

REMARKS OF CONGRESSMAN BOB DOLE

CAN RURAL AMERICA SHARE FAIRLY IN AN URBAN SOCIETY?

CONFERENCE OF INDEPENDENT BANKERS ASSOCIATION OF AMERICA
WASHINGTON, D. C.
MONDAY, APRIL 22, 1968

*never given
written
by Lark*

THE QUESTION WHICH OVERRIDES THIS MEETING IS: "CAN RURAL AMERICA SHARE FAIRLY IN AN URBAN SOCIETY?" THE ANSWER MUST BE A RINGING "YES".

HOWEVER, IT CAN ONLY COME INTO BEING IF WE UNDERSTAND THE BASIC COMPLEX FACTORS OF OUR SOCIETY AND AVOID THE MISTAKES OF THE PAST. AS BANKERS, YOU HAVE A GREAT STAKE IN THE PROSPERITY OF AMERICAN AGRICULTURE.

-FARM DEBT INCREASE-

I AM SURE THAT YOU ARE AS CONCERNED AS I AM WHEN YOU FIND THAT FARMERS' LIABILITIES HAVE JUST ABOUT DOUBLED SINCE 1960, AND HAVE NOW REACHED THE \$50 BILLION LEVEL.

I KNOW YOU ARE CONCERNED WHEN YOU REALIZE THAT FARM DEBT HAS RISEN MUCH MORE RAPIDLY THAN THE DEBT IN THE MANUFACTURING INDUSTRIES.

I KNOW YOU ARE CONCERNED WHEN FARM INCOME DROPPED SO DRASTICALLY IN 1967 BY JUST ABOUT \$2 BILLION, FROM \$16.4 BILLION IN 1966 TO \$14.5 BILLION IN 1967. HOWEVER, I MUST POINT OUT THAT IN THE FOURTH QUARTER OF 1967, THE NET FARM INCOME HAD DETERIORATED AT SUCH A RAPID RATE THAT THAT QUARTER'S INCOME ON A SEASONAL BASIS WAS DOWN TO \$13.9 BILLION.

I KNOW YOU ARE CONCERNED ABOUT THE CONTINUING INCREASE IN NOT ONLY YOUR OWN COSTS, BUT ALSO THAT OF OUR FARM PEOPLE WHICH IS CONTINUALLY FORCING THEIR ECONOMIC STATUS DOWN AS A RESULT OF THE HAMMERLIKE EFFECTS OF THE COST-PRICE SQUEEZE.

MANY PEOPLE NOW REALIZE WHAT A GREAT MISTAKE IT WAS TO ENTRUST THE GOVERNMENT OF THE UNITED STATES TO THE HANDS OF THE MISGUIDED KEYNESIAN INFLATIONISTS. ALONG WITH MANY, I AM SURE YOU WISH WE COULD GO BACK IN TIME TO STRENGTH RATHER THAN WEAKNESS IN OUR BALANCE OF PAYMENTS AND THE CONTINUING NEW BARRAGE OF REGULATIONS ALLEGED TO BE NECESSARY TO DEFEND THE DOLLAR.

FARMERS, ON THE OTHER HAND, WISH THEY COULD GO BACK TO THE TIME WHEN THE PARITY RATIO WAS SO MUCH HIGHER. FARMERS ARE ~~PRAYING~~ FOR THE MONTH WHEN THEY COULD EXAMINE THE AGRICULTURAL PRICE REPORT AND FIND THAT THEIR INDEX OF PRICES PAID HAD NOT REACHED A NEW RECORD HIGH. I THINK WE OUGHT TO REASON TOGETHER REGARDING FARM POLICY, AND WHETHER THE PRESENT SECRETARY OF AGRICULTURE IS ACTING AS A GOOD STEWARD ON BEHALF OF OUR FARM PEOPLE.

-TREND TOWARD LARGER FARM UNITS-

LET US REASON TOGETHER REGARDING SOME FACTS:

FACT 1 - THE USDA REPORTS THAT ON JANUARY 1, 1968, THERE WERE JUST OVER 3 MILLION FARMS IN THE UNITED STATES. BETWEEN JANUARY 1, 1961, AND THE SAME DATE 7 YEARS LATER, THE NUMBER OF FARMS DECREASED BY 762,000, OR BY 20 PERCENT. THESE FIGURES REFLECT THE FACT THAT WE ARE WITNESSING THE DISCONTINUANCE OF SMALL FARMING ENTERPRISES AND THE MERGING OF LARGER UNITS WITH EXISTING FARMS. SECRETARY FREEMAN HAS RESPONDED TO THESE USDA DEVELOPED FACTS BY HIRING MORE PEOPLE. AS THE NUMBER OF FARMS HAS DECREASED, THE BUREAUCRACY HAS INCREASED. FIGURES SHOW THAT AS THE NUMBER OF FARMS DECREASED BY 20 PERCENT, THE NUMBER OF USDA EMPLOYEES INCREASED BY JUST ABOUT THE SAME PERCENTAGE.

praying?

