

REMARKS OF HONORABLE BOB DOLE

GRAIN & FEED DEALERS NATIONAL ASSOCIATION
73RD ANNUAL CONVENTION
RADISSON HOTEL
MINNEAPOLIS, MINNESOTA
THURSDAY, MARCH 27, 1969

I AM GRATEFUL FOR THIS OPPORTUNITY TO MEET WITH YOU TODAY. YOUR INVITATION ENABLES ME NOT ONLY TO RENEW FRIENDSHIPS, BUT TO EXCHANGE IDEAS WITH THOSE SERVING THE NATION SO WELL. SPURRED BY THE DISCIPLINE OF COMPETITION, YOU ARE PARTICIPANTS IN THE GLOBAL FIGHT FOR AN IMPROVING LEVEL OF LIVING.

I WANT TO PAY TRIBUTE TO YOU, THE LEADERS IN THESE HIGHLY COMPETITIVE AND CREATIVE SECTORS OF AGRIBUSINESS. YOU ARE EFFICIENT. YOU ARE AN INTEGRAL LINK BETWEEN THE PRODUCER AND THE ULTIMATE CONSUMER. IN A LARGER SENSE, YOU SERVE ALL SOCIETY. FOR FUNDAMENTALLY, THE GRAIN AND FEED DEALER IS PART AND PARCEL OF THE ENTIRE MODERN PRODUCTIVE PROCESS.

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FREE ENTERPRISE

THE MIRACULOUSLY EFFICIENT SYSTEM WHICH FREE ENTERPRISE HAS DEVELOPED FOR THE PRODUCTION, MARKETING, DISTRIBUTION AND PROCESSING OF FOOD IS A REAL TRIBUTE TO WHAT FREE MEN IN A FREE SOCIETY CAN DO. YOU SHOULD BE PROUD OF YOUR SHARE IN THESE ACCOMPLISHMENTS. IT IS ESSENTIAL THAT AS FREE MEN WE SEEK TO EXPAND THE OPPORTUNITIES FOR THE PRODUCTION AND MARKETING SYSTEM TO WORK EQUITABLY. ONLY THEN CAN YOU MAKE THE GREATEST OVERALL CONTRIBUTION TO OUR SOCIETY.

THERE ARE SOME PEOPLE WHO QUESTION WHETHER BUSINESS HAS THE DEDICATED PEOPLE AND ABILITY TO SATISFY THIS ESSENTIAL NEED OF OUR SOCIETY. ON SOME OF THE CAMPUSES I HAVE VISITED THERE SEEMS TO BE A QUESTION ABOUT THE SOCIAL AWARENESS OF BUSINESS. I HAPPEN TO BE ONE WHO THINKS THAT THERE IS A GREAT DEGREE OF CREATIVITY AND ABILITY TO MEET CHALLENGES IN THE BUSINESS COMMUNITY. I HAVE KNOWN AND WORKED WITH ENOUGH BUSINESSMEN TO REALIZE THAT THEIR CREATIVITY LEVEL, THEIR

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SOCIAL CONSCIOUSNESS LEVEL AND THEIR ABILITY TO ACCOMPLISH COMPLEX TASKS IS SECOND TO NO GROUP IN OUR SOCIETY.

OUR MATERIAL ACHIEVEMENTS ARE PART AND PARCEL OF OUR SOCIAL PROGRESS. THE TECHNICAL SKILLS AND ORGANIZATION NEEDED TO PRODUCE AND MARKET MILLIONS OF TONS OF GRAIN AND OILSEEDS AND THEIR PRODUCTS WITH LOW PER UNIT PROFIT MARGINS REQUIRE THE HIGHEST TYPE OF MANAGEMENT BUTTRESSED BY THE NEW TECHNOLOGY. I KNOW THAT THIS CAN BE DONE BY PRIVATE ENTERPRISE AT LESS SOCIAL COST AND MORE EFFICIENTLY THAN BY GOVERNMENT.

SOME STILL REGARD THE FREE ENTERPRISE SYSTEM AS INHERENTLY OBLIVIOUS OR EVEN ANTAGONISTIC TO THE PUBLIC INTEREST. SOME EVEN REGARD PROFITS AS ACTUALLY IMMORAL -- RATHER THAN AS AN INCENTIVE ESSENTIAL TO EFFICIENCY, AS EVEN THE COMMUNISTS ARE NOW COMING TO RECOGNIZE.

THESE OLD SUSPICIONS MUST BE MADE TO FADE RAPIDLY INTO HISTORY. I DO NOT BELIEVE THAT GOVERNMENT HAS ANY MONOPOLY OF WISDOM -- OR OF DEDICATION TO THE PUBLIC GOOD.

