

News from Senator

BOB DOLE



(R - Kansas)

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DOLE, GRASSLEY URGE USE OF SURPLUS FARM COMMODITIES FOR RURAL ECONOMIC DEVELOPMENT

"Rural Recovery and Revitalization Act" to be Introduced

DES MOINES, IOWA -- Looking to turn mountains of government grain reserves into collateral for loan guarantees in hard-pressed farm states, two top Midwest Republicans urged the Reagan Administration to "use agriculture's bounty to help solve rural America's continuing economic crisis."

Senate Republican Leader Bob Dole (R-KS) and senior Iowa Senator Charles Grassley (R-IA) -- at a Des Moines press conference -- said there is tremendous investment potential lying untapped in massive government owned commodity inventories. The Senators want to use those stocks to help finance private rural development projects.

"It is unconscionable to spend \$10 billion to store farm commodities over the next four years while we are seeing small businesses and communities in rural America go under," the two Republicans stated.

Rather than idling these valuable assets, they called for establishment of a "Rural Fund for Development" (RFD), under which USDA's Commodity Credit Corporation (CCC) would back at least \$1 billion in loan guarantees to encourage private investment in small rural businesses.

(MORE)

Referring to CCC's pool of unused farm commodities, the midwest farm leaders cited USDA statistics indicating that, as of May 1, there were more than 2.8 billion bushels of grain worth \$5.5 billion in government ownership. Storage costs, mostly for grain, are placed at \$1.3 billion for the current fiscal year. In 1988, grain inventories are projected to grow to 4.5 billion bushels (more than \$10 billion), with storage outlays of \$1.8 billion. Total storage expenses for the FY-1987/90 period are estimated at \$7.9 billion for CCC-owned commodities and products, plus an additional \$2.4 billion for grain in the Farmer-Owned Reserve.

The commodity financing plan is one component of a comprehensive Congressional package of rural development initiatives to be introduced as the "Rural Recovery and Revitalization Act of 1987". The proposed legislation provides for set-asides of federal funding for job retraining, dislocation assistance, and other rural programs; establishes a national information center, education clearinghouse, and training centers in rural areas; and creates key positions for rural development issues in the Department of Agriculture and the White House.

Most of the provisions in the package have been recommended by the Task Force on Farm and Rural America, a group of Republican governors and members of Congress from key farm states. A summary of the "Rural Recovery and Revitalization Act" is attached.

In discussing the need for a comprehensive approach to problems in rural America, Dole and Grassley said that "the lights of hope and opportunity are going out for thousands of rural families, small businessmen and businesswomen, and even entire communities. While farm prices and farmland values have recently shown some stability, ripple effects from the long crisis in U.S. agriculture are still sending shockwaves through middle America."

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RURAL RECOVERY AND REVITALIZATION ACT OF 1987

Summary

I. RECAPITALIZING RURAL AMERICA

- A. Rural Fund for Development (RFD):
Establishes a replenishable account of \$1 billion in CCC commodities to guarantee loans for private sector investment.
- B. Rural Development Authority:
Consolidate FmHA Business and Investment lending, the National Rural Development Finance Program and other USDA programs under a new Rural Development Authority. Include HUD, SBA and EDA programs for rural areas as feasible.

II. A FAIR SHARE FOR RURAL AMERICA

- A. Rural Set-asides:
Executive agencies would work with new Rural Development Authority to coordinate possible benefits to rural areas from federal procurement programs, defense spending, research and construction projects.
- B. Rural Set-asides in Federal Retraining and Dislocation:
Monies for trade-impacted dislocation programs and worker retraining to be set aside for rural areas. Also redefine worker eligibility to include farmers not now counted.

III. INFORMATION AND EDUCATION

- A. National Assistance Information Center:
One location for information on emergency assistance, counseling and other services available for rural families through government, charitable and volunteer agencies.
- B. Rural Development Education Clearinghouse:
In the National Agriculture Library to provide individuals and local officials source for ideas and information on various development programs.
- C. Rural Technology and Training Centers:
Through existing universities to develop new products, processes and marketing techniques to be used in rural areas.

IV. GOVERNMENT EMPHASIS ON RURAL DEVELOPMENT

- A. White House Office on Agriculture and Rural Development:
Analogous to offices of Science Policy and Private Sector Initiatives. To give Presidential focus to rural problems.

- B. New Assistant Secretary for Rural Development:
Create post of Assistant Secretary for Rural Development in USDA for the Rural Development Authority and any other USDA activities related to rural development.