*Sarcastic?
sounds like
LBJ wouldn't!*

NOW, WITH THE NUMBER OF FARMS DECREASING 3 PERCENT PER YEAR, AND THE NUMBER OF USDA EMPLOYEES RISING BY THE SAME PERCENTAGE ANNUALLY, ONE COULD PROJECT THE FIGURES TO 1980 WHEN THE 2,000,000 FARMS WOULD BE EXAMINED, CONTROLLED, ADVISED AND SUPERVISED BY SOME 175,000 EAGER BUREAUCRATS -- 1 BUREAUCRAT FOR EVERY 11 FARMS. EVEN THE PROPOSED NEW SO-CALLED BAREBONES BUDGET PROVIDES A FURTHER INCREASE FOR THE 1969 FISCAL YEAR. IT IS TIME TO PUT A HALT TO THIS BUREAUCRATIC ESCALATION. IT IS TIME TO CHANGE THE LEADERSHIP AT THE USDA. IT IS TIME TO REPLACE IT WITH A LEADERSHIP WHICH IS FISCALLY RESPONSIBLE.

-NET FARM INCOME-PARITY RATIO DECLINE-

FACT 2 - FARM NET INCOME IN 1967 WAS DOWN ABOUT 12 PERCENT, COMPARED WITH 1966. THE STARTLING FACT IS DR. REX DALY, THE TOP OUTLOOK ECONOMIST IN USDA, TOLD THE FARMERS IN NOVEMBER, 1967, THAT NET FARM INCOME WOULD NOT BE GOING UP IN 1968. ACTUALLY, THE PURCHASING POWER OF THE 1968 NET FARM INCOME WILL BE DOWN BY \$400-\$500 MILLION.

FACT 3 - THE MOST RECENT PARITY RATIO WAS 74. ALL THAT PRESIDENT JOHNSON COULD SAY ON THIS SUBJECT WAS "PARITY FOR OUR FARMERS WHO PRODUCE OUR FOOD IS STILL JUST A HOPE -- NOT AN ACHIEVEMENT".

IT IS MOST INTERESTING THAT ON MARCH 18, SECRETARY FREEMAN WROTE A LETTER TO SENATOR HARRIS OF OKLAHOMA, IN WHICH HE SAID:

"PARITY IS A YARDSTICK OF ECONOMIC HEALTH WHICH HAS BECOME OUTMODED. THE FACT IS THAT YOU CANNOT EAT PARITY; YOU CANNOT DEPOSIT IT IN THE BANK; YOU CANNOT BUY A TRACTOR WITH IT; YOU CANNOT USE IT AS COLLATERAL FOR A LOAN."

I WOULD SUGGEST THAT THE SECRETARY OF AGRICULTURE AND THE PRESIDENT HAD BETTER GET TOGETHER ON THEIR RHETORIC. IF IT IS STILL A HOPE,

ACCORDING TO THE PRESIDENT, THEN ACCORDING TO MR. FREEMAN IT IS AN OUTMODED ONE. IF IT IS STILL A HOPE, WHY DOES THE SECRETARY DISPARAGE THE CONCEPT?

-LOW PRICES RESULT OF MISMANAGEMENT-

ACTUALLY, THE CURRENT LEVELS OF FARM PRICES ARE A REFLECTION OF MISDIRECTED ACHIEVEMENT -- BACKWARD MOVING -- OF SECRETARY FREEMAN; ACHIEVEMENT IN DUMPING THE GREATEST QUANTITY OF GRAIN IN WORLD HISTORY TO HOLD FARM PRICES DOWN. SOME WILL REGARD THE PREVIOUS STATEMENT WITH SKEPTICISM. I REPEAT, IT WAS PART OF HIS POLICY TO HOLD FARM PRICES DOWN. LET US EXAMINE THE FACTS:

