

REMARKS BY SENATOR BOB DOLE
MITCHELL COUNTY RURAL WATER DISTRICT
BELOIT, KANSAS
SATURDAY, MAY 4, 1974

I AM PLEASED TO BE AT THIS LUNCHEON AS I HAD A SMALL PART IN THE UNDERTAKING TO OBTAIN A RURAL WATER SUPPLY FOR THIS AREA. IT'S BEEN A NUMBER OF YEARS -- ABOUT ~~ONE~~^{SIX} -- SINCE YOU DIRECTED LETTERS TO ME INDICATING YOU HAD APPLIED FOR HELP FROM THE FARMERS HOME ADMINISTRATION TO OBTAIN SOME FINANCING FOR THIS PROJECT.

IT'S BEEN A LONG TIME COMING, BUT THE EFFORT AND TIME SPENT IN OBTAINING THE GRANT AND LOAN THAT IS BEING ANNOUNCED TODAY IS WORTH IT. I KNOW PERSONALLY HOW HARD MANY OF YOU HAVE WORKED TO GET THIS ACCOMPLISHED. YOU ARE TO BE COMMENDED.

WHEN THE FARMERS HOME ADMINISTRATION NOTIFIED ME THAT THEY WERE FINALLY GOING TO BE ABLE TO MAKE THE LOAN AND GRANT, I HAD MY STAFF PULL MY FILES ON THIS PROJECT. BACK IN 1968 AND 1969 I HAVE LETTERS AND NEWSPAPER CLIPPINGS OF HOW HUNTER WAS HAULING WATER FROM SYLVAN GROVE . . . OF HOW THEY DRILLED 800 FEET WITHOUT FINDING WATER. I KNOW YOU ARE PLEASED TO SEE THIS WATER DISTRICT MOVE AHEAD. THIS IS WHAT RURAL DEVELOPMENT IS ALL ABOUT.

IT IS WELL THAT YOU PERSEVERED IN YOUR EFFORTS, FOR IT IS ONE WAY THAT YOU WILL BENEFIT FROM THE TAX DOLLARS YOU SEND BACK TO WASHINGTON.

AS YOU KNOW, WE HAVE FOUGHT MANY BATTLES TOGETHER, GETTING PLANS APPROVED, FINDING WHERE THE APPLICATION STOOD IN RELATION TO OTHER PROPOSALS, AND THEN WHEN IT LOOKED LIKE WE HAD A CHANCE, A REDUCTION AND EVEN IMPOUNDMENT OF GRANT FUNDS.

I CAN EVEN REMEMBER A DISCUSSION I HAD WITH CAL JAMES WHEN YOU WERE THINKING ABOUT BREAKING THE PROJECT

DOWN INTO PHASES, SO THAT YOU MIGHT BE ABLE TO GET SOME OF THE NECESSARY GRANT FUNDS IN SMALLER SEGMENTS EACH YEAR SINCE SUCH A LARGE AMOUNT WAS REQUIRED. NOW WITH THE \$446,000 GRANT AND THE \$1,283,300 LOAN, THINGS SHOULD START TO HAPPEN AROUND HERE. TWO HUNDRED AND FIFTY-TWO MILES OF PIPELINE IS A LOT OF WATER LINES.

THE \$125,000 THAT YOU AS USERS OF THE WATER HAVE INVESTED IS A LOT OF MONEY AND THE \$105,000 FROM YOUR COMMUNITY TAX FUNDS IS A MAJOR CONTRIBUTION.

I'M PROUD OF THE FOUR-COUNTY EFFORT TO OBTAIN THIS SERVICE AND I AM SURE YOU ARE EQUALLY AS PROUD OF THE ACCOMPLISHMENT.

I THINK YOU ARE AWARE THAT THIS \$446,000 IS THE LARGEST GRANT EVER MADE TO A WATER DISTRICT IN THE STATE OF KANSAS. IN CHECKING THE FIGURES I HAVE FOUND THAT WE HAVE BEEN SUCCESSFUL IN OBTAINING MORE FUNDS FOR RURAL DEVELOPMENT IN THE PAST FEW YEARS. ONE OF THE REASONS FOR

I'm proud to
↓
Announcing
The Official
Approval
of Loan
& Grant

HIS INCREASE HAS BEEN THE GENERAL INTEREST IN RURAL DEVELOPMENT. IN 1970, I COSPONSORED TITLE IX OF THE AGRICULTURE ACT OF 1970 WITH HERMAN TALMADGE, SENATOR FROM GEORGIA AND CHAIRMAN OF THE SENATE AGRICULTURE COMMITTEE.

