

REMARKS OF SENATOR BOB DOLE
O K GRAIN CO-OP DINNER MEETING
VFW HALL
KIOWA, KANSAS
SATURDAY, MAY 11, 1974 6:00P.M.

IT IS A PLEASURE TO BE HERE AT THIS OK GRAIN CO-OP DINNER AND
TO HAVE THIS OPPORTUNITY TO SHARE WITH YOU SOME OF MY VIEWS ABOUT
WHAT'S IN STORE FOR FARMERS AND FOR RURAL AMERICA.

BASIC OPTIMISM

WITH ALL THE PROBLEMS FACING FARMERS THESE DAYS -- AND BELIEVE
ME, I DON'T MINIMIZE THEM -- I MAINTAIN A CERTAIN OPTIMISM ABOUT WHAT'S
AHEAD. LAST YEAR WAS A GOOD YEAR FOR AGRICULTURE. THIS YEAR, DESPITE
HIGHER PRICES, THREATS OF TRUCK STRIKES AND THE REST, CAN BE A GOOD
YEAR AS WELL.

BUT WHETHER THE TRUCKS ROLL WITHOUT INTERRUPTION, OR NOT; NO
MATTER IF THE PRICES FOR FUEL AND FERTILIZER AND OTHER SUPPLIES WERE CUT

IN HALF TOMORROW -- THERE WOULD BE STILL ONE PROBLEM TO BE OVERCOME.

IT IS ONE WE SOMETIMES IGNORE, BECAUSE IT SEEMS LESS IMMEDIATE THAN THE OTHERS. IT IS A PROBLEM OF ATTITUDE -- BUT IT IS A SERIOUS PROBLEM NONETHELESS.

EXPORTS BLAMED FOR PROBLEM

JUST A FEW WEEKS AGO, MR GEORGE MEANY PROVIDED ME WITH A PERFECT EXAMPLE OF THIS PROBLEM. MEANY WAS TESTIFYING BEFORE THE SENATE FINANCE COMMITTEE OF WHICH I AM A MEMBER, DURING SOME HEARINGS WE WERE HOLDING ON INTERNATIONAL TRADE.

NOW, I WOULD BE QUICK TO POINT OUT THAT I AGREED WITH MR. MEANY ON SOME OF THE POINTS HE MADE. HE IS CAUTIOUS ABOUT DETENTE -- AND I AGREE WE CAN'T RUSH INTO IT WITH OUR EYES CLOSED.

HE WANTS TO MAINTAIN A STRONG DEFENSE FOR AMERICA -- AND I THINK HE IS ABSOLUTELY RIGHT ON THAT.

BUT I PART COMPANY WITH HIM WHEN HE STARTS TALKING ABOUT INTERNATIONAL AGRICULTURAL TRADE -- WHEN HE SAYS THINGS LIKE

"MUCH OF THE GAIN IN THE TRADE ACCOUNTS
WAS THE RESULT OF HEAVY EXPORTS OF FARM
GOODS AND CRITICAL RAW MATERIALS."

HE MAY BE RIGHT, THERE, BUT LISTEN TO THE CONCLUSION HE DRAWS.

"AND IT WAS EXPORTS OF THESE COMMODITIES" (SAYS
MR. MEANY) "WHICH CAUSED SHARP DOMESTIC SHORTAGES
AND BROUGHT ON THE RAPID ACCELERATION OF INFLATION."

THERE IT IS IN A NUTSHELL. BASICALLY, THE SHORTAGES WE HAVE
SUFFERED, THE HIGH INFLATION RATES, CAN BE BLAMED ON THE FARMER WHO
HAS BEEN EXPORTING HIS PRODUCTS OVERSEAS, WHERE THE DEMAND IS HIGH.
THE USUAL COROLLARY TO SUCH A SIMPLISTIC CHARGE IS THAT THE FARMERS
WHO ARE DOING ALL THIS EXPORTING ARE GETTING RICH IN THE PROCESS, AND

AT THE EXPENSE OF ALL THE REST OF US.

WIDESPREAD MISUNDERSTANDING

AND THERE ARE SIMPLY TOO MANY PEOPLE LEFT IN THIS COUNTRY WHO STILL THINK THAT RISING FOOD PRICES MEAN FARMERS ARE GETTING RICH. YET EVEN THOUGH WE ARE NOW PREPARING TO BRING IN WHAT WE HOPE WILL BE ONE OF THE BIGGEST WHEAT CROPS EVER, WE HAVE JUST SEEN THE WHEAT MARKET DROP AGAIN.