SINCE SECRETARY FREEMAN TOOK OFFICE, HE KEPT THE FIRE SALE SIGN OVER HIS SALES OFFICE TELLING ONE AND ALL TO COME AND GET IT CHEAP. LISTEN TO THE GIGANTIC QUANTITIES OF FEED GRAINS HE HAS SOLD DURING HIS MARCH BACKWARD TO THE LOW PARITY RATIOS OF THE 1933-37 PERIOD:

CORN	-	3 BILLION BUSHELS
GRAIN SORGHUMS	-	1 BILLION BUSHELS
OATS	-	50 MILLION BUSHELS
BARLEY	-	140 MILLION BUSHELS

ON JANUARY 1, 1968, SECRETARY FREEMAN STILL OWNED ABOUT 250 MILLION BUSHELS OF FEED GRAINS. HIS HAS BEEN A CAREER OF ACQUISITION AND DUMPING. HE HAS SOLD IN ALL ABOUT THE EQUIVALENT OF 4.1 BILLION BUSHELS OF CORN. THIS WAS TWICE AS MUCH AS CCC OWNED ON JANUARY 1, 1961.

ON JANUARY 4, 1965, THE PRESIDENT SAID:

"OUR OBJECTIVE MUST BE FOR THE FARMER TO GET IMPROVED INCOME OUT OF THE MARKET PLACE, WITH LESS COST TO THE GOVERNMENT. TO DO THIS, I AM ASKING THE SECRETARY OF AGRICULTURE TO SO UTILIZE THE COMMODITY CREDIT CORPORATION AS TO MAKE THE FREE MARKET SYSTEM WORK MORE EFFECTIVELY FOR THE FARMER."

ONE WOULD HAVE THOUGHT THAT THIS WAS A DIRECT ORDER TO THE SECRETARY TO DO SOMETHING DIFFERENT THAN HE HAD BEEN DOING. WHAT WAS SECRETARY FREEMAN'S RESPONSE TO THIS? MORE SALES! AS A MATTER OF COLD FACT, HE HAS DUMPED INTO THE GRAIN MARKET ABOUT 1.5 BILLION BUSHELS OF GRAIN SINCE HE RECEIVED THOSE INSTRUCTIONS. TALK ABOUT WOODEN SOLDIERS. HERE WE HAVE A CABINET SECRETARY DISREGARDING THE COMMANDER IN CHIEF.

-LIVESTOCK PRODUCERS ALSO HURT-

THERE HAD TO BE A GRAND DESIGN TO ALL THIS DUMPING -- THE RESULTS OF WHICH ARE BEING FELT BY EVERY LIVESTOCK PRODUCER. THE GRAND DESIGN WAS LOWER FARM PRICES. WE GET AN UNDERSTANDING OF THE GRAND DESIGN BY A STATEMENT HERE, TESTIMONY THERE, A LETTER REVEALED BY AN ENTERPRISING REPORTER, A STATEMENT IN AN ANNUAL REPORT -- IN OTHER WORDS, CONSTANT VIGILANCE.

LET US PROCEED TO CALL THE ROLL OF ADDITIONAL BITS OF EVIDENCE.

A. GARDNER ACKLEY, SOON TO BE OUR AMBASSADOR TO ITALY, CHAIRMAN OF THE COUNCIL OF ECONOMIC ADVISERS, SAID ON A TODAY PROGRAM THAT WE WERE SELLING LARGE QUANTITIES OF CORN TO INCREASE PRODUCTION OF HOGS. (TRANSLATE GREATER HOG PRODUCTION TO CHEAP LIVESTOCK).

B. SECRETARY FREEMAN WROTE A LETTER TO SECRETARY OF DEFENSE MCNAMARA CALLING HIS ATTENTION TO THE FACT THAT THE PRICE OF HOGS WAS AT SUCH LEVEL THAT HE WOULD URGE THE SECRETARY OF DEFENSE TO BUY OTHER THAN PORK PRODUCTS.

C. THE DEPARTMENT OF COMMERCE, WITH THE APPROVAL OF SECRETARY FREEMAN, APPROVED THE IMPOSITION OF RESTRICTIONS ON THE EXPORT OF CATTLE HIDES. I WONDER HOW THIS HELPED OUR BALANCE OF PAYMENTS OR OUR CATTLEMEN. IT SHOULD BE NOTED THAT THIS WAS FOLLOWED BY HIGHER SHOE PRICES.

