

REMARKS: SENATOR BOB DOLE

JOHN DEERE FARMING FRONTIER MEETING
WICHITA, KANSAS
SATURDAY, MARCH 16, 1974

THESE ARE NEW AND INTERESTING DAYS IN AMERICAN AGRICULTURE.
AMERICA IS A GOOD LAND. HER RICH RESOURCES BROUGHT MEN TO AMERICA
IN SEARCH OF OPPORTUNITY.

AMERICA IS A GOOD NATION. HER CONCEPT OF GOVERNMENT MAKES IT
POSSIBLE FOR ANY MAN TO MAKE HIS MARK.

THIS YEAR, IN KANSAS WE OBSERVE AND COMMEMORATE THE CENTENNIAL
ANNIVERSARY OF THE INTRODUCTION OF TURKEY RED WHEAT TO OUR PLAINS
AGRICULTURE.

IN TWO YEARS WE WILL BE CELEBRATING OUR NATION'S BICENTENNIAL.

*over my
day high*

200 YEARS OF CHANGE

VAST CHANGES HAVE TAKEN PLACE IN AMERICAN AGRICULTURE IN THESE TWO HUNDRED YEARS. NEARLY EVERY CHANGE WAS RESISTED BY SOME AS A THREAT TO THE ACCUSTOMED AND FAMILIAR WAY OF LIFE. OTHERS SAW IN CHANGE NEW OPPORTUNITIES

IN RETROSPECT, NEARLY ALL OF THE CHANGES HAVE BEEN GOOD -- FOR AGRICULTURE AND FOR THE NATION.

THANKS TO AGRICULTURE, AMERICANS ENJOY THE HIGHEST LEVEL OF LIVING OF ANY PEOPLE ANYWHERE IN THE WORLD.

OUR GROSS NATIONAL PRODUCT EXCEEDS ONE TRILLION DOLLARS. THE UNITED STATES IS THE ONLY NATION IN THE WORLD TO EVER REACH THAT MARK.

TODAY, FOR THE FIRST TIME IN 12 YEARS, THE UNITED STATES IS AT PEACE WITH EVERY NATION IN THE WORLD.

FIVE YEARS AGO, AMERICAN AGRICULTURE WAS PRACTICALLY A DEPRESSED INDUSTRY. EACH YEAR, A HUNDRED THOUSAND FARM FAMILIES WERE LEAVING THE LAND -- MOVING OUT OF RURAL AMERICA TO LOOK FOR JOBS AND BETTER LIVING IN THE TOWNS AND CITIES.

NOT JUST CHANGE BUT PROGRESS

TODAY, AGRICULTURE IS NO LONGER DEPRESSED. FARM INCOME IS UP. IN 1973, NET FARM INCOME REACHED THE ALL-TIME HIGH OF \$26.1 BILLION --\$11.4 BILLION MORE THAN THE \$14.7 BILLION INCOME FARMERS EARNED BEFORE THIS ADMINISTRATION CAME TO OFFICE.

TODAY, OUR FARM EXPORTS ARE SETTING NEW RECORDS EVERY YEAR. FOR CALENDAR 1973, U.S. AGRICULTURAL EXPORTS TOTALED \$17.7 billion --over \$7 BILLION MORE THAN THE \$10 BILLION GOAL SET FOR THE DECADE OF THE 1970'S FOUR YEARS AGO.

OUR NET AGRICULTURAL TRADE BALANCE WAS \$9.3 BILLION. THIS DOESN'T TELL THE TRUE STORY OF EXPORT GROWTH, HOWEVER, BECAUSE \$5.5 BILLION OF THE AMOUNT REPRESENTS COMMODITIES LIKE COFFEE, TEA AND BANANAS WHICH WE DON'T GROW IN THIS COUNTRY AND WOULD BUY UNDER ALMOST ANY CIRCUMSTANCES.

FOOD FOR FUEL

FARM EXPORTS ARE THE LARGEST SINGLE FACTOR IN THE NATION'S CURRENT FAVORABLE BALANCE OF PAYMENTS.

IT'S AN INTERESTING FACT THAT THE \$9.3 BILLION BALANCE IS PRECISELY THE AMOUNT OUR NATION PAID LAST YEAR FOR PETROLEUM IMPORTS. ONE MIGHT SAY THAT U.S. WHEAT, CORN, SOYBEANS AND OTHER FARM PRODUCTS PAID FOR THE OIL WE BOUGHT FROM OTHER COUNTRIES.