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I THINK WE NEED TO DRAW UPON THE ABILITY, THE ENERGY, AND THE INNOVATIVE TALENTS OF ALL ELEMENTS OF THE COMMUNITY IN DEALING WITH THE PROBLEMS WHICH CONFRONT US.

OUR POLITICAL, ECONOMIC AND SOCIAL SYSTEMS HAVE PRODUCED A GREATER DEGREE OF INDIVIDUAL FREEDOM, A MORE EVEN-HANDED, IMPARTIAL ADMINISTRATION OF LAW, HIGHER LEVELS OF INCOME, A MORE EQUITABLE DISTRIBUTION OF AN EVER-RISING NATIONAL PRODUCT, MORE EQUALITY OF OPPORTUNITY, MORE RELIGIOUS FREEDOM, A GREATER APPRECIATION OF THE VALUE OF THE SPIRIT AND OF THE DIGNITY OF MAN, THAN HAS BEEN HERETOFORE ACHIEVED BY ANY NATION IN HISTORY.

CERTAINLY IF ONE COMPARES THE ACHIEVEMENTS OF OUR SYSTEM WITH THAT OF OTHERS, WE CAN TAKE GREAT PRIDE IN OUR ACCOMPLISHMENTS AND IN OUR DETERMINATION FOR EVEN GREATER IMPROVEMENT IN THE FUTURE. FARMERS AND AGRIBUSINESS HAVE BEEN IN THE FRONT RANKS OF THESE GREAT ACHIEVEMENTS. THEY ARE STILL THERE.

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AGRICULTURE IN THE FOREFRONT

AND IN A REAL SENSE AGRICULTURE IS IN THE FOREFRONT OF THE STRUGGLE FOR A BETTER WORLD. AND YOU GRAIN AND FEED DEALERS ARE RIGHT THERE, TOO.

THERE ARE FEW MATTERS OF GREATER INTEREST, BOTH IMMEDIATE AND LONG-TERM, TO THE PEOPLE OF THIS COUNTRY THAN INTERNATIONAL TRADE POLICY PROBLEMS. THIS IS SO, IN THE FIRST INSTANCE, BECAUSE INTERNATIONAL TRADE AFFECTS IN A VERY CONCRETE WAY THE ECONOMIC WELL-BEING OF ALMOST EVERYONE. IT AFFECTS THE LIVELIHOODS OF PEOPLE WHO HAVE NOTHING TO DO WITH INTERNATIONAL TRADE ALMOST AS MUCH AS IT DOES THOSE WHO ARE DIRECTLY ENGAGED IN EXPORT TRADE. IT AFFECTS EVERY FARMER -- EVERY GRAIN AND FEED DEALER. THIS IS SO BECAUSE TRADE MEANS SALES AND INCREASED PRODUCTION -- AND THESE MEAN JOBS, PROFITS, AND INVESTMENTS.

WHEN EXPORTS RISE, DEMAND RISES FOR ALL THE ELEMENTS THAT GO INTO EXPORT: FOR RAW MATERIALS, COMPONENTS, END PRODUCTS, TRANSPORTATION, AND LABOR. THE INCREASED INCOME GENERATED BY INCREASED EXPORTS STIMULATES DEMAND FOR PURELY DOMESTIC GOODS AND SERVICES, AS WELL AS FOR IMPORTS. IN SHORT, TRADE MEANS BUOYANCY, ECONOMIC GROWTH, AND RISING

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STANDARDS OF LIVING. WHEN EXPORT OPPORTUNITIES AND EARNINGS ARE REDUCED, DOMESTIC PRODUCTION, EMPLOYMENT, AND GROWTH RATES ARE ALL DEPRESSED. WITH EXPANDING TRADE THEY ALL ARE BOOSTED.

THE TRADE POLICY THE UNITED STATES CHOOSES TO FOLLOW IS SINGULARLY IMPORTANT TO OURSELVES AND TO THE WORLD.

EXPORTS -- DOWNWARD TREND

OUR POSITION AS THE LARGEST SINGLE TRADING NATION UNDERLINES OUR SPECIAL RESPONSIBILITY TO INSURE THAT OUR TRADE POLICY PROMOTES A CONTINUED GROWTH OF OUR OWN AND THE WORLD ECONOMY. A GROWING AMERICAN AGRICULTURE DEPENDS ON A GROWING FOREIGN TRADE. THAT IS WHY I AM DISTURBED BY THE DOWNTREND IN FARM EXPORT SALES FROM \$6.8 BILLION IN FISCAL YEAR 1967, TO \$6.3 BILLION IN 1968, AND TO ABOUT \$6 BILLION IN THE CURRENT FISCAL YEAR. I KNOW THAT SECRETARY HARDIN IS CONCERNED ABOUT THIS DOWNTREND. HE IS TAKING A MAJOR REORGANIZATION STEP IN CREATING AN EXPORT MARKETING SERVICE HEADED BY THE GENERAL SALES MANAGER. YOU MAY BE SURE THAT ASSISTANT SECRETARY PALMBY -- A MOST CAPABLE MAN, KNOWN TO MOST OF YOU -- WILL REALLY PUT SOME STEAM BEHIND THE NEW

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EMPHASIS ON EXPORTS IN USDA.