TITLE IX GAVE THE FIRST COMMITMENT BY CONGRESS TO DO SOMETHING ABOUT RURAL DEVELOPMENT. FOLLOWING PASSAGE OF THAT BILL AND ITS DIRECTION, THE SENATE AGRICULTURE COMMITTEE ESTABLISHED THE RURAL DEVELOPMENT SUBCOMMITTEE, TO WHICH I WAS ASSIGNED, AND THROUGH HEARINGS CONDUCTED BY THAT SUBCOMMITTEE THROUGHOUT THE NATION WE WERE ABLE TO DEVELOP AND PASS THE RURAL DEVELOPMENT ACT OF 1972, A COMPREHENSIVE LAW WHICH PROVIDES NEW EMPHASIS AND MECHANISM TO DEVELOP RURAL AMERICA. MOST OF THE PROVISIONS OF THAT BILL HAVE BEEN ESTABLISHED AND IN THE PAST FEW MONTHS THE FARMERS HOME ADMINISTRATION HAS MADE SOME OF THE FIRST GUARANTEED LOANS THROUGH LOCAL FINANCIAL INSTITUTIONS FOR RURAL ECONOMIC DEVELOPMENT.

IN CHECKING ON WATER DISTRICTS I FIND THAT SINCE 1970 WATER DISTRICTS IN THE STATE OF KANSAS HAVE RECEIVED TWO AND ONE-HALF TIMES AS MUCH MONEY IN LOANS AND GRANTS FOR RURAL WATER DISTRICTS AS IT DID IN THE PRIOR FOUR YEARS FROM 1966 TO 1969 (1966 - 1969 -- \$13,062,270; 1970 - 1974 -- \$32,024,200).

I HAVE GREAT HOPES FOR RURAL AMERICA . . . AND I WOULD HOPE WE CAN DEVELOP THE SAME SERVICES TO EVERYONE IN RURAL AREAS THAT OUR URBAN RESIDENTS ENJOY . . . WITHOUT ALL THE PROBLEMS THE URBAN CENTERS SEEM TO ATTRACT.

MITCHELL, LINCOLN, OSBOURNE, AND RUSSELL COUNTIES ARE GOOD AGRICULTURAL COUNTIES. CROPS AND LIVESTOCK ARE THE BASIS OF THE ECONOMY AND MY WORK IN THE U. S. SENATE IS GREATLY CONCERNED WITH THIS IMPORTANT ECONOMIC FACTOR. IN RECENT MONTHS THERE ARE SEVERAL AREAS OF CONCERN TO OUR FARMERS AND TO RURAL COMMUNITIES.

Mitchell #2 } total investment
Mitchell #3 } close to \$5 million

Will generate close to
5
\$25 million in economic development
in 4-5 years

AREAS OF CONCERN

FUEL, FERTILIZER, AND FARM PRICES ARE THE MAJOR AREAS OF CONCERN. A MAN HARDLY DARES TO LOOK AT A NEWSPAPER OR TURN ON A RADIO FOR FEAR OF FINDING SOME NEW DEVELOPMENT IN THESE AREAS TO CLOUD THE FARM OUTLOOK. THE ARABS HAVE THEIR OIL EMBARGO AND THEIR PRICE INCREASES. FERTILIZER DEALERS CAN'T GET PRODUCT. ELEVATORS CAN'T GET TRANSPORTATION, AND NET FARM MARGINS STAY THE SAME OR DECREASE AS PRICES FOR EQUIPMENT, FUEL, FERTILIZER, AND OTHER VITAL PRODUCTION MATERIALS GO SKY-HIGH.

STILL, FARMERS CAN FIND REASON TO BE OPTIMISTIC. WE HAVE THE BEST ECONOMIC SYSTEM IN THE WORLD, FOR ONE THING. OUR INFLATION IS NOT AS PAINFUL AS IN SOME COUNTRIES OF EUROPE AND JAPAN AND OTHER INDUSTRIALIZED COUNTRIES AROUND THE GLOBE WHICH ARE TRYING TO COPE WITH FAR HIGHER INFLATION RATES.