D. MORE CHEESE IMPORTS WERE AUTHORIZED, AND THE SECRETARY MARCHED BACKWARD IN DELAYING THE IMPOSITION OF ACTIONS TO PREVENT PRICE DEPRESSING DAIRY IMPORTS. THE CONGRESS HAS GIVEN THE ADMINISTRATION EMERGENCY POWERS TO IMPOSE CONTROLS PENDING RECEIPT OF THE TARIFF COMMISSION REPORT. WHY DID HE NOT ACT ON THOSE POWERS IN VIEW OF THE FACT THAT HE DISREGARDED THE TARIFF COMMISSION RECOMMENDATIONS COMPLETELY?

E. SECRETARY FREEMAN, IN A MOMENT OF UNCONSCIOUS CANDOR, EXPRESSED PLEASURE THAT HE COULD REPORT TO THE PRESS THAT FARM PRICES WERE ~~GOING~~ GOING DOWN.

F. THE JANUARY 1967 REPORT OF THE COUNCIL OF ECONOMIC ADVISERS, ON PAGE 118, SHOWS THE FOLLOWING UNDER THE SECTION ENTITLED "DIRECT GOVERNMENT ACTIONS AFFECTING SUPPLY":

"INTENSIVE EFFORTS WERE MADE TO PHASE PROCUREMENT AND ADJUST SPECIFICATIONS FOR BOTH MILITARY AND CIVILIAN PURCHASES SO AS TO MINIMIZE THE IMPACT ON PRODUCTIVE FACILITIES AND PRODUCT MARKETS. ARRANGEMENTS WERE WORKED OUT TO THIS END FOR THE CLOSEST POSSIBLE CO-OPERATION AND CONSULTATION BETWEEN THE DEPARTMENT OF DEFENSE AND THE DEPARTMENTS OF COMMERCE AND AGRICULTURE.

"THE GOVERNMENT ALSO SOUGHT TO SMOOTH OUT IRREGULARITIES IN THE SUPPLY OF FARM PRODUCTS BY APPROPRIATE SALES OF FARM COMMODITIES FROM GOVERNMENT STOCKS, THROUGH JUDICIOUS PROGRAMMING OF THE TIMING OF P.L. 480 EXPORTS, AND THROUGH THE ADJUSTMENT OF THE TIMING OF PURCHASES BY GOVERNMENT AGENCIES."

G. IN NOVEMBER OF 1965, THE SECRETARY ISSUED A STATEMENT SAYING, "MILLERS WILL PAY APPROXIMATELY THE SAME COST PER BUSHEL THAT THEY ARE PAYING THIS YEAR. UNDER THE 1966 PROGRAM, WILL AGAIN PAY APPROXIMATELY \$2.00 A BUSHEL FOR WHEAT -- WHICH WILL INCLUDE A 75¢ CERTIFICATE." THIS MEANS \$1.25 PER BUSHEL WHEAT TO THE FARMER. AND THE SECRETARY HAS WORKED AS HARD AS POSSIBLE TO KEEP WHEAT AS CLOSE TO THAT LEVEL AS HE COULD.

-THE WHY OF LOW PRICES-

H. NOW, WHAT OTHER EVIDENCE IS THERE THAT THE SECRETARY OF AGRICULTURE, ORVILLE FREEMAN, HAS WANTED LOW PRICES?

HE WANTED LOW PRICES TO FORCE, OR INDUCE, PARTICIPATION IN THE VARIOUS PROGRAMS. LISTEN TO THIS IN TESTIMONY OF SECRETARY FREEMAN'S ASSOCIATE ADMINISTRATOR, ASCS, MR. JAENKE:

"SO WHEN WE EXAMINE PROPOSALS TO INCREASE CCC MINIMUM SALES PRICES, WE ALSO MUST CONSIDER WHAT EFFECT THOSE PROPOSALS WILL HAVE ON OUR COMMODITY PROGRAMS. IF MANY FARMERS THOUGHT HIGHER CCC SALES PRICES WOULD INCREASE MARKET PRICES TO ANY GREAT EXTENT, THEY WOULD NOT PARTICIPATE IN THE VOLUNTARY WHEAT AND FEED GRAIN PROGRAMS. INSTEAD, THEY WOULD STAY OUT OF THE PROGRAM AND INCREASE PLANTINGS."

SECRETARY FREEMAN MADE THE SAME POINT IN HIS TESTIMONY ON GENERAL FARM LEGISLATION ON APRIL 6, 1965. SECRETARY FREEMAN WAS ABLE TO BLOCK A HIGHER RESALE PRICE UNTIL 1966 WHEN THE NON-STATUS QUO REPUBLICANS INSISTED ON A HIGHER RESALE POLICY AS PART OF THE P.L. 480 FOOD FOR PEACE AMENDMENTS.