THE I. G. A.

IN A SPEECH WHICH I MADE IN DECEMBER, 1968, I DISCUSSED MY CONCERN OVER THE BASIC FACT THAT CERTAIN TYPES OF WHEAT SUCH AS HARD WINTER AND SOFT WINTER WERE BEING OFFERED TO IMPORTING NATIONS AT LEVELS BELOW THE IGA MINIMA. THIS WAS BEING DONE BY BOTH MEMBERS AND NON-MEMBERS OF THE IGA. THERE ARE, AS YOU KNOW, MANY DEVICES MAKING IT IMPOSSIBLE FOR U. S. EXPORTERS TO CONSUMMATE SALES.

I HAVE NOW EXAMINED THE EXPORT RECORD OF THE COMMERCIAL EXPORT SALES OF WHEAT, AS GRAIN, FOR THE JULY-DECEMBER PERIOD FOR THE LAST 3 YEARS. THE FEARS OF THOSE WHO FELT THAT THE PROPOSED IGA WOULD ADVERSELY AFFECT THE U. S. FARMER AND THE EXPORT INDUSTRY WERE APPARENTLY WELL FOUNDED. WITNESS THE FOLLOWING STATISTICS OF EXPORTS FOR THE JULY-DECEMBER PERIODS OF THE FOLLOWING YEARS:

	<u>1966</u>	<u>1967</u>	<u>1968</u>
	- - -	million bushels	- - -
HARD RED WINTER	121	96	52
SOFT RED WINTER	33	22	13

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IN ⁹~~19~~ DECEMBER, 1968, SPEECH, I STATED THAT "AFTER JANUARY 20, 1969, IT IS MY INTENTION TO REQUEST A COMPLETE REVIEW OF OUR RELATIVE POSITION UNDER THE IGA."

ON MARCH 19, 1969, I WROTE A LETTER TO SECRETARY HARDIN IN WHICH I CONCLUDED AS FOLLOWS:

"I BELIEVE THAT A COMPLETE REVIEW AND EVALUATION OF THE IGA IS CALLED FOR, IN ORDER TO REGAIN OUR COMPETITIVE POSITION IN WORLD WHEAT MARKETS. IF THIS REQUIRES AMENDMENT OF, OR WITHDRAWAL FROM, THE IGA, THEN THAT DETERMINATION MUST BE MADE AS SOON AS POSSIBLE. I BELIEVE YOU WOULD AGREE THAT THIS SITUATION IS SERIOUS AND OF UTMOST IMPORTANCE TO OUR BALANCE OF TRADE AND OUR WHEAT EXPORT INTERESTS. TIME IS OF THE ESSENCE SINCE LESS THAN FOUR MONTHS REMAIN OF THIS MARKETING YEAR AND LESS THAN THAT BEFORE A NEW U. S. WHEAT CROP WILL BEGIN TO BE HARVESTED."



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THE IGA CONFRONTS THE U. S. GRAIN PRODUCER AND MARKETER WITH PROBLEMS AT FOUR LEVELS -- WHICH APPEAR TO ADD UP TO A MINUS QUANTITY FOR THE UNITED STATES. THESE ARE:

- (1) WITH THE UNITED STATES THE ONLY NATION WILLING TO TAKE ACTION TO RESTRICT PRODUCTION, ARE WE NOT AT THE SAME TIME, WITH THE HIGHER MINIMUM PRICE LEVELS, STIMULATING PRODUCTION ABROAD?
- (2) THERE IS NO PROTECTION FROM NON-MEMBER COMPETITION, AND IN A REAL SENSE FROM MEMBER DEVIATIONS. THE USSR IS SIMPLY PRICING ITS WHEAT COMPETITIVELY CHEAPER. THERE ARE SEVERAL MEMBERS WHO ARE JUST DOING WHAT THEY DEEM NECESSARY TO SELL, IGA OR NO IGA.
- (3) WHAT EFFECTIVE MEANS IS THERE FOR SHARING IN EXPORTS EQUITABLY, WHEN WE CONTINUE TO LIVE UP TO THE IGA AND OTHERS UNDERCUT? THE RECENT CANADIAN ACTIONS -- OPEN AND ABOVE BOARD -- REFLECT THEIR FEELING THAT THE REVIEW PROCEDURE JUST DOESN'T WORK.
- (4) THE INCREASED MINIMA DISCOURAGE CONSUMPTION ESPECIALLY IN THE DEVELOPING NATIONS. AS A MATTER OF FACT, THE HIGH MINIMA HURT OUR SALES IN POTENTIAL NEW MARKETS.