STRONG ECONOMY

OUR ECONOMY HAS SOME IMPORTANT ASPECTS THAT MAKE IT STRONG. ONE IS COMPETITION. WITHOUT COMPETITION, PRICES RISE AND SERVICE DECLINES. ANOTHER ASPECT IS THE PRICE AND PROFIT SYSTEM. WHEN DEMAND INCREASES, PRICES RISE AND THE ADDITIONAL PROFIT STIMULATES AN ADDITIONAL SUPPLY TO MEET THE DEMAND. THESE MECHANISMS, IF ALLOWED TO WORK, WILL PULL AGRICULTURE AND THE REST OF THE ECONOMY THROUGH THESE DIFFICULT TIMES. WE HAVE SEEN THIS SYSTEM WORK WELL FOR THE KANSAS FARMER THE PAST TWO YEARS -- WITH EXPANDED DEMAND -- EXPANDED EXPORTS. IT WORKS. LET'S NOT MUDDY IT UP NOW WITH EXPORT CONTROLS OR PRICE CONTROLS, AS SOME PEOPLE ADVOCATE.

FUEL

KANSAS FARMERS HAVE MORE REASON TO BE CONCERNED ABOUT FUEL THAN THOSE IN OTHER PARTS OF THE COUNTRY. ACROSS THE STATE, WE'VE SEEN AN EXPANSION OF IRRIGATED ACREAGE AND AN INCREASE IN USE OF CHEMICALS AND FERTILIZERS. BOTH OF THESE TRENDS TAKE MORE FUEL.

YOU HAVE SOME HARD WORKERS IN OBTAINING YOUR SHARE OF FUEL IN THIS AREA. BOB PEARSON WAS IN WASHINGTON LAST MONTH TO TESTIFY AT HEARINGS I REQUESTED BY ONE OF THE SUBCOMMITTEES OF THE AGRICULTURE COMMITTEE. BOB DID AN EXCELLENT JOB AND WAS HELPFUL IN CONVINCING THE OFFICIALS OF THE FEO WHO WERE ALSO TESTIFYING TO REALIZE SOME OF THE PROBLEMS BEYOND THEIR OFFICES IN WASHINGTON.

AS THE RESULT OF THOSE HEARINGS THE NEW AGRICULTURAL PRIORITY REGULATIONS PUBLISHED JUST YESTERDAY IN THE FEDERAL REGISTER DEFINITELY PROVIDES FOR ONE HUNDRED PERCENT OF NEED PRIORITY FOR AGRICULTURAL PRODUCTION BEFORE ANY OIL COMPANY CAN ALLOT FUEL FOR GENERAL USES.

SO, AS WE END SPRING PLANTING AND APPROACH THE START OF WHEAT HARVEST, WE KNOW THAT FARMERS WILL GET THE ONE HUNDRED PERCENT OF THEIR CURRENT FUEL REQUIREMENTS AS PROMISED BY THE FEO. THIS ALLOCATION INCLUDES PROPANE,

GASOLINE, AND DIESEL FUEL. A FARMER SHOULD NOW BE ABLE TO GET THE FUEL HE NEEDS WHEN HE NEEDS IT. AND I WANT TO KNOW IF THEY DON'T. I TOLD SECRETARY BUTZ THURSDAY THAT THIS WAS A MATTER OF GREATEST PRIORITY IN KANSAS AND THE MIDWEST.

FERTILIZER

IF FUEL PROBLEMS AREN'T ENOUGH, FERTILIZER SHORTAGES HAVE BEEN WORSE IN MANY COUNTIES. IT'S A GOOD EXAMPLE OF HOW COMPLEX THE ECONOMY IS. PRODUCTION OF ANHYDROUS AMMONIA AND NITRATES DEPENDS ON NATURAL GAS, WHICH IS IN SHORT SUPPLY DUE TO THE ENERGY CRISIS. SUPPLIES OF POTASH AND PHOSPHATES DEPEND ON ADEQUATE TRANSPORTATION, WHICH IS IN TIGHT SUPPLY DUE TO THE FUEL AND FREIGHT CAR SHORTAGES.