IN ANY EVENT, ABUNDANCE IS THE GUARANTEE WE HAVE FOR CONTINUED PROGRESS IN AGRICULTURE. ABUNDANCE IS THE GUARANTEE CONSUMERS HAVE FOR

REASONABLE FOOD PRICES.

MAXIMIZE FREEDOM

AND WE'LL HAVE THAT ABUNDANCE IF WE CAN LEARN TO KEEP FROM MEDDLING
WITH OUR FREE ENTERPRISE ECONOMY AND LET IT WORK OPENLY AND UNFETTERED.

GOVERNMENT PROGRAMS THAT INTERFERE WITH THE FREE MARKET SYSTEM DESTROY
THE INCENTIVE FOR FARMERS, OR FOR PRODUCERS OF ANY COMMODITY.

LOOK AT THE DIFFICULT PERIOD OUR CATTLEMEN ARE GOING THROUGH TODAY.
THE BEEF INDUSTRY IS TRYING TO ADJUST FROM THE UNUSUAL MARKETING SITUATION
OF 1973, WHEN THE GOVERNMENT COULDN'T KEEP HANDS OFF THE MARKETING SYSTEM
AND BEGAN TINKERING WITH THE MACHINERY THAT MAKES IT WORK.

THE RESULT WAS TO CREATE A SITUATION WE ARE TRYING NOW TO WORK
OURSELVES OUT OF.

CONSEQUENCES OF MEDDLING

A YEAR AGO, THE BEEF OUTLOOK FOR 1973 WAS PROMISING. DEMAND WAS STRONG. PRICES WERE SATISFACTORY, ALTHOUGH PRODUCTION COSTS WERE STARTING TO EAT UP MOST OF THE PROFIT MARGIN.

BEFORE THE YEAR ENDED, KANSAS CATTLEMEN WERE REPORTING LOSSES ON FED CATTLE OF MORE THAN \$100 A HEAD.

HIGH FEED COSTS WERE PARTIALLY RESPONSIBLE.

THE U.S. DEPARTMENT OF AGRICULTURE ESTIMATES THAT FEED LAST SUMMER COST \$36 PER 100 POUNDS OF GAIN, COMPARED TO \$20 PER 100 POUNDS OF GAIN IN THE SUMMER OF 1972.

FEEDER CATTLE COST MORE TOO. LAST SUMMER, CATTLE GOING INTO FEEDLOTS COST 58 CENTS A POUND ON THE AVERAGE, COMPARED WITH 42 CENTS THE PREVIOUS SUMMER.

WHEN THE FEEDLOTS EMPTIED, MANY OPERATORS LEFT THEM EMPTY. ONE LOOK AT THE ACCOUNT BOOKS SHOWED THEY WERE LOSING MONEY ON EVERY HEAD PUT THROUGH THE LOT.

GOVERNMENT BLUNDER

THIS IS THE POINT AT WHICH THE GOVERNMENT MADE A BLUNDER. MANY OF US SAID SO AT THE TIME -- AND SECRETARY OF AGRICULTURE, EARL BUTZ, WAS ONE OF THE MOST ARTICULATE IN DENOUNCING PRICE CONTROLS ON BEEF. HE AND I ARGUED AGAINST FEDERAL INTERFERENCE IN OUR FREE MARKET ECONOMY.

CONSUMER PRESSURE CARRIED THE DAY. PRICE CONTROLS WENT ON BEEF, AND WITH THE PROFIT INCENTIVE DENIED THEM, BEEF PRODUCERS QUIT PRODUCING FED BEEF.

IT SOON BECAME EVIDENT THAT PRICE CONTROLS WOULDN'T WORK. SO THE BUREAUCRACY TOOK ACTIONS TO CORRECT THEIR BLUNDER.

IRON LAW OF BUREAUCRACY

AT THIS POINT, WHAT I CALL DOLE'S LAW CAME INTO PLAY. DOLE'S LAW SAYS: WHEN A BUREAUCRACY RECTIFIES A MISTAKE, IT DOES SO BY CREATING NEW ONES.

THE COST OF LIVING COUNCIL ANNOUNCED IN THE SUMMER THAT THE PRICE FREEZE ON BEEF WOULD BE LIFTED IN SEPTEMBER. THIS WAS AN OPEN INVITATION TO CATTLEMENTTO HOLD BEEF OFF THE MARKET UNTIL THE RETAIL PRICES WERE UNFROZEN.

WHEN THE FREEZE WAS LIFTED, WE GOT A MARKET GLUT.