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IF WE ARE GOING TO MAXIMIZE OUR EXPORTS, WE MUST OFFER THE BEST QUALITY AT COMPETITIVE PRICES. ~~THESE ARE THE ONLY TWO FACTORS WHICH DETERMINE THE PRICE OF A COMMODITY IN THE INTERNATIONAL MARKET.~~ THERE IS NO SUBSTITUTE FOR PRICE AND QUALITY AT COMPETITIVE PRICES. THERE IS NO SUBSTITUTE FOR PRICE AND QUALITY WHEN IT COMES TO COMPETING FOR COMMERCIAL MARKETS ABROAD. THEREFORE, EVERY POLICY THAT WE PURSUE MUST BE TO TRY TO STRENGTHEN THE OPERATION OF THE MARKET -- INCLUDING THE MARKET PRICE.

SOYBEANS AND THE EEC TAXES

THERE IS ANOTHER AREA OF INTERNATIONAL TRADE POLICY PROBLEMS WHICH I FEEL SHOULD BE DISCUSSED TODAY. THIS RELATES TO THE DANGER TO THE SOYBEAN ECONOMY BY THE PROPOSED EEC TAXES.

ON DECEMBER 10, 1968, MR. SICCO MANSHOLT, VICE PRESIDENT OF THE EUROPEAN ECONOMIC COMMUNITY'S COMMISSION FOR AGRICULTURE, MADE SEVERAL PROPOSALS FOR RESTRUCTURING THE AGRICULTURE OF THE COMMON MARKET. ONE OF THESE PROPOSALS SENT SHOCK WAVES THROUGH THE LENGTH AND BREADTH OF THE NATION'S AGRICULTURE.

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ALL SEGMENTS OF THE SOYBEAN INDUSTRY ARE DEEPLY CONCERNED ABOUT THE PROPOSED ACTIONS OF THE EUROPEAN ECONOMIC COMMUNITY AS THEY RELATE TO SOYBEAN OIL AND SOYBEAN MEAL.

THE EUROPEAN ECONOMIC COMMUNITY NOW HAS UNDER VERY SERIOUS CONSIDERATION AN INTERNAL TAX ON SOYBEAN OIL OF \$60 PER METRIC TON, AND ONE ON SOYBEAN MEAL OF \$30 PER METRIC TON. THE PURPOSE OF THESE INTERNAL TAXES IS TO RAISE THE PRICE AND THEREBY DELIBERATELY REDUCE THE IMPORT DEMAND FOR HIGH PROTEIN FEEDS IN THE EEC. THE NET EFFECT OF THESE PROPOSED TAXES, ESPECIALLY AS THEY RELATE TO SOYBEAN MEAL WILL BE TO REDUCE THE IMPORTATION OF SOYBEANS AND SOYBEAN MEAL FROM THE UNITED STATES BY THE EUROPEAN ECONOMIC COMMUNITY.

DURING THE LAST MARKETING YEAR, THE EUROPEAN ECONOMIC COMMUNITY PURCHASED ABOUT 93 MILLION BUSHELS OF SOYBEANS AND 2,063,000 SHORT TONS OF SOYBEAN MEAL FROM THE UNITED STATES. ALL OF THESE SALES WERE FOR DOLLARS, AND RETURNED APPROXIMATELY \$500 MILLION IN HARD CURRENCY TO THE UNITED STATES ECONOMY. A LOSS OF A MAJOR SHARE OF THIS MARKET WOULD ADVERSELY AFFECT OUR BALANCE OF PAYMENTS.

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DURING THE 1967-68 MARKETING YEAR THESE EXPORTS TO THE EEC
AMOUNTED TO ABOUT 31 PERCENT OF THE SOYBEANS EXPORTED FROM THE
UNITED STATES, AND 70 PERCENT OF THE SOYBEAN MEAL EXPORTED.

COMPETENT ECONOMISTS ADVISE ME THAT THE PROPOSED INTERNAL
TAXES, ESPECIALLY AS THEY RELATE TO SOYBEAN MEAL, WILL REDUCE CON-
SUMPTION WITHIN THE EUROPEAN ECONOMIC COMMUNITY BY THE EQUIVALENT
OF ABOUT 60 MILLION BUSHELS OF SOYBEANS. THIS IS THE PRODUCTION FROM
OVER 2 MILLION ACRES OF SOYBEANS. SUCH A LOSS OF MARKET WOULD HAVE
DELETERIOUS EFFECTS UPON THE U. S. SOYBEAN PRODUCER, PROCESSOR AND
DISTRIBUTOR. THE FUTURES MARKETS WOULD BE ADVERSELY AFFECTED.