FACT 4 - IT IS MOST SIGNIFICANT THAT ONCE THIS LEGISLATION WAS ON THE BOOKS, SECRETARY FREEMAN, BY ADMINISTRATIVE ACTION IN CONNECTION WITH THE FUNCTIONING OF THE 1967 FEED GRAIN AND WHEAT PROGRAMS, CONTRIVED TO OBTAIN A PRODUCTION LEVEL SO GREAT AS TO GENERATE THE LOWER PRICE STRUCTURE FARMERS ARE SUFFERING WITH TODAY.

LET ME QUOTE A SOURCE USUALLY FRIENDLY TO MR. FREEMAN, THE MINNESOTA BASED FARMERS UNION GTA. ON JANUARY 31, 1968, THEIR RADIO ROUNDUP SAID:

"THE FACT IS THAT 1967 WAS THE POOREST YEAR FOR FARM PRICE RATIOS SINCE WAY BACK AT THE BOTTOM OF THE GREAT DEPRESSION. NOT SINCE 1933 HAS THE EXCHANGE VALUE OF FARM PRODUCTS WITH THOSE THINGS FARMERS MUST BUY BEEN SO LOW.

"WHICH TAKES US RIGHT BACK TO WASHINGTON WHERE, YOU MIGHT SAY, FARM PRICES ARE MADE. IF YOU HAVE DOUBTS ABOUT THAT, REMEMBER UNCLE SAM'S PLEA FOR MORE FARM PRODUCTION IN 1967, WHICH HE GOT, AND WHICH SAND-BAGGED FARM PRICES DOWN ALL YEAR."

NOW COMES THE ELECTION YEAR CONVERSION. I BELIEVE IT IS ONLY A SHORT TERM CONVERSION APPLICABLE TO YEARS ONLY DIVISIBLE BY FOUR. NOW WE FIND THE SECRETARY UNDER THE GUISE OF A STRATEGIC RESERVE BILL REQUESTING AUTHORITY TO GO INTO THE MARKET TO BUY WHEAT AND FEED GRAINS AT SUCH LEVEL AS TO RAISE THE MARKET PRICE FOR THESE COMMODITIES.

NOW, MIND YOU, NOT LONG AGO THIS SAME SECRETARY OF AGRICULTURE, THE SAME OFFICIAL WHO WAS DUMPING HUNDREDS OF MILLIONS OF BUSHELS OF FEED GRAIN AND WHEAT ON TO THE OPEN MARKET, BECAUSE HE SAID THIS WAS ESSENTIAL IN ORDER TO DRIVE FARMERS INTO THE PROGRAM, IS NOW JUST PRIOR TO THE 1968 ELECTION, WANTING TO USE UNTOLD HUNDREDS OF MILLIONS OF DOLLARS TO FORCE THE PRICE OF FEED GRAINS, WHEAT AND SOYBEANS UP.

*out -
quoting
Frankie
not Freeman*

-THE STRATEGIC RESERVE - THEN WHAT?-

NOW AS REPUBLICANS WE ARE NOT OPPOSED TO HIGHER PRICES FOR GRAINS AND SOYBEANS. HOWEVER, IN THE HANDS OF A SECRETARY OF AGRICULTURE WHO BELIEVES THAT FARM PRICES MUST BE LOW IN ORDER TO GENERATE PARTICIPATION IN THE PROGRAM, WHAT WILL HAPPEN TO THESE GOVERNMENT STOCKS IN 1969 IN THE POST ELECTION PERIOD? WHAT NEW RATIONALIZATION WOULD SECRETARY FREEMAN UTILIZE THEN TO JUSTIFY DUMPING THESE SO-CALLED STRATEGIC RESERVES IN ORDER TO DRIVE FARMERS INTO THE 1969 PROGRAM? FORTUNATELY, HE WILL NEVER GET THAT OPPORTUNITY.

IT SHOULD BE NOTED THAT PRESIDENT JOHNSON IN FEBRUARY OF 1965 RECOMMENDED A STRATEGIC RESERVE. IN THAT FEBRUARY 4, 1965, AGRICULTURAL MESSAGE, HE SAID AS FOLLOWS:

"IT IS TIME TO CONSIDER OUR REQUIREMENTS FOR AGRICULTURAL COMMODITIES IN A RESERVE FOR NATIONAL SECURITY, FOR EMERGENCY RELIEF PURPOSES, AND FOR DOMESTIC ECONOMIC STABILIZATION.

