

REMARKS OF SENATOR BOB DOLE
NATIONAL PEANUT COUNCIL CONVENTION

WASHINGTON HILTON
WASHINGTON, D.C.

MARCH 2, 1978

I AM DEEPLY GRATEFUL FOR THIS OPPORTUNITY TO MEET WITH YOU TODAY. THE INVITATION OF THE NATIONAL PEANUT COUNCIL WILL ENABLE ME FOR THE FIRST TIME TO VISIT AND EXCHANGE IDEAS WITH YOU MEN AND WOMEN WHO SERVE THE NATION SO WELL. I CHERISH THIS OPPORTUNITY.

I WISH TO ASSURE YOU THAT I HAVE LEARNED MUCH ABOUT THIS INDUSTRY FROM CHAIRMAN TALMADGE OF OUR COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY. HE IS A GREAT CHAIRMAN, DEDICATED TO THE WELFARE OF FARMERS EVERYWHERE. MOREOVER, HIS KNOWLEDGE OF YOUR INDUSTRY AND HIS GREAT INTEREST HAS MEANT MUCH ECONOMICALLY TO ALL OF YOU. HOWEVER, I WANT YOU TO KNOW THAT I AM WORKING DAY AND NIGHT TO CHANGE PLACES WITH HIM.

-2-

SPURRED BY THE DISCIPLINE OF COMPETITION, YOU ARE LEADERS IN THE GLOBAL FIGHT FOR AN IMPROVING QUALITY OF LIFE. I HAVE BEEN MUCH IMPRESSED BY THE FACT THAT DESPITE HIGHER PRICES TO PRODUCERS, PER CAPITA CONSUMPTION OF HIGH QUALITY PEANUTS HAS INCREASED IN EACH OF THE LAST THREE DECADES. YOUR PROMOTIONAL ACTIVITIES ACCOMPANIED BY EXCELLENT PRODUCTS HAVE ENABLED YOU TO EXPAND YOUR SALES. I KNOW THAT THIS BACKGROUND OF EXPANDING PER CAPITA CONSUMPTION OF PEANUTS AND THE PRODUCTS WILL REACH EVEN GREATER HEIGHTS IN THE NEXT FIVE YEARS.

I WANT TO PAY TRIBUTE TO YOU WHO ARE LEADERS IN THE HIGHLY COMPETITIVE AND CREATIVE AGRIBUSINESS SYSTEM WHICH IS SECOND TO NONE IN THE WORLD. 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, YOU ARE PART AND PARCEL OF THE ENTIRE MODERN PRODUCTIVE PROCESS.

-3-

EFFICIENT SYSTEM OF 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. THAT IS THE BASIC REASON FOR MY BELIEF IN AN EXPANDING FUTURE FOR THIS INDUSTRY.

I BELIEVE IN THE PROFIT SYSTEM -- AND I ALSO BELIEVE THAT IT CAN WORK EVEN MORE EFFECTIVELY THAN IT HAS IN THE PAST FOR THE PUBLIC GOOD.

FOR TOO LONG, BUSINESS AND GOVERNMENT ENTRENCHED THEMSELVES ON OPPOSITE SIDES OF AN IMAGINARY LINE -- THE LINE DIVIDING THE SO-CALLED "PRIVATE SECTOR" FROM THE SO-CALLED "PUBLIC SECTOR" AND GLOWERED AT ONE ANOTHER.

-4-

SOME STILL REGARD BUSINESS AS INHERENTLY OBLIVIOUS OR EVEN ANTAGONISTIC TO THE PUBLIC INTEREST. SOME EVEN REGARD PROFITS AS ACUTALLY 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.

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, 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 THE DIGNITY OF MAN, THAN HAS BEEN HERETOFORE ACHIEVED BY ANY NATION IN HISTORY.

-5-

CONTINUING REVOLUTION

OUR REVOLUTION DID NOT START AND END IN 1776. IT IS A CONTINUING PHENOMENON. THE FRONTIERS OF OPPORTUNITY, OF KNOWLEDGE, OF HEALTH, OF SOCIAL JUSTICE AND ECONOMIC AND POLITICAL PROGRESS IN OUR LAND ARE STILL BEING EXPANDED.

ON THE FACADE OF THE ARCHIVES BUILDING, ONE FINDS "WHAT IS PAST IS PROLOGUE". MANY MEN LONG AGO PLANTED THE SEEDS THAT PRODUCED MODERN AGRICULTURE. THE DISCOVERERS, EXPLORERS, INVENTORS, COLONIST, AND PIONEERS AFTER THEM, THE FARMERS, INVENTORS, AND ESPECIALLY THE SCIENTISTS -- WHITE AND BLACK.

GEORGE WASHINGTON CARVER

IT WAS THE AGRICULTURAL CHEMIST, EDUCATOR, AND BOTANIST, DR. GEORGE WASHINTON CARVER (1864-1943) WHO FIRST APPRECIATED THE NUTRITIONAL CONTRIBUTION OF THE PEANUT. WORKING IN HIS LABORATORY AT TUSKEGEE INSTITUTE IN ALABAMA, DR. CARVER DID HUNDREDS OF EXPERIMENTS TO IDENTIFY USES OF THE PEANUT PLANT. IN HIS DISCOVERIES OF OVER 200 PRODUCTS FROM PEANUTS, HE IS ALSO BELIEVED TO HAVE

-6-

PRODUCED THE FIRST PEANUT OIL IN THIS COUNTRY.