THIS IS ESPECIALLY CATASTROPHIC IN VIEW OF THE INCREASING
CARRYOVER OF SOYBEANS WHICH BY THE END OF THE CURRENT MARKETING YEAR
WILL AMOUNT TO ABOUT 325 MILLION BUSHELS -- OVER 10 TIMES THE LEVEL
AT THE END OF THE 1964 MARKETING YEAR.

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IN ADDITION, THE LOSS OF THIS MARKET WOULD RESULT IN A FURTHER SHARP INCREASE IN THE BUDGETARY OUTLAYS FOR SOYBEAN PRICE SUPPORT BY SOME \$150 MILLION. BY THE END OF THIS MARKETING YEAR, CCC WILL HAVE INVESTED SOME \$750 MILLION IN SOYBEANS -- UNDER CURRENT CONDITIONS.

REDUCED PROCESSING AND TRANSPORTATION WILL SHARPLY CURTAIL LABOR REQUIREMENTS. I KNOW THAT MY FRIENDS IN THE LABOR GROUP ARE CONSCIOUS OF THIS FACT.

I KNOW THAT THE EXECUTIVE BRANCH OF THE U. S. GOVERNMENT HAS PROTESTED, AND WILL CONTINUE ITS PROTEST AGAINST THIS PROPOSAL IN THE STRONGEST POSSIBLE TERMS. THERE IS UNANIMITY ON THIS ISSUE BETWEEN THE VARIOUS AGENCIES OF THE EXECUTIVE BRANCH. EVERY OBJECTIVE STUDENT OF THIS MATTER KNOWS THAT THIS PROPOSAL WOULD SERIOUSLY IMPAIR PRESENT CONDITIONS OF ACCESS NEGOTIATED BETWEEN THE EEC AND THE U. S. GOVERNMENT.

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LOSS OF MARKETS

LET NO ONE THINK THAT THIS AFFECTS SOYBEANS ALONE. LOSS OF MARKETS FOR ONE CROP RESULTS IN SHIFTS TO OTHER USES AND MORE PRICE PRESSURE ON THESE OTHER PRODUCTS.

THE MARCH 17, 1969, ISSUE OF FOREIGN AGRICULTURE HAD A HEADLINE ON PAGE 6 WHICH READS AS FOLLOWS: "GRAIN CAP HURTS DUTCH IMPORTS OF U. S. FEEDGRAINS." THIS ARTICLE DESCRIBED THE FACT THAT THE NETHERLAND MIXED FEED INDUSTRY IS DECREASING THE PERCENTAGES OF FEED GRAIN IN ITS PRODUCTS BECAUSE OF PROHIBITIVELY HIGH PRICES. NOW YOU AND I KNOW THAT THESE "PROHIBITIVELY HIGH PRICES" ARE NOT WHAT THE FARMER RECEIVES HERE -- BUT IS DUE TO THE VARIABLE LEVY SYSTEM.

IT IS MOST SIGNIFICANT -- AND NOT UNEXPECTED -- THAT THE LEVIED GRAIN ATTRACTS LARGE IMPORTS OF FEED GRAIN SUBSTITUTES. IT IS MOST SIGNIFICANT -- AND NOT UNEXPECTED -- THAT CHEAP DENATURED AND SUBSIDIZED WHEAT FROM FRANCE, WHICH UNDERSELLS LEVIED FEED GRAINS, WILL GIVE OUR FEED GRAINS TOUGH COMPETITION. THE EFFECT OF THIS IS SUMMED

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UP IN ONE SENTENCE IN THE ARTICLE: "SORGHUM AND CORN USAGE FOR FEED,
TO USE TWO EXAMPLES, MAY DECLINE UP TO A HALF MILLION TONS IN 1968-69
WITH THE UNITED STATES A MAJOR VICTIM."

I HAVE USED THIS MOST RECENT REPORT BECAUSE IT REFLECTS WHAT
THE UNECONOMIC AND COSTLY EEC VARIABLE LEVY SYSTEM IS DOING TO OUR EX-
PORT POTENTIAL. THE COMMON AGRICULTURAL POLICY (CAP) HAS HELPED BOOST
OUTPUT OF GRAINS DRAMATICALLY BECAUSE IT UNDERWRITES HEAVY APPLICATION
OF NEW TECHNOLOGY AND ASSURES WIDER INTERNAL MARKET OUTLETS. AT THE
SAME TIME OVERALL GRAIN USE IS BEING LIMITED BY THE FACT THAT EEC TAR-
GET PRICES ARE ALMOST TWICE AS HIGH AS WORLD GRAIN PRICE LEVELS. COSTS
OF FEED ARE EXTREMELY HIGH, EVEN CONSIDERING RATHER HIGH INTERNAL
LEVELS OF LIVESTOCK AND POULTRY.

