

News from Senator

BOB DOLE



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DOLE CALLS FOR FREEZE IN TARGET PRICES -- SAYS SKYROCKETING COSTS
FOR FARM PROGRAMS THREATENS FUTURE AG LEGISLATION --

WARNS AGAINST URBAN BACKLASH

SPRINGFIELD, ILLINOIS -- Kansas Senator Bob Dole, the senior Ag Committee Republican, today called for a freeze on target prices.

"If passed, this freeze will help to fend off criticism of farm program costs long after its opponents discover that farmers can get along quite well without an increase in the current levels," Dole told members of the National Corn Growers Association, meeting in Springfield, Illinois.

"There's been a lot of talk back in Washington, and some out in the countryside, about how the Administration is zeroing in on farm programs for more budget cuts. About how the Office of Management and Budget has taken over the Department of Agriculture and is out to scrap target prices, loan rates, the Dairy Program and just about every other part of the farm safety net," said Dole.

"I'm here today to tell you directly that this talk is nothing but political rhetoric. A lot of members of Congress are planning to get elected and reelected by accusing the Administration of trying to gut farm programs. Farmers deserve better than that. They deserve to get the straight story."

"The story is that farm programs are in serious trouble, but not of the Administration's making. Farm program costs are simply out of control. They are not going to self-correct, but they very well might self-destruct," said Dole. "Unless some of us in Congress from farm states and farm districts show responsibility and leadership in making the necessary corrections, the future of farm legislation will be extremely bleak."

The Senate Finance Committee Chairman noted the significantly improved economic conditions for farms since the 1981 Farm Bill was passed. Dole said that since President Reagan took office, the overall improvements in the nation's economy have restored hope to many farmers.

"That's the good news," Dole said. "The bad news is that the cost of farm programs is one of the major contributors to the massive federal deficits that are now encouraging the return of higher interest rates. And the cost is growing."

"These expensive facts have not gone unnoticed by non-agricultural interests and non-farm members of Congress. In fact, urban Congressmen are already indicating that, if the Agriculture Committees in the House and the Senate are unable to get a handle on farm costs, they will take an active role in the next farm bill debate," said Dole.

"As you know the Administration's proposal to freeze target prices at 1983 levels for the 1984 and 1985 crops of wheat, feed-grains, cotton and rice will be debated in the Senate later this week. The House Agriculture Committee has deferred, or ducked, action on the freeze, and there will be no action unless the Senate acts. The time remaining before the August recess is short, and it will be too late after that with the details of the 1984 wheat program to be announced no later than August 15.

The legislation would save an estimated \$369 million in advance deficiency payments in FY-84, about \$1.2 billion in FY-85, and just over \$2.0 billion in FY-86; a total of \$3.6 billion. In addition, Senator Jepsen of Iowa and Senator Huddleston of Kentucky have included language that would use \$600 million in export credits for farm products, to be repaid into a \$1.0 billion agricultural export credit revolving fund.

Several of my colleagues in the Senate from farm states have indicated that they intend to hold the bill up, either through a filibuster or through other procedural tactics. They intend to argue that the 1981 Farm Bill provisions represent a covenant between government and farmers that cannot be broken. They will claim that the freeze would take nearly \$4.0 billion out of the farmers' pocket. They will suggest that the freeze would be the first step in some OMB plan to unravel farm programs prior to 1985.

These charges will be made in the name of protecting the long-term interest of the American farmer, but in my view, they represent an extremely short-sighted view of our current economic situation. I have always believed that the two greatest enemies of the farmer are inflation and high interest rates. We are now facing budget deficits of from \$600 to \$700 billion over the next three years. If Congress doesn't meet its responsibilities head-on and bring deficit spending under control, we are going to be right back in the mess we had in 1981 with double-digit inflation and 15 or 20 percent interest rates. If that happens, it won't really matter whether target prices are 15 or 17 cents more or less.

The unchecked growth of Ag programs has not escaped the attention of the news media, either. As the costs skyrocket, so does the media's interest judging by the stories lately on the PIK Program and the \$21 billion price tag for this year's federal farm package. I think you'll agree this is not the kind of publicity farmers want, or deserve.

As you know, there has been a strong base of support among urban Americans for farmers and their determined efforts under difficult economic conditions. Various surveys have even revealed that industrial workers understand the problem of having farm exports undercut by foreign production and export subsidies," said Dole.

"However, the need to find ways to make further reductions in all federal spending programs has put agriculture in the spotlight this year. How can we address the soaring cost of Medicare -- a program that is important and needs to be protected -- if farm spending is on a four-year binge? How can we reform costly defense contracting practices if we can't correct the target price program?"

"Under these conditions, farm programs costs are in for increasing scrutiny. Some farm groups felt that the 1981 Farm Bill didn't provide enough price and income protection. But some felt the other way. The target price concept survived by only one vote in the Senate Agriculture Committee, and by only two votes on the Senate floor. In fact, the entire farm bill squeaked through by two votes in the House. There is no guarantee that the votes needed to pass a new four-year measure will be there in 1985. If we don't face up to reality, farmers and those who depend on farming could be in real trouble," said Dole.