"THE PRESIDENT SHOULD BE AUTHORIZED TO DETERMINE THE LEVELS OF COMMODITY STOCKS REQUIRED AND TO TAKE ACTIONS TO INSULATE THESE STOCKS FROM THE MARKET SO THAT THEY MIGHT BE PRESERVED FOR TIME OF EMERGENCIES.

"THE COSTS INCURRED IN MAINTAINING THAT PART OF OUR COMMODITY STOCKS DESIGNATED AS RESERVES SHOULD BE SEPARATED FROM THE COST OF FARM PRICE AND INCOME SUPPORT PROGRAMS."

AT THE TIME THE PRESIDENT WAS SUGGESTING THE ESTABLISHMENT OF A RESERVE PROGRAM, CCC OWNED IN EXCESS OF 600 MILLION BUSHELS OF WHEAT, AND ABOUT 1.1 BILLION BUSHELS OF CORN AND GRAIN SORGHUMS. EXCEPT FOR THE DESIRE TO KEEP PRICES DOWN, THERE WAS NOTHING WHICH WOULD HAVE PREVENTED THE SECRETARY FROM ANNOUNCING THAT HE WAS SETTING ASIDE 400 MILLION BUSHELS OF WHEAT AND 30 TO 35 MILLION TONS OF FEED GRAINS IN A STRATEGIC RESERVE. OF COURSE, IT WAS AN ODD NUMBERED POST ELECTION YEAR. THERE WILL BE A STATEMENT FROM THE SECRETARY THAT "CCC IS DIRECTED TO DISPOSE OF ITS STOCKS AS RAPIDLY AS POSSIBLE CONSISTENT WITH OPERATION OF THE PRICE SUPPORT PROGRAM AND ORDERLY MARKETING."

HOWEVER, THIS LEGISLATION LEAVES IT UP TO THE SECRETARY TO DETERMINE WHAT IS "CONSISTENT WITH THE OPERATION OF THE PRICE SUPPORT PROGRAM AND ORDERLY MARKETING". CERTAINLY, THE ACQUISITION-DUMPING CHEAP GRAIN POLICY IS NOT CONSISTENT WITH THE "OPERATION OF THE PRICE SUPPORT PROGRAM AND ORDERLY MARKETING". THE ONLY CONSISTENT POLICY

HAS BEEN LOW PRICES TO DRIVE FARMERS INTO THE PROGRAM AND HELP KEEP LIVESTOCK PRICES DOWN TO MEET THE DICTA OF THE COUNCIL OF ECONOMIC ADVISERS.

-PUBLIC LAW 480 EXPORTS CUT-

THERE IS ONE OTHER FACET WHICH IS ADVERSELY AFFECTING THE INCOME OF FARMERS. IN 1966 WHEAT EXPORTS UNDER P.L. 480 WERE CUT ARBITRARILY BY THE ADMINISTRATION. IT IS MOST SIGNIFICANT THAT ON AUGUST 4, 1966, THE DEMOCRATIC SENATOR FROM SOUTH DAKOTA, GEORGE MC GOVERN, FORMER DIRECTOR OF THE FOOD FOR PEACE PROGRAM FOR PRESIDENT KENNEDY, SAID AS FOLLOWS:

"U.S. EMBASSIES HAVE BEEN NOTIFIED THAT WE WILL HAVE ONLY 11.2 MILLION TONS OF WHEAT FOR FOOD FOR PEACE IN THE PRESENT MARKETING YEAR -- 25 PERCENT LESS THAN WE PROVIDED IN THE 1965-66 MARKETING YEAR."

HE PROTESTED, BUT NOTHING HAPPENED. THE NET EFFECT WAS THAT EXPORTS OF WHEAT UNDER P.L. 480 WERE ACTUALLY CUT BY 44 PERCENT FROM A YEAR EARLIER -- FROM 523 MILLION BUSHELS TO 292 MILLION BUSHELS OF WHEAT IN 1966-67.