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CONCLUSIONS -- C. A. P.

THERE ARE BASIC CONCLUSIONS FROM AN OBJECTIVE STUDY OF THE

FACTS:

- (1) THE CAP IS HAVING AN ADVERSE EFFECT UPON FOREIGN GRAIN SUPPLIERS;
- (2) THE EFFECT UPON EEC LIVESTOCK PRODUCERS IS UNFAVORABLE -- ESPECIALLY THE SMALLER PRODUCERS;
- (3) THE CONSUMER DEMAND FOR LIVESTOCK PRODUCTS IS RESTRICTED BY HIGH PRICES;
- (4) FEED USE OF EEC WHEAT WILL INCREASE;
- (5) U. S. EXPORTS ARE LOWER AND CARRYOVER HIGHER THAN THEY WOULD BE IN A COMPETITIVE, EFFICIENTLY ORIENTED WORLD;
- (6) WE ARE VICTIMS OF AN EEC SYSTEM OF REDUCED IMPORTS OF CORN AND SORGHUM AND INCREASED EMPHASIS UPON SUBSIDIZED EXPORTS OF WHEAT, BARLEY, AND EVEN CORN TO COUNTRIES OUTSIDE THE EEC. THESE, IN TURN, HAVE A DEPRESSING EFFECT UPON INTERNATIONAL GRAIN PRICE

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LEVELS AND THE LEVEL OF PRICES RECEIVED BY OVERSEAS PRODUCERS. AN IMPORTANT FEATURE OF THIS SITUATION IS THAT EXPORT SUBSIDIES ARE PARTLY FINANCED BY IMPORT LEVIES. THUS, TO THE EXTENT THAT THE WORLD CORN PRICE DECLINES OR THE EEC CORN THRESHOLD PRICE IS RAISED, A GIVEN VOLUME OF CORN IMPORTS BRINGS EXTRA LEVY REVENUE, THUS EASING THE BURDEN OF SUBSIDIZING EEC WHEAT EXPORTS.

I BELIEVE THAT IN THIS AREA WE WILL NOT GET DESIRABLE CHANGES UNTIL EUROPEAN INDUSTRY AND CONSUMERS FULLY UNDERSTAND THE UNECONOMIC AND COSTLY IMPLICATIONS OF THE WHOLE VARIABLE LEVY SYSTEM.

50% U. S. CARGO RULE

THERE IS ONE BARRIER TO EXPANDED EXPORTS THAT WE CAN DO SOMETHING ABOUT AND SHOULD IMMEDIATELY. THIS RELATES TO THE ENTIRE SYSTEM OF SPECIFIC LICENSING AND RELATED REGULATIONS INVOLVED IN EAST-WEST TRADE. I DO NOT THINK WE EXPAND DOLLAR EXPORTS BY MAKING OUR WHEAT MORE COSTLY BY CONTINUING THE 50% U. S. CARGO RULE. I DO NOT THINK WE

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EXPAND DOLLAR EXPORTS BY REQUIRING IN THE CASE OF FEED GRAINS THAT A PORTION (NO ONE CAN TELL ME EXACTLY WHAT PERCENTAGE) OF THE CARGO IS FIRST DELIVERED TO A DESTINATION IN WESTERN EUROPE. BOTH OF THESE REGULATIONS (NOT REQUIRED BY LAW, AND TO MY MIND OF DUBIOUS LEGALITY) INCREASE THE COST TO POTENTIAL BUYERS.

AS A MATTER OF FACT, I SEE LITTLE NEED -- EXCEPT BUREAUCRATIC INERTIA -- FOR THE EXPENSIVE AND CUMBERSOME SYSTEM OF CONTINUED GRANT-INT OF SPECIFIC VALIDATED LICENSES FOR COMMODITIES IN ABUNDANT SUPPLY AND WITH OUR CURRENT BALANCE OF PAYMENT SITUATION. THE END RESULT IS LOST BUSINESS AND SALES BY OUR LESS ENCUMBERED COMPETITORS.

I INTEND TO URGE THE NIXON ADMINISTRATION TO DROP THIS HANDI-CAP TO COMPETITION BY U. S. FIRMS.