TO MAKE THE FERTILIZER SITUATION EVEN MORE ACUTE, THE PRODUCTS HAVE BECOME MORE AND MORE IMPORTANT TO FARM OUTPUT. DEMAND IN THE UNITED STATES FOR FERTILIZER IS UP

TWENTY TO THIRTY PERCENT OVER 1973. OTHER COUNTRIES WITH FAST GROWING POPULATIONS ARE BECOMING MORE DEPENDENT ON FERTILIZER TO KEEP FOOD PRODUCTION UP WITH INCREASES IN PEOPLE AND THIS HAS CAUSED INCREASED EXPORT DEMAND.

THE SOLUTION, WE WERE TOLD, WAS LIFTING PRICE CONTROLS, FIRST, TO LET AMERICAN FARMERS BID EQUALLY AGAINST FOREIGN BUYERS, AND, SECOND, TO STIMULATE THE INDUSTRY TO PRODUCE MORE FERTILIZER. WITH COST OF LIVING COUNCIL PRICE CONTROLS ON DOMESTIC SALES, FERTILIZER COMPANIES TURNED TO THE EXPORT MARKETS WHICH WERE PAYING TWICE WHAT THEY WERE ALLOWED TO CHARGE IN THE U. S. WHEN WE WERE ABLE TO GET THE PRICE CONTROLS LIFTED, THE FERTILIZER COMPANIES HAD ALREADY COMMITTED CONSIDERABLE SHIPMENTS OVERSEAS. NOW WITH PRICES FREE AGAIN, COMPANIES ARE ANNOUNCING THE CONSTRUCTION OF NEW PLANTS (NINE PLANTS HAVE BEEN ANNOUNCED TO BE CONSTRUCTED IN CANADA OVER THE NEXT THREE

TO FIVE YEARS. CONSTRUCTION IS IN CANADA DUE TO THE FACT THAT THE FEDERAL POWER COMMISSION WILL NOT AUTHORIZE NATURAL GAS SUPPLIES FOR PLANTS IN THE U. S.), AND AS SOON AS WE RETURN TO THE COMPETITIVE STATUS, PRICES SHOULD DECLINE. I STILL GET REPORTS FROM FARMERS UNABLE TO OBTAIN ANY FERTILIZER. AS A RESULT, I HAVE ASKED THE GOVERNMENT ACCOUNTING OFFICE (GAO) TO INVESTIGATE THE PRODUCERS COMPLIANCE WITH AN AGREEMENT THEY ENTERED INTO TO SELL MORE FERTILIZER DOMESTICALLY ONCE CONTROLS WERE LIFTED.

EXPORTS IMPORTANT

AS OUR EXPERIENCE IN 1972 AND 1973 HAVE SHOWN, EXPORT SALES VOLUMES MAKE THE DIFFERENCE BETWEEN \$1.50 WHEAT AND \$4.00 WHEAT AND BETWEEN \$2.00 SOYBEANS AND \$6.00 SOYBEANS. BUT YOU CANNOT HAVE EXPORT SALES WITHOUT THE FACILITIES TO SHIP GRAIN TO THE PORTS AND FROM THERE TO FOREIGN COUNTRIES.

BUT THE PROBLEM HAS BECOME TREMENDOUSLY MORE DIFFICULT IN THE PAST YEAR. IN FISCAL YEAR 1972, WE EXPORTED 600 MILLION BUSHEL OF WHEAT. IN FISCAL YEAR 1973, THE FIGURE WAS OVER 1.2 BILLION BUSHEL. THE DIFFICULTY IS SHIPPING NEARLY TWICE AS MUCH WHEAT IN AN ALREADY STRAINED SYSTEM -- BUT THE EFFORT IS WORTH IT! IN 1972, WHEAT EXPORTS WERE VALUED AT \$1 BILLION. IN 1973, THE VALUE WAS OVER \$2.3 BILLION . . . MORE THAN TWICE AS MUCH. SO IMPROVEMENTS IN FREIGHT SERVICE ARE VITAL.