SINCE THEN, THE CATTLE INDUSTRY HAS BEEN TRYING TO READJUST TO THE BEEF SUPPLY-DEMAND SITUATION. AT THE SAME TIME, CONSUMERS AND THE PUBLIC GENERALLY HAVE BEEN HARANGUED ALMOST INCESSANTLY WITH SCARE STORIES OF FOOD SHORTAGES, \$1-A-LOAF BREAD, AND OTHER EMOTIONAL ARGUMENTS, MOST OF WHICH ARE INTENDED TO DIVERT ATTENTION AWAY FROM THE FACTS AND PUT THE

BLAME FOR HIGHER FOOD COSTS ON FARMERS AND FARM PROGRAMS.

SUCH ARGUMENTS WON'T WASH.

CONTROLS NO ANSWER

CONSUMERS ARE LEARNING FAST THAT PRICE CONTROLS AREN'T THE ANSWER. THEY HAVE LEARNED THAT WHEN THEY GO INTO THE MARKET WITH MONEY TO BUY, PRODUCERS WHO SUPPLY THAT MARKET MOVE FAST TO SATISFY THEIR NEEDS AND WANTS.

WE'RE LOOKING FOR BUMPER CROPS OF MOST FARM COMMODITIES THIS YEAR -- AND HUNGRY MARKETS WILL BE WAITING TO TAKE THE FULL PRODUCTION.

FARMERS DO FACE SOME PROBLEMS, HOWEVER.

FERTILIZER IS SHORT

IMPLICATIONS OF ENERGY CRISIS

FERTILIZER IS IN TERRIBLY SHORT SUPPLY. NOT EVERY FARMER AND RANCHER WILL GET ALL THE BALING WIRE HE WANTS. FARM MACHINERY IS BACK ORDERED AND USED MACHINERY AND REPAIRS ARE GETTING HARDER TO FIND.

THESE SHORTAGES ARE ENERGY-RELATED. THEY ARE THE RESULT OF OUR STRETCH-OUT POLICY ON USE OF AVAILABLE FUEL WHILE WE DEVELOP NEW SOURCES OF SUPPLY.

AGRICULTURAL PRIORITIES

THE FEDERAL ENERGY OFFICE ASSURES ME THAT EVERY EFFORT WILL BE MADE TO PROVIDE FARMERS THE FUEL SUPPLIES THEY NEED. THE MANDATORY ALLOCATION REGULATIONS PROVIDE PRIORITY ALLOCATIONS FOR AGRICULTURAL PRODUCTION, INCLUDING:

- GASOLINE: 100 PERCENT OF CURRENT NEED.
- DIESEL FUEL: 110 PERCENT OF THE 1972 BASE PERIOD. SECRETARY BUTZ HAS RECOMMENDED THAT THIS BE ESTABLISHED AS 100 PERCENT OF CURRENT NEED.

--AVIATION FUEL: 100 PERCENT OF CURRENT NEED.

-- PROPANE: 100 PERCENT OF CURRENT NEED IF SUFFICIENT SUPPLY IS AVAILABLE. ADDITIONAL SUPPLIES OF PROPANE HAVE BEEN ASSURED BY FEDERAL AUTHORITIES.

--BUTANE: AGRICULTURAL AND OTHER TRADITIONAL USES ARE A NO. 2 PRIORITY AFTER PETROCHEMICALS.

-- RESIDUALS: 100 PERCENT OF NEED FOR AGRICULTURAL PURPOSES INCLUDING BUNKER-C FUEL FOR EXPORT SHIPPING.

AT THE END OF THE FIRST WEEK IN MARCH, THE DEPARTMENT OF AGRICULTURE REPORTS A TURNAROUND FROM THE TIGHT SUPPLY SITUATION OF FEBRUARY, BASED ON REPORTS FROM STATE AND COUNTY AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE OFFICES. I AM HOPEFUL THIS SITUATION CAN BE FURTHER EASED BY ADOPTION OF A CHANGE IN THE FEDERAL ENERGY OFFICE REGULATIONS WHICH I HAVE PROPOSED. IF IT IS ADOPTED, THEN THE FUEL NECESSARY TO BACK UP THE

GUARANTEE THAT FARMERS GET 100% OF THEIR CURRENT NEED WILL BE AVAILABLE AND THAT GUARANTEE --WHICH LOOKS GOOD ON PAPER -- WILL BE BACKED BY SUFFICIENT AMOUNTS OF FUEL.