WHAT WILL FARM CRITICS SAY ABOUT THAT. WHAT WILL MR. MEANY SAY? IF THE PRICE OF BREAD RISES, WILL THEY STILL INSIST ITS BECAUSE WE SOLD WHEAT TO RUSSIA, AND MADE FARMERS RICH.

MAYBE. BUT I'D DEFY MR. MEANY -- OR ANYONE TO EXPLAIN HOW HIGHER WHEAT PRICES COULD HAVE CAUSED THE PRICE OF A TRACTOR TO CLIMB FROM \$8,000 TO \$15,000 OR HIGHER. THEY DON'T USE A LOT OF WHEAT TO MAKE A TRACTOR, BUT THEY SURE USE A LOT OF LABOR.

FOOD PRICES INFLATION SYMPTOM, NOT CAUSE

IF THE HOUSEWIFE EVER DOES PAY A DOLLAR FOR A LOAF OF BREAD, IT WON'T BE BECAUSE THE FARMER IS GETTING RICH. IT WILL BE BECAUSE THE BAKER, WHO WORKS HARD, THE PEOPLE WHO WORK HARD FOR THE BAKER, WHO PACKAGE HIS BREAD, DRIVE HIS TRUCKS, WORK IN THE STORES, NEED AND ARE GETTING HIGHER WAGES.

I AM NOT SAYING THEY AREN'T ENTITLED TO THESE WAGES. FAR FROM IT. THEY ARE PAYING MORE FOR WHAT THEY BUY, JUST AS THE FARMERS ARE. I AM ONLY ASKING THAT PEOPLE REALIZE THAT RISING FOOD PRICES ARE NOT THE CAUSE OF INFLATION. THEY ARE JUST ONE OF ITS MOST VISIBLE SYMPTOMS.

BUT WHILE WAGES HAVE BEEN RISING, THE FARMER, UP UNTIL A YEAR OR TWO AGO, HAS BEEN RECEIVING THE SAME PRICE FOR HIS BUSHEL OF WHEAT AS HE RECEIVED TWENTY YEARS AGO.

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THAT HAS BEGUN TO CHANGE -- AND I SAY ITS ABOUT TIME.

IN THE PAST MONTH, HOWEVER, WE HAVE SEEN THE PRICE DROP AS MUCH AS 98¢ PER BUSHEL. I UNDERSTAND THAT HERE IN KIOWA, IT DROPPED FROM \$5.10 ON MARCH 1ST TO \$3.14 LAST THURSDAY.

THAT IS A \$1.96 DROP IN PRICE -- AND THAT IS MORE THAN YOU WERE SELLING WHEAT FOR 3 OR 4 YEARS AGO.

ARAB OIL -- AMERICAN FOOD

BUT NOW IS NOT THE TIME TO PANIC. NOW IS THE TIME TO SETTLE-DOWN AND MAKE PLANS FOR THE FUTURE, SHORT AND LONG RANGED.

NOW IS THE TIME TO LOOK AHEAD TO OVERCOMING THE PROBLEMS WE FACE.

NOW IS THE TIME TO LOOK AHEAD TO POTENTIAL MARKETS AND TO POSSIBLE CHANGES IN SOME TRADE BARRIERS THAT HAVE PREVENTED TRADING IN THE PAST. FOR THE FACT REMAINS THAT THE LONG RANGE PICTURE FOR WHEAT EXPORTS HAS NEVER BEEN BETTER. AS LONG AS THE WORLD'S POPULATION KEEPS GROWING AT

THE RATE OF 70 MILLION PER YEAR, THE UNITED STATES WILL BE IN THE DRIVERS SEAT AS A SOURCE FOR BASIC FOOD SUPPLIES.

OUR CAPACITY TO PRODUCE FOOD IS AS IMPORTANT TO THE WORLD AS THE ARAB OIL PRODUCING CAPACITY. IN THE LONG RANGE, I FORSEE OUR FOOD DOMINANCE BEING EVEN STRONGER THAN THE ARAB'S OIL DOMINANCE. THE POTENTIAL LONG RANGE MARKETS ARE CERTAINLY THERE AND I AM WORKING TO SEE THAT AMERICAN FARMERS GET THEIR SHARE OF THOSE MARKETS.

REGARDING THE SHORT RANGE PROSPECTS WE HAVE ALREADY SEEN IN THE PAST TWO YEARS WHAT CAN HAPPEN IN EXPORTS. AGRICULTURAL EXPORTS HAVE DOUBLED FROM \$10 TO 20 BILLION. AND WE HAVE SEEN WHAT THOSE EXPORTS CAN DO TO THE PRICES FARMERS RECEIVE.