FARM PRICES

IN THE FINAL ANALYSIS, THE WELL-BEING OF FARMERS OF RURAL AMERICA DEPENDS ON THE PRICES THE FARMER GETS AND THE PRICES HE PAYS. LAST FALL WHEN WHEAT WAS SELLING AT CLOSE TO \$5.00 AT LOCAL ELEVATORS, IT WAS DIFFICULT TO IMAGINE A RECURRENCE OF THE DEPRESSION-LEVEL PRICES FARMERS WERE GETTING NOT MORE THAN A YEAR AND A HALF AGO. YET WITH EXPANDED CROP ACREAGE AND UNCERTAIN EXPORT MARKETS, THE LINE BETWEEN FUTURE SURPLUS AND FUTURE SCARCITY BECOMES DIFFICULT TO DISTINGUISH.

WE WANT TO KEEP THE PRICES UP, BECAUSE THAT IS PROBABLY THE MOST IMPORTANT RURAL DEVELOPMENT FACTOR . . . FARM INCOME. IF THE PRICE OF WHEAT IS \$5.00 A BUSHEL OR CORN AT \$3.00 A BUSHEL, THE CHANCES OF MITCHELL, LINCOLN, OSBOURNE, AND RUSSELL COUNTIES PROSPERING ARE FAR GREATER THAN WHEN WHEAT WAS \$1.32 AND CORN \$1.00 A BUSHEL.

WITH THE COMPLEXITY OF THE MARKET AND THE MULTITUDE OF FACTORS INVOLVED, IT IS IMPOSSIBLE TO PREDICT FARM PRICES FOR 1974. TO PREVENT A POSSIBLE RETURN TO FORMER DEPRESSION-LEVEL PRICES, THE CONGRESS HAS ESTABLISHED TARGET PRICES OF \$2.05 A BUSHEL FOR WHEAT AND \$1.38 FOR CORN. TO ITS CREDIT, THE CONGRESS HAS PROVIDED FOR AN INCREASE IN THE TARGET PRICE FOR THE 1976 AND 1977 CROPS TO OFFSET INCREASES IN THE COST OF FARM EQUIPMENT, FUEL, FERTILIZER, AND OTHER ESSENTIAL MATERIALS. I AM PRESENTLY WORKING FOR PASSAGE OF A BILL I INTRODUCED WHICH WOULD INSTALL THAT ESCALATOR FOR NEXT YEAR TO REFLECT COST OF PRODUCTION INCREASES OUR FARMERS HAVE ALREADY ABSORBED.

THE SALES THE PAST TWO YEARS HAVE PROVED THE NEED FOR A BETTER SYSTEM FOR MONITORING OUR EXPORTS. BUT THIS DOES NOT MEAN EXPORT CONTROLS. SUCH A MONITORING SYSTEM WAS PROVIDED IN THE AGRICULTURE AND CONSUMER PROTECTION ACT OF 1973.

CONCLUSION

AS I SAID, FUEL, FERTILIZER, AND FARM PRICES MAKE THE FARM PICTURE TODAY. THE PROBLEMS ARE NOT ALL NEW ONES AND THEY ARE NOT SIMPLE ONES. AND WE ARE MAKING PROGRESS ON SOME SOLUTIONS. BUT MOST IMPORTANT, WE HAVE THE BENEFIT OF A GOOD ECONOMIC SYSTEM. IT HAS WORKED FOR TWO HUNDRED YEARS TO MAKE US THE MOST PROSPEROUS, BEST FED, AND SECURE NATION IN THE WORLD. I HAVE PROOF THAT IT WORKS . . . WHEN I CAN SEE HUNDREDS OF PEOPLE WORK TOGETHER IN FOUR KANSAS COUNTIES TO PUT TOGETHER A WATER SYSTEM WITH 252 MILES OF PIPELINE, THREE STANDPIPES, AND ONE PUMPING STATION, I KNOW THE SYSTEM WORKS . . . AND I BELIEVE IT AND THE AMERICAN PEOPLE ARE CAPABLE OF MEETING THESE CHALLENGES.

THERE ARE MANY QUESTIONS FOR ALL OF THE ECONOMY,
BUT I BELIEVE IN PARTICULAR THOSE OF US IN RURAL AREAS SUCH
AS THIS HAVE GOOD REASON TO BE OPTIMISTIC ABOUT THE FUTURE.