

PRELIMINARY REMARKS OF CONGRESSMAN BOB DOLE (R-KANSAS)
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MARIOTT MOTEL, WASHINGTON, D.C. -- JANUARY 24, 1964

The Democrats continue concentrating on rural poverty and the mass exodus of farmers leaving the farms the past 3 years is *perhaps* indicative of the success of this program.

1963 brought forth the lowest yearly parity ratio since 1939. The parity ratio which statistically measures the relation between the prices farmers receive and their costs of living and production stood at 78 for 1963. In December, 1963 it dropped to 76. This situation has, as you know, developed in spite of all-time high expenditures by the Department of Agriculture.

While I could go on discussing this Administration's past mistakes which have contributed to the intensity of this cost-price squeeze on farmers, it might be more appropriate to look forward to the legislative proposals which are most likely to be considered this year. As these proposals are of direct and

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major importance to the economic welfare of American farmers.

As I look into the Congressional crystal ball, I see eight major pieces of farm legislation which must be acted upon this year, one way or the other. These are: (1) Dairy legislation, (2) A new wheat bill, (3) A new cotton bill, (4) Sugar legislation, (5) Public Law 480, (6) Food Stamp bills, (7) Mexican farm labor, and (8) Beef, veal, and other livestock imports.

Let's look at the dairy picture first. The Senate has passed the "Class I Dairyman's Base Plan." It is now pending in the House Agriculture Committee which is contemplating further hearings on it. There still exists some considerable controversy over whether a compensatory payment plan should be added to it. Such a proposal was rejected by the Senate.

The first farm bill to be considered in the House is the Administration's new wheat bill. Hearings have been going on for

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3 weeks at the House Agriculture Committee and a bill is expected soon. Most speculation and administration pressure is centered on the so-called "voluntary" certificate plan. Under it farmers would either have to sign up and comply with acreage limitations or be forced to accept a feed wheat price for their wheat. They wouldn't be eligible for either a loan or for a marketing certificate unless they complied with the program. The proposal would, in essence, be the same one that wheat farmers throughout the nation rejected last May with the exception that there would be no marketing quota penalty. I might add the American wheat producer would realize only 69% of parity -- the lowest level in over a decade.

Needless to say, this bill will be highly controversial and difficult to pass in the House. This is especially true in view of the latest wheat outlook on production in 1964 and in view of the large purchases of surplus U.S. wheat being contem-

plated by the Communists, which Republicans fought till Christmas Eve.

A cotton bill has passed the House and is pending in the Senate. It gives the Secretary just too much power over the textile industry and it generally fell short of meeting the basic needs of the cotton industry. The Senate is now considering that bill and the most popular conjecture is over a compensatory payment plan for that crop.

In 1962 the Sugar Act was extended for five years for domestic producers and for two years for foreigners. The foreign quotas therefore expire this year and will have to be renewed. We depend on foreign producers for about 40 percent of our sugar needs. Last summer U.S. ~~XXXXXXXXXXXX~~ sugar prices hit the highest level in 43 years and U.S. consumers paid millions of dollars more for sugar and sugar products. This price advance was in party due to a basic change made in the sugar law in 1962.

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Up until that time we had always obtained our foreign sugar on the basis of "country quotas." That is, each foreign nation was given a fixed number of tons which she was expected to deliver to us at our domestic price. Under the 1962 amendments about one-half of our foreign supply was obtained under the "global purchases" plan. That is, we bought it directly on the world market. The world market however, has been like a roller coaster since Castro took over in Cuba. The Communist system has so paralyzed that island's ability to produce sugar that Cuban production fell from 6.5 million tons in 1960 to 3.5 million tons last year. That in turn helped cause the world sugar market to soar, leaving the U.S. consumer to hold the bag.

The disposition in the House seems to be more toward a return to country quotas than toward an expansion of the global purchase concept advocated by the Administration in 1962.

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Another important law which affects foreigners, as well as U.S. farmers, is Public Law 480, the "Food for Peace" program. It expires in 1964, too. Hearings in the House Agriculture Committee are now underway on this legislation. It will no doubt be extended again, but in the process Congress may well tighten up some of the loose practices which have been showing up in recent years.

A domestic program which is designed to fit into the so-called "war on poverty" is the food stamp plan. Bills are pending in both the House and the Senate to make these programs national in scope. In considering these proposals, Congress must recognize some basic facts. First, these bills are expensive... some \$260 million a year just to get going good. These bills are not surplus removal proposals; they are welfare propositions, pure and simple. Under the stamp plan for example, recipients could even acquire commodities which aren't/grown in the United States, such

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as bananas, coffee, and tea. The general effect on our surplus crops would be very slight. In fact, I am informed that butter consumption has dropped off sharply in the pilot food stamp areas where welfare recipients have turned instead to substitutes.

As you can imagine, beef and veal imports, as well as all livestock imports, have been a subject of great current interest. In addition to the hearings being held before the U.S. Tariff Commission, the House Agriculture Committee has scheduled hearing later this month on this subject. It seems very unlikely that any legislation will be forthcoming, but there is considerable hope at ~~this~~ time that Australia and New Zealand will enter into a voluntary agreement with us in regard to their shipments of beef and veal. A factor which is helping convince the Australians of such a course of action is the Sugar Act's expiration this year. Australia now has a 40,000 ton quota which might be substantially

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increased if she were to agree to limit her exports of beef and veal to our country.

In summary, I would say that 1964 is going to be a real active and important year for farm legislation affecting many people, not only in your state, but also throughout the world.

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