FERTILIZER SUPPLY STATUS

THE NATIONAL FERTILIZER SITUATION, IS ONE THAT POSES SERIOUS PROBLEMS FOR THE FARMER. NATIONALLY, THE SUPPLY FIGURES LOOK GOOD. USDA PREDICTS A SHORTFALL FOR NITROGEN FERTILIZERS OF APPROXIMATELY FIVE PERCENT, A TWELVE PERCENT SHORTFALL IN PHOSPHATES, AND A FAIRLY GOOD SUPPLY OF POTASH.

BUT YOU CAN'T TOP DRESS WHEAT WITH USDA ESTIMATES. NO MATTER WHAT THE FORECASTS MAY INDICATE, FARMERS IN KANSAS NEED FERTILIZER NOW -- AND FAR TOO MANY OF THEM ARE INDICATING TO ME THAT THEY CAN'T GET IT. I HAVE BEEN DOING ALL IN MY POWER, MAKING CONTACTS WITH FERTILIZER COMPANY OFFICIALS AND REPLAYING TO THEM THE NEEDS OF KANSANS WHICH ARE REPORTED TO ME. SINCE THERE IS NO FEDERAL ALLOCATION PROGRAM FOR FERTILIZER, THERE

IS LITTLE ELSE THAT CAN BE DONE DIRECTLY. IN SOME FEW CASES, WE HAVE BEEN SUCCESSFUL BUT IN ALL TOO MANY, THERE HAS JUST BEEN NONE FOUND AVAILABLE.

INVESTIGATIONS REQUESTED

SO WEDNESDAY, BEFORE I LEFT WASHINGTON, I CONTACTED THE COST OF LIVING COUNCIL, THE IRS AND THE GENERAL ACCOUNTING OFFICE AND REQUESTED THAT EACH OF THESE AGENCIES CONDUCT IMMEDIATE INVESTIGATIONS OF THE FERTILIZER PROBLEM.

CLC AND THE IRS, OF COURSE, WILL FOCUS PRIMARILY ON QUESTIONS OF PRICE AND ON INDUSTRY COMPLIANCE WITH AN OCTOBER AGREEMENT WITH THE CLC TO INCREASE DOMESTIC SUPPLIES FOLLOWING THE CESSATION OF PRICE CONTROLS ON FERTILIZER.

REPORTED PRICES BEING CHARGED FOR THE SAME PRODUCT RANGE FROM AROUND \$100 A TON IN SOME CASES TO OVER \$300 A TON IN OTHERS. SOME OF THE

DISCREPANCIES MAY BE ATTRIBUTABLE SOLELY TO THE HIGHER PRICE OF IMPORTED PRODUCT IN THE HIGH DEMAND INTERNATIONAL FERTILIZER MARKET. BUT IN OTHER CASES, IT COULD BE DUE TO PRICE GOUGING. IF IT IS, THEN PENALTIES AND REFUNDS ARE IN ORDER.

THE GAO INVESTIGATION WILL BE FAR MORE BROAD RANGING THAN THAT. I HAVE ASKED FOR AN ACROSS THE BOARD EXAMINATION OF THE FERTILIZER MARKETING SITUATION INCLUDING AN INQUIRY INTO THE AMOUNT THAT IS PRESENTLY BEING EXPORTED, THE PRODUCTION CAPABILITIES OF DOMESTIC COMPANIES AND THE NEED FOR EXPANSION, AS WELL AS REASONS, GOOD OR BAD, FOR THE HIGH PRICES BEING CHARGED.

PRICES OF ALL FERTILIZERS ARE RUNNING ABOUT 65 PERCENT HIGHER THAN THE CONTROLLED PRICES OF LAST OCTOBER. IN SOME LOCALITIES, THE COST HAS DOUBLED, OR EVEN TRIPLED.

ONE SIGNIFICANT FACT TO REMEMBER, IS THAT WHEN PRICES WERE CONTROLLED, THERE WAS NO SUPPLY AT ALL. FOREIGN DEMAND WAS STRONG AND BUYERS WERE WAITING WITH CASH IN HAND.

TRANSPORTATION CONSIDERATIONS

TRANSPORTATION DIFFICULTIES WILL CONTINUE TO PLAGUE FARMERS IN 1974. NEW ROLLING STOCK IS BEING ADDED, BUT OLD CARS WEAR OUT ABOUT AS FAST AS NEW ONES ARE BUILT.

A FEW YEARS AGO A WEEKLY GRAIN EXPORT TOTALING 50 MILLION BUSHEL WOULD HAVE BEEN A GOOD WEEK. TWICE LAST YEAR, WEEKLY EXPORTS TOTALS EXCEEDED 80 MILLION BUSHEL, AND FOR MANY WEEKS THE TOTAL WAS IN THE UPPER 70 MILLION BUSHEL RANGE.

