENATOR JEPSEN AND I MET WITH AMBASSADOR DOBRYNIN AND TRADE REPRESENTATIVE KALASHNIKOV THIS AFTERNOON. ALL OF US AGREE ON THE NEED TO BEGIN NEGOTIATIONS ON A NEW TRADE PACKAGE OF AT LEAST FIVE YEARS DURATION AND WITH HIGHER MINIMUM GUARANTEES OF CORN AND WHEAT.

CHANCES FOR INITIATING LTA NEGOTIATIONS HAVE IMPROVED SINCE THE PRESIDENT LAST MONTH SIGNED CONTRACT SANCTITY LEGISLATION. I KNOW HOW IMPORTANT THIS ASSURANCE IS TO SOYBEAN FARMERS, AND I REGARD THIS STEP AS ONE THAT COMPLIMENTS OUR EFFORTS TO SECURE A NEW LTA WITH THE RUSSIANS. TOGETHER, THEY WOULD HELP RESTORE OUR TATTERED REPUTATION AS A RELIABLE SUPPLIER.

#### LISTENING TO THE WIND

HALF A CENTURY AGO, THIS STATE'S GREAT PRAIRIE POET, CARL SANDBURG, WROTE A TRIBUTE TO THE ILLINOIS FARMER, WHO SPENT HIS LIFE LISTENING TO THE WIND IN THE CORNSILK. IT WAS A WIND, WROTE SANDBURG, THAT ONE DAY WOULD BLOW OVER HIS RESTING PLACE "WHERE HIS HANDS MUST DREAM OF ILLINOIS CORN." SANDBURG'S WIND STILL BLOWS ACROSS THE ILLINOIS CORNFIELDS. MEN STILL DEVOTE THEIR LIVES TO THE SOIL. AND THEY STILL DERIVE A UNIQUE SENSE OF ACCOMPLISHMENT THAT COMES WITH EVERY HARVEST. BUT IT IS A FRESH WIND THAT BLOWS IN WASHINGTON THESE DAYS. IT PROMISES MUCH, BUT DEMANDS JUST AS MUCH. IT OFFERS A REBIRTH OF PROSPERITY AND A REDISTRIBUTION OF POWER TO THE LOCAL LEVEL. IT REQUIRES THAT WE EARN OUR WAY BACK TO ECONOMIC GOOD HEALTH; IT SAYS THAT WE MUST USE OUR NEW AUTHORITY WISELY. IT IS A WIND, I AM CONVINCED, THAT WILL LEAD TO A BOUNTIFUL HARVEST. BUT FIRST WE MUST LISTEN TO IT, JUST AS SANDBURG'S ILLINOIS FARMER LISTENS. AND THEN WE MUST PUT IT TO WORK, JUST AS YOU DO EVERY DAY OF YOUR LIVES.

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