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THIS YEAR IN CONGRESS

THE FIRST SESSION OF THE 91ST CONGRESS IS OFF TO A SLOW START, WHICH, IN MY OPINION, AUGURS WELL FOR THE COUNTRY AND PARTICULARLY THE AMERICAN TAXPAYER. PRESIDENT NIXON UNQUESTIONABLY UNDERSTANDS GOVERNMENT AND THE POLITICAL PROCESSES, AND I WOULD GUESS THAT HE IS PURPOSELY MOVING VERY CAUTIOUSLY. IN ADDITION, MOST AMERICANS, AND HOPEFULLY THE MAJORITY OF THE MEMBERS OF CONGRESS, REALIZE THAT IN THE PAST FEW YEARS CONGRESS HAS ENACTED MORE LEGISLATION THAN THE PEOPLE CAN DIGEST. AS BOTH SENATOR MANSFIELD AND SENATOR DIRKSEN HAVE STATED, PERHAPS A MAJOR RESPONSIBILITY OF THIS CONGRESS IS TO REVIEW SOME OF THE LEGISLATION PASSED IN HASTE, TO MAKE CHANGES, AND, IN SOME CASES, TO ELIMINATE PROGRAMS WHICH HAVE PROVED TO BE COSTLY AND UNSUCCESSFUL.

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WITH SPECIFIC REFERENCE TO AGRICULTURE, THERE HAVE BEEN VERY FEW SIGNS OF ACTIVITY IN THE SENATE COMMITTEE ON AGRICULTURE AND FORESTRY, AND EVEN IN THE HOUSE COMMITTEE ON AGRICULTURE, WHICH IS GENERALLY A BEEHIVE OF ACTIVITY, THERE HAS BEEN LITTLE, IF ANYTHING, DONE. SOME OF US ON THE SENATE COMMITTEE HAVE VISITED INFORMALLY ABOUT THE AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT -- COMMONLY KNOWN AS P. L. 480 -- WHICH EXPIRES DECEMBER 31, 1970, AND ABOUT COMMODITY PROGRAMS FOR WHEAT, FEED GRAINS AND COTTON, AS THE PRESENT PROGRAM EXPIRES WITH THE 1970 CROP.

UNDOUBTEDLY, P. L. 480 WILL BE EXTENDED, THOUGH AS YET THERE HAS BEEN NO HINT FROM THE PRESENT ADMINISTRATION CONCERNING ANY CHANGE IN DIRECTION, BUT AS YOU KNOW, FARMERS ARE DEMANDING MORE FARM INCOME AND, HOPEFULLY, THIS ADMINISTRATION CAN COME UP WITH SOME NEW PROGRAM OR CHANGES IN THE EXISTING COMMODITY PROGRAMS WHICH WOULD INCREASE

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FARM INCOME WITHOUT VAST ADDITIONAL GOVERNMENT OUTLAYS.

IN MY OPINION, WE SHOULD START HEARINGS LATER THIS YEAR SO THAT IN THE SECOND SESSION OF THE 91ST CONGRESS WE CAN MOVE QUICKLY TO ENACT COMMODITY LEGISLATION. FRANKLY, HOWEVER, THERE APPEARS TO BE VERY LITTLE PRESSURE AT THIS TIME TO DO ANYTHING, BUT AGAIN I BELIEVE THE ADMINISTRATION CAN AND WILL SUPPLY THE IMPETUS AT THE APPROPRIATE TIME.

LURKING IN THE BACKGROUND ARE PROPOSALS TO ESTABLISH A COMMODITY RESERVE PROGRAM. ALL OF YOU ARE FAMILIAR WITH THIS LEGISLATION, BUT IN MY OPINION, THERE IS VERY LITTLE LIKELIHOOD THAT ANY RESERVE PROGRAM WILL BE ENACTED UNLESS SOME GENIUS COMES UP WITH A NEW AND DIFFERENT APPROACH. THERE ARE A NUMBER OF OTHER PROGRAMS, INCLUDING FARM BARGAINING, FOOD STAMP PROGRAMS, THE GREAT PLAINS PROGRAM, WHICH WILL PROBABLY RECEIVE SOME ATTENTION THIS YEAR, BUT AGAIN, LET ME EMPHASIZE THERE APPEARS TO BE NO GREAT RUSH BY ANYONE TO MAKE ANY DRASTIC CHANGES IN EXISTING PROGRAMS OR ANY GREAT PUSH FOR NEW PROGRAMS.