ANDY SCHOEPEL WAS ONE OF THE KEY LEADERS IN THE SENATE IN DEVELOPING P.L. 480 -- HE WAS A GREAT KANSAN. IN THE SAME TRADITION, AS A MEMBER OF THE AGRICULTURE COMMITTEE, I HAVE TRAVELED TO MANY AREAS OF THE WORLD TRYING TO BEEF UP OUR P.L. 480 FOOD FOR PEACE OPERATIONS. I HAVE CHECKED THE RECORD AND FIND NOTHING WHICH AUTHORIZED THE ADMINISTRATION TO WITHHOLD FOOD IN ORDER TO GET FARM PRICES DOWN -- IN BUREAUCRATISE -- TO STABILIZE PRICES. WHEAT, INCIDENTALLY, WAS NOT THE ONLY COMMODITY TO GET THIS STABILIZATION TREATMENT.

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NOW I RAISED THIS QUESTION IN A PREVIOUS SPEECH BECAUSE I FELT VERY STRONGLY THAT PREVIOUS ACTIONS BY THE SECRETARY OF AGRICULTURE HAD DEPRESSED FARM PRICES. SOME QUESTION WAS RAISED ABOUT THE AUTHENTICITY OF THE STATEMENT. I HAVE IN MY HAND HERE AN UNCLASSIFIED DOCUMENT, ISSUED BY THE DEPARTMENT OF STATE, SIGNED BY SECRETARY DEAN RUSK, IN WHICH THE FOLLOWING SENTENCE APPEARS:

"THERE IS AMPLE FOOD AVAILABLE TO MEET PROGRAM REQUIREMENTS WHICH WERE CURTAILED LAST FISCAL YEAR BECAUSE OF LIMITED SUPPLIES OF SOME COMMODITIES."

THIS CABLE WAS SENT ON OCTOBER 21, 1967.

-TOO LITTLE - TOO LATE-

MY BASIC POINT IS THAT THE ADMINISTRATION DID NOT MOVE FAST ENOUGH WITH ENOUGH FOOD AMMUNITION TO CORRECT THE SHORT FALL OF THE PREVIOUS YEAR.

SECRETARY FREEMAN STATED IN A SPEECH AT THE LAST OUTLOOK CONFERENCE HELD AT USDA THAT "THE BRICKS HURT, GENTLEMEN". TO BE FAIR TO HIM, WE SHOULD QUOTE HIM MORE FULLY:

"WHAT HAS TAKEN PLACE OVER THE PAST YEAR IS IRONIC -- BUT WE HAVE ALWAYS RECOGNIZED THE DANGER. A YEAR AGO THE EVIDENCE ON WORLD FOOD PRODUCTION AND SUPPLIES WAS MOST UNFAVORABLE. THE MONSOONS IN INDIA WERE FAILING FOR THE SECOND SUCCESSIVE YEAR, SHORT CROPS IN THE COMMUNIST COUNTRIES HAD REQUIRED LARGE PURCHASES FROM WESTERN EXPORTERS. THE DISAPPEARANCE OF EXCESS STOCKS IN THE UNITED STATES AND AN UNFAVORABLE WHEAT YIELD OUTLOOK CONTRIBUTED TO THE UNCERTAINTY. THE WORLD WAS CLEARLY IN A SHORT GRAIN SUPPLY POSITION.

"AS A RESULT, AFTER A CAREFUL ASSESSMENT OF PROBABLE WORLD NEEDS IN THE 18 MONTHS AHEAD, THE NATIONAL WHEAT ACREAGE ALLOTMENTS FOR THE U.S. 1967 CROP WERE INCREASED SHARPLY. ACTION WAS TAKEN TO INCREASE ACREAGE IN FEED GRAINS AND SOYBEANS AS WELL.

"THEN WITHIN A FEW WEEKS AFTER THESE DECISIONS WERE MADE, THE WORLD OUTLOOK CHANGED SHARPLY WITH FAVORABLE PROSPECTS IN ALMOST EVERY MAJOR GRAIN PRODUCING COUNTRY.

"CANADA, AUSTRALIA AND THE SOVIET UNION HARVESTED RECORD WHEAT CROPS. ARGENTINA AND WESTERN EUROPE HARVESTED GOOD CROPS OF BOTH WHEAT AND FEED GRAINS. FEED GRAIN HARVESTS IN EASTERN EUROPE WERE GOOD AND A FEW MONTHS LATER SOUTH AFRICA PRODUCED A RECORD CORN CROP.

"IN THE U.S. WE HAVE A RECORD GRAIN CROP IN 1967, WITH AN OVERALL INCREASE OF FROM 4 TO 5 PERCENT. THE 1967 FEED GRAIN CROP IS UP 12 PERCENT, WHEAT CROP UP 19 PERCENT."