HIGH WORLD DEMAND CONTINUES

NOW IS THE TIME TO REALLY MAKE SURE THAT THE EXPORTS WILL KEEP FLOWING, WHEN THE NEW WHEAT STARTS MOVING THROUGH HOUSTON, GALVESTON, NEW ORLEANS AND OTHER PORTS. IT WON'T BE LONG UNTIL THE EXPORTERS START ANNOUNCING NEW SALES. REMEMBER ALL WE HAVE HEARD FROM THE EXPORTERS RECENTLY HAS BEEN ABOUT THEIR CURTAILMENTS OF SHIPMENTS UNTIL AFTER HARVEST. THE EXPORTER DIDN'T GO OUT OF BUSINESS THOUGH AND I AM CONFIDENT THERE WILL BE NEW SALES ANNOUNCED SOON.

I CAN'T PROMISE \$4 OR \$5 WHEAT FOR THIS COMING YEAR. BUT I DO FEEL THAT IMPROVED PRICES ARE LIKELY WITH THE DEMAND THAT EXISTS IN THE WORLD FOR WHEAT AND FOR ALL KINDS OF PROTEIN AND WITH THE ABILITY WE HAVE TO PROVIDE THIS WONDERFUL RENEWABLE PROTEIN SOURCE, THE DEMAND IS THERE AS IS THE SUPPLY. IF WE CAN MAINTAIN PEACE WITH OUR TRADING PARTNERS,

AND IMPROVE OUR TRANSPORTATION SYSTEM. I AM CONFIDENT WE WILL SEE \$5 WHEAT AGAIN. MAYBE THIS YEAR, MAYBE NOT, BUT AS LONG AS THIS WORLD'S POPULATION CONTINUES TO GROW, THE WHEAT PRODUCERS OF THIS NATION -- AND KANSAS -- WILL GET THEIR SHARE.

STABILIZING COSTS EXPECTED

I DON'T MINIMIZE THE INCREASES IN COSTS THAT YOU HAVE FACED THE PAST TWO YEARS. IF YOU CAN GET EQUIPMENT OR SUPPLIES, IT MOST LIKELY COSTS YOU TWO OR EVEN THREE TIMES AS MUCH AS IT DID TWO YEARS AGO. I FEEL THAT THIS INTOLERABLE PRICE SITUATION IS BEGINNING TO STABILIZE, HOWEVER, AND DO NOT FORESEE FUTURE PRICE RISES OF ANYWHERE NEAR THE SAME MAGNITUDE OF THOSE WE HAVE SEEN THIS PAST YEAR. MANUFACTURERS WILL EXPAND PRODUCTION TO BRING ABOUT MORE REALISTIC PRICES BUT THIS WILL INEVITABLY TAKE SOME TIME.

IN THE MEANTIME, WE NEED TO LET THOSE OVERSEAS MARKETS KNOW WE ARE NOT ABOUT TO IMPOSE ANY EXPORT EMBARGOES. WE NEED TO ASSURE THEM THAT WE PLAN TO CONTINUE PRODUCING, AND SUPPLYING THEM WITH GOOD HIGH QUALITY WHEAT. THEY HAVE EVERY RIGHT TO BE CONCERNED ABOUT THE AVAILABILITY OF WHEAT FOR EXPORT. THE PRESSURES FOR CONTROLS HAVE BEEN TREMENDOUS, IN THE FACE OF PREDICTIONS THAT WE WERE ABOUT TO RUN OUT OF WHEAT AND THAT OUR HOUSEWIVES WOULD BE PAYING \$1 A LOAF FOR BREAD. BUT WHY SHOULD OUR OVERSEAS TRADING PARTNERS RUSH IN NOW, WHEN THEY SEE THE MARKET DROPPING.

THE EXPORTERS AREN'T ABOUT TO START BUYING AGAIN UNTIL HARVEST STARTS AND THEY MAKE SOME SALES. THEY HAVE JUST DELAYED THE DELIVERY OF 35 TO 45 MILLION BUSHELS OF WHEAT TO ACCOMODATE THE DOMESTIC MARKETS. BUT JUST AS SOON AS HARVEST STARTS, THOSE DEFERRED SHIPMENTS WILL START

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MOVING OUT OF THE PORTS AND THOSE EXPORTERS WILL START MAKING NEW SALES.

EXPANSION OF PL 480 SOUGHT

NOW IS THE TIME FOR US TO LOOK TO THE HUNGRY NATIONS AND SEE THAT THEY ARE WELL SUPPLIED. NOW IS THE TIME TO EXPAND THE FOOD FOR PEACE PROGRAM (PL 480). I HAVE REPEATEDLY URGED THIS EFFORT IN THE PAST FEW WEEKS AND GRADUALLY WE ARE SEEING SOME MOVEMENT OF GRAIN TO HUNGRY PEOPLE THROUGH THIS PROGRAM. REMEBER THAT SOME OF THE NATIONS WHO ARE MOST IN NEED OF THESE PROGRAMS ARE GOING THROUGH INTERNAL REVOLUTION AT THE PRESENT AND THIS PREVENTS NEGOTIATION IN THE PL 480 PROGRAM.