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INFLATION

FINALLY, LET ME POINT OUT THAT THE VERY REAL DANGER EVERYONE
FACES IN AMERICA IS CONTINUING INFLATION. WITHOUT QUESTION, THE GREAT-
EST DOMESTIC ISSUE FACING THE NIXON ADMINISTRATION IS HOW TO SLOW DOWN
INFLATION AT HOME. EVERY INDICATION SUGGESTS THAT INFLATION IS STILL
GALLUPING MERRILY ALONG, AND THUS FAR APPEALS FOR RESTRAINT FROM
PRESIDENT NIXON AND THE APPLICATION OF NUMEROUS COOLANTS TO THE HEATED
ECONOMY ARE NOT HAVING THE DESIRED EFFECT. WHILE EVERYONE AGREES THAT
SOMETHING MUST BE DONE, FEW, IF ANY, ARE CERTAIN JUST WHAT THIS SHOULD
BE. THE TRICK, AS POINTED OUT IN A RECENT EDITORIAL IN THE WASHINGTON
STAR "IS TO ADMINISTER JUST ENOUGH ECONOMIC MEDICINE TO CURE THE ILL
WITHOUT KILLING THE PATIENT. TOO QUICK AN APPLICATION OF THE BRAKES
COULD START A SWIFT AND DEVASTATING DESCENT FROM THE PRESENT UNSAFE
HEIGHTS. ANY MAJOR INDICATION OF RECESSION COULD START A PANIC THAT
WOULD BE JUST AS HARD TO CONTROL AS THE PRESENT INFLATION."

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AS YOU ALL KNOW, THE TRADITIONAL WAYS OF COOLING OFF AN OVER-HEATED ECONOMY HAVE BEEN TRIED, NAMELY, THE SURTAX, A TIGHT MONEY POLICY BY THE FEDERAL RESERVE, PLUS REPEATED WARNINGS FROM THE PRESENT OCCUPANT OF THE WHITE HOUSE, AND HIS PREDECESSOR, THAT BUSINESS AND LABOR OWE IT TO THEMSELVES AND THE COUNTRY TO REFRAIN FROM FUELING THE FIRES OF INFLATION.

THERE HAVE BEEN OTHER SUGGESTIONS, WHICH INCLUDE MAJOR REDUCTIONS IN GOVERNMENT SPENDING, BUT THIS IS DIFFICULT WITH NO END IN SIGHT IN VIETNAM. TAXES COULD BE RAISED EVEN HIGHER, AND A TIGHTER MONEY POLICY ADOPTED AND INTEREST RATES COULD GO EVEN HIGHER, BUT EACH OF THESE APPROACHES CARRIES WITH IT THE ULTIMATE POSSIBILITY OF TIPPING THE BALANCE OF THE ECONOMY TOO FAR AND STARTING THE PANIC THAT WOULD MEAN ECONOMIC DISASTER FOR THE ELECTORATE AND POLITICAL SUICIDE FOR THE ADMINISTRATION.

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FINALLY, IT HAS BEEN SUGGESTED BY MANY RESPONSIBLE SPOKESMEN THAT THE ADMINISTRATION COULD IMPOSE WAGE AND PRICE CONTROLS -- AN UNPRECEDENTED MOVE IN TIME OF PEACE.

SO WHILE WE HAVE TOUCHED ON A NUMBER OF TOPICS, I WOULD REMIND EVERYONE THAT INFLATION IS REAL, IS CONTINUING, AND IS THE NUMBER ONE DOMESTIC PROBLEM AT THIS TIME.

CONCLUSION

I HAVE TRIED TODAY TO SHARE WITH YOU SOME OF MY THOUGHTS ON THE PROBLEMS AND NEEDS IN MEETING SOME OF THE PROBLEMS WE FACE. ALONG WITH THE JOB OF CONQUERING PROBLEMS, WE WILL HAVE OPPORTUNITIES. YOU ARE OPPORTUNITY ORIENTED, FOR IN A REAL SENSE THAT VISION IS WHAT HAS MADE THIS NATION GREAT.

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THOMAS WOLFE DESCRIBED THE PROMISE OF AMERICA IN THESE WORDS:

"-- TO EVERY MAN, HIS CHANCE.

"-- TO EVERY MAN, REGARDLESS OF HIS BIRTH, HIS SHINING
GOLDEN OPPORTUNITY.

"-- TO EVERY MAN THE RIGHT TO LIVE, TO WORK, TO BE HIM-
SELF, AND TO BECOME WHATEVER HIS MANHOOD AND HIS
VISION CAN COMBINE TO MAKE HIM.

"-- THIS, SEEKER, IS THE PROMISE OF AMERICA."

YOU AND I ARE ENGAGED IN AN UNMATCHED EFFORT TO INSURE THAT
CHANCE, NOT ONLY TO ALL OUR CITIZENS, BUT TO ALL MANKIND. THAT, IN
A LARGER SENSE, IS PART OF AMERICA'S MISSION ON EARTH.

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Joe Stafford

Ann Lander - Abby -

Organized Party - No.

Dunk - Stayed -