THE 12 RAILROADS SERVING THE KANSAS CITY AREA PLAN TO BUY IN 1974:

- 478 NEW LOCOMOTIVES. THEY'LL RETIRE 266 AND REBUILD 264.
- 4,035 NEW JUMBO CARS. THEY'LL RETIRE 193 AND REBUILD 642.
- 100 NEW 40-FT, BOXCARS. THEY'LL RETIRE 9,209 AND REPAIR 3,617 OLD ONES

A JUMBO HOPPER HOLDS ABOUT HALF AGAIN AS MUCH AS A 40-FOOT BOXCAR.
SO, DESPITE THE NEW ROLLING STOCK, THERE IS LITTLE CHANGE IN HAULING CAPACITY.

ALL OF THESE ARE PROBLEMS. THEY ARE IRRITATING AND FRUSTRATING. BUT
THEY SHOULD NOT DIM OUR SENSES TO THE OPPORTUNITIES THAT LIE AHEAD FOR
AGRICULTURE.

THE PHILOSOPHY OF THE FARM ACT OF 1973, THE INTENT OF THE CONGRESS, AND
THE PROGRAMS OF THE DEPARTMENT OF AGRICULTURE COMBINE TO ESTABLISH A CLIMATE
IN WHICH U.S. AGRICULTURE CAN COMPETE AGGRESSIVELY IN MARKETS -- BOTH AT
HOME AND ABROAD.

TARGET PRICE PROGRAMS FOR WHEAT AND FEED GRAINS ASSURE FARMERS THAT
THE GOVERNMENT IS WILLING TO SHARE SOME OF THE RISK OF INCREASED PRODUCTION
TO MEET THE STRONG DOMESTIC AND WORLD MARKET DEMAND.

KANSAS FARMERS ARE RESPONDING TO THE OPPORTUNITIES OF THE NEW MARKET__
ORIENTED PROGRAMS. THE JANUARY PLANTING INTENTION REPORT SHOWED:

WHEAT PLANTINGS IN KANSAS ARE UP A MILLION ACRES OVER 1973, FROM
10.4 MILLION TO 11.4 MILLION ACRES.

PLANTINGS OF BOTH GRAIN SORGHUM AND SOYBEANS WERE DOWN SLIGHTLY FROM
1973. CORN INDICATIONS WERE SLIGHTLY HIGHER.

A MARCH PLANTING INTENTIONS REPORT IS SCHEDULED FOR RELEASE THIS WEEK.
IT MAY GIVE A CLEARER INDICATION OF HOW FARMERS ARE REACTING TO THE DAY-TO-
DAY VARIATIONS IN SEED, FERTILIZER, FUEL AND PRICE SITUATIONS FOR EACH CROP.

PRUDENT FARMING PRACTICES

MOST FARMERS APPEAR TO BE USING SHARPER PENCILS THIS YEAR THAN IN THE
RECENT PAST. THEY'RE MAKING BOTH FUEL AND FERTILIZER GO FARTHER THAN A YEAR
AGO. IF FARMERS AND OTHER ENERGY USERS CONTINUE THEIR PRESENT, PRUDENT
COURSE WE WILL BE ABLE TO AVOID RATIONING.

RATIONING OF FUEL OR FARM PRODUCTION INPUTS OF ANY KIND WOULD BE A MISTAKE. IT WOULD OPEN THE DOOR TO NEW BUREAUCRATIC BUNGLING. IT WOULD LEAD TO WASTEFUL ADMINISTRATIVE COSTS. IT WOULD ADD TO INFLATION. IT WOULD DIMINISH THE PURCHASING POWER OF THE U. S. DOLLAR. IT WOULD REDUCE NET FARM INCOME.

KANSAS FARMERS HAVE SHOWN BY THEIR INDIVIDUAL DECISIONS THAT THEY APPROVE OF OUR FREE MARKET SYSTEM WHICH MAKES RURAL COMMUNITIES PROSPEROUS, FEEDS PEOPLE IN CITIES, AND PUTS MONEY IN DEALERS' POCKETS, AND IN THE BANK.

OUR NATIONAL AGRICULTURAL POLICY WILL CONTINUE TO BE AIMED AT STRENGTHENING THE SYSTEM OF PRIVATE ENTERPRISE WHICH MAKES FARM AND RURAL PROSPERITY A REALITY.

Handing Baggage on Airline.

H. H. H.

Handing of Airline