NOW, THIS EXPLAINS ONLY ONE PART OF THE PROBLEM -- THE SIZE OF THE 1967 WHEAT CROP. I THINK THE IMPORTANT QUESTION IS, IF AS STATED THE WORLD OUTLOOK CHANGED WITHIN A FEW WEEKS, WHY DID NOT THE SECRETARY LOOSEN HIS GRIP ON P.L. 480 EXPORTS? WHY DID THE CONCEPT OF HOLDING FARM PRICES DOWN OR "STABILIZED" CONTINUE IN FORCE PAST HARVEST TIME FOR THE 1967 CROP? AFTER ALL, THE CONGRESS HAS MADE AVAILABLE TO THE ADMINISTRATION \$7.5 BILLION FOR LAUNCHING THE WAR ON HUNGER PROGRAM. ACTUAL USE IS ONLY A FRACTION OF THIS LEVEL. THE ANSWER LIES IN THE INTERNAL STRATEGY TO SACRIFICE THE FARMERS' INTERESTS TO THOSE OF THE MUCH MORE NUMEROUS URBAN DWELLER. I THINK THIS POLICY IS DISASTROUS. IT SHOULD NOT ^{Go} ~~be~~ UNNOTICED THAT ALL THIS FOOD HOLDBACK WAS GOING ON JUST AFTER PRESIDENT JOHNSON WAS TELLING THE CONGRESS THAT HE INTENDED TO LEAD A WAR AGAINST HUNGER.

-POTENTIALS OF FOOD FOR PEACE MUST BE REALIZED-

I FEEL VERY STRONGLY ABOUT THIS. THE FOOD FOR PEACE LEGISLATION WAS PASSED UNDER PRESIDENT EISENHOWER IN 1954. IT IS CALLED THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954. THIS LEGISLATION AND SUBSEQUENT AMENDMENTS HAVE HAD STRONG BIPARTISAN SUPPORT.

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IT HAS DONE SO MUCH GOOD ALL OVER THE WORLD. I WILL NOT STAND BY AND WATCH FARMERS' INTERESTS SACRIFICED TO THE STATISTICAL RIGIDITIES OF THE CONSUMER PRICE INDEX. THE BENEFICIAL POTENTIALS OF THE WAR ON HUNGER MUST BE MAXIMIZED. THE NATION AND THE WORLD MUST NOT BE DETERRED FROM THIS VICTORY!

-NEW USDA LEADERSHIP NEEDED-

WE NEED NEW LEADERSHIP AT THE USDA. WE NEED AN END TO THE SACRIFICES OF FARMERS' INTERESTS. WE NEED:

- A. HIGHER LOAN RATES FOR FOOD AND FEED GRAINS. CHEAP FEED GRAINS MAKE CHEAP LIVESTOCK.
- B. AN IMMEDIATE ANNOUNCEMENT THAT NO CCC OWNED GRAIN WILL BE SOLD AT LESS THAN PARITY MINUS THE CERTIFICATE IN THE CASE OF WHEAT, AND THE SUPPORT PAYMENT IN THE CASE OF FEED GRAINS.
- C. WE NEED TO LEAD A WAR ON HUNGER BY USING P.L. 480 TO THE MAXIMUM CONSISTENT WITH THE SELF-HELP PROVISIONS.
- D. BE SURE THAT OUR GRAINS ARE BEING SOLD COMPETITIVELY IN EVERY MINUTE OF EVERY DAY.

BY EVERY WORTHWHILE STANDARD OF PUBLIC MEASUREMENT, AGRICULTURE STANDS HIGH IN ACHIEVEMENT. LET US CALL THE ROLL:

- A. ABUNDANT PRODUCTION;
- B. ABILITY TO SERVE THE NATION IN AN EMERGENCY;
- C. CAPACITY TO SERVE FOREIGN POLICY BY PROVIDING ASSISTANCE TO UNDERDEVELOPED COUNTRIES;
- D. ABILITY TO EARN DOLLARS IN EXPORT.
- E. INCREASES IN PRODUCTIVITY.

BY THESE CRITERIA, AGRICULTURE MEETS THE HIGHEST STANDARDS OF
BUSINESS PERFORMANCE IN THE PUBLIC INTEREST. IT IS TIME THE NATION
RECOGNIZED THIS AND BROUGHT INTO BEING AN ENVIRONMENT WHICH WOULD
ENABLE FARMERS TO SHARE EQUITABLY IN THE BOUNTY THEY CREATE.