TRANSPORTATION PROBLEMS REAL

WE ALL REMEBER WHEN THE BOXCARS AND TRUCKS WERE BUMPER TO BUMPER FROM KIOWA TO THE PORTS ON THE GULF. THAT IS A BIG PROBLEM WE HAVE TO FACE AGAIN THIS YEAR AND I HAVE DISCUSSED THIS REPEATEDLY WITH SECRETARY

OF AGRICULTURE BUTZ AND GEORGE STAFFORD, CHAIRMAN OF THE ICC. THEY ASSURE ME THEY ARE READY TO ASSIST IN ANY WAY TO MAKE SURE THE GRAIN KEEPS MOVING THIS YEAR.

IT WON'T BE PERFECT. WE'LL HAVE SOME PROBLEMS BUT JUST LAST WEEK WE FINALLY GOT THE 100% AGRICULTURE PRIORITY FOR FUEL STRAIGHTENED OUT SO THAT FARMERS WILL GET THE 100 % OF FUEL NEEDS BEFORE THE ALLOCATION FOR GENERAL USE TAKES PLACE.

KANSANS TESTIFY ON FUEL

IT HAD SOME REAL HELP IN THAT EFFORT FROM THE CO-OPS IN KANSAS, AS FOUR MANAGERS OF LOCAL CO-OPS CAME TO WASHINGTON TO TESTIFY AT HEARINGS OF A SENATE AGRICULTURE COMMITTEE SUBCOMMITTEE AT MY REQUEST. AS A RESULT, THE REGULATIONS WERE CHANGED TO REFLECT A TRUE PRIORITY FOR AGRICULTURE.

YOU SHOULD HAVE ADEQUATE DIESEL AND PROPANE THROUGH HARVEST. GASOLINE MAY STILL BE A LITTLE SHORT, AS THEY HAVE NOT BEEN ABLE TO ADLOT ENOUGH TO GET RESERVE SUPPLIES IN THE AREA TO SUFFICIENT LEVELS TO ACCOMODATE THE DISAPPEARANCE THAT TAKES PLACE WHEN YOU START CUTTING WHEAT. BUT THE PRIORITY IS THERE. AND I AM WORKING ON SPECIAL CONTINGENCY PLANS TO GET SOME RELIEF TO ANY CRITICAL AREAS DURING HARVEST AND THE STATE ASC OFFICE HAS PLEDGED THEIR COOPERATION IN LOCATING THOSE CRITICAL AREAS. HOPEFULLY, WE SHOULD HAVE THE NECESSARY FUEL TO GET THE WHEAT OUT.

AS FAR AS THE TRANSPORTAION TO THE PORTS IS CONCERNED, I AM ASKING THE SENATE AGRICULTURE COMMITTEE TO INVESTIGATE AND MONITOR THE SITUATION THIS YEAR. IT IS ENTIRELY POSSIBLE THAT WE WILL BE HOLDING FIELD HEARINGS AROUND HARVEST TIME TO CHECK ON THE EXPORT MOVEMENT OF WHEAT FROM KANSAS TO THE GULF PORTS SO THAT WE MIGHT DEVELOP POSSIBLE LEGISLATIVE REMEDIES

TO IMPROVE THE TRANSPORTATION SYSTEM.

ALL OVER THE STATE, AND INDEED ALL OVER THE COUNTRY, PEOPLE ARE MAKING PREPARATION FOR HARVEST. IN THE FIELDS, OF COURSE, BUT ALSO IN THE OFFICE OF THE FEDERAL ENERGY OFFICE, THE ICC, THE CORPORATE OFFICES OF THE RAILROADS, THE TRUCKING CONCERNS, PEOPLE ARE FOCUSING ON HARVEST AND WORKING TO ANTICIPATE AND MEET THE NEEDS THAT ARE SURE TO ARISE.

THE BASIC JOB IS YOURS -- AND THE ATTENTIONS OF MUCH OF THE COUNTRY ARE FOCUSED ON THE EFFORT YOU'LL BE MAKING. BUT YOU WILL NEED SOME HELP AND ALL OF THESE PEOPLE -- AS WELL AS MYSELF -- ARE READY AND EAGER TO OFFER THAT HELP WHEN NEEDED.