I'M PROUD THAT HE SPENT MANY OF HIS EARLY YEARS IN MY HOME STATE OF KANSAS. BORN ON A FARM NEAR DIAMOND, MISSOURI, THIS SON OF SLAVE PARENTS LEFT HOME ABOUT THE AGE OF 14 AND WENT TO FORT SCOTT, PAOLA, AND OLATHE, KANSAS. HE RECEIVED HIS HIGH SCHOOL TRAINING IN MINNEAPOLIS, KANSAS AND THERE TOOK THE MIDDLE NAME "WASHINGTON" TO DISTINGUISH HIMSELF FROM ANOTHER GEORGE CARVER.

FROM KANSAS WHERE HE FARMED, HE WENT TO IOWA. THERE IS RECEIVED A B.S. DEGREE (1894) AND AN M.S. DEGREE (1896) IN AGRICULTURE FROM IOWA STATE UNIVERSITY. LATER HE WENT ON TO TUSKEGEE INSTITUTE IN ALABAMA TO TEACH.

HIS WORK WITH SOUTHERN FARMERS SOON CONVINCED HIM THAT THEIR ADVERSITIES WERE CAUSED MAINLY BY LACK OF CROP DIVERSIFICATION, INSUFFICIENT KNOWLEDGE OF SOIL CONSERVATION AND PLANT PROTECTION, AND INADEQUATE UTILIZATION OF FARM PRODUCTS AND BY-PRODUCTS.

-7-

NATIONAL ATTENTION WAS FOCUSED ON CARVER IN 1921 WHEN HE PRESENTED TESTIMONY FOR PEANUT GROWERS IN HEARINGS ON THE FORDNEY-McCUMBER TARIFF BILL BEFORE THE HOUSE WAYS AND MEANS COMMITTEE.

DR. CARVER DIED OF ANEMIA IN 1943. HIS CAREER WAS REMARKABLE FOR ITS DEDICATION TO TEACHING AND INQUIRY SOLELY FOR HUMANITARIAN PURPOSES, AND PROBABLY MOST NOTABLE AS AN EXAMPLE OF EXCEPTIONAL PERSONAL TRIUMPH OVER GREAT OBSTACLES. IN SPITE OF HIS FAME AND MANY HONORS, DR. CARVER DID NOT ESCAPE DISCRIMINATION AND INSULTS WIDELY SUFFERED BY AMERICAN BLACKS.

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. OUR FARM PEOPLE HAVE BEEN IN THE FRONT RANKS OF THESE GREAT ACHIEVEMENTS. THEY ARE STILL THERE. WE CAN COUNT ON THEM. AS A MATTER OF FACT, MANY OF OUR NATIONAL POLICIES REST ON THE ASSUMPTION OF THE CONTINUING MIRACLE CALLED AGRICULTURAL ABUNDANCE AND ITS COUNTERPART INCREASINGLY EFFICIENT AGRIBUSINESS.

-8-

AND IN A REAL SENSE WE NEED TO UNDERSTAND THAT AGRICULTURE IS IN THE FOREFRONT OF THE STRUGGLE FOR A BETTER WORLD. AND YOU ARE HELPING TO MAKE THIS POSSIBLE.

CHANGE AS AN ALLY

CHANGE IS INEVITABLE. AGRICULTURE'S -- AND AMERICA'S CHALLENGE -- IS TO MAKE CHANGE AN ALLY, NOT AN ENEMY.

NOWHERE HAS THERE BEEN MORE MARKED CHANGES THAN IN AGRICULTURE. THERE IS AND WILL CONTINUE TO BE THE FACT OF CHANGE WHICH IS THE CHIEF CHARACTERISTIC OF OUR WORLD. YOU NOW HAVE CHANGED LEGISLATION WHICH WILL REQUIRE A RETHINKING OF YOUR ACTIVITIES AND PRIORITIES.

BEING THE RANKING MINORITY MEMBER OF THE SENATE NUTRITION COMMITTEE -- THE FORMER SELECT COMMITTEE ON NUTRITION AND NOW THE NEW SUB-COMMITTEE OF THE SENATE AGRICULTURE COMMITTEE -- I'VE LEARNED MANY THINGS ABOUT NUTRITION. ONE IS THAT THE PEANUT IS A GOOD SOURCE OF PROTEIN. ITS NUTRITIONAL MERITS ARE RECOGNIZED.

-9-

FEDERAL REGULATIONS COVERING SCHOOL MEAL PROGRAMS -- SERVING MORE THAN 26 MILLION STUDENT MEALS DAILY -- ALLOW THE USE OF PEANUT BUTTER AS A SUBSTITUTE FOOD FOR FISH, POULTRY, EGGS, AND OTHER HIGH PROTEIN MEAT ALTERNATIVES. I BELIEVE THAT OTHER USES SHOULD BE EXPLORED AND DEVELOPED IN ORDER TO RAISE THE INCOME OF PEANUT PRODUCERS.

ONE OF THE TITLES OF THE FOOD AND AGRICULTURE ACT OF 1977 CHANGES IN A SUBSTANTIAL WAY THE U.S. PEANUT PRICE SUPPORT PROGRAM. IT ALSO CHANGES IN A MAJOR WAY THE POSSIBILITIES FOR PRODUCERS AND HOW THE BUYERS AND USERS MUST LOOK AT THIS PROGRAM. THE ACTIVITIES OF THIS ASSOCIATION, YES ITS VERY AGENDA, WILL BE INFLUENCED.

SUPPORT LEVELS

THE SECRETARY OF AGRICULTURE HAS ANNOUNCED THE NATIONAL AVERAGE SUPPORT LEVELS OF \$420 PER SHORT TON FOR 1978-CROP QUOTA PEANUTS, AND \$250 PER SHORT TON FOR 1978 CROP ADDITIONAL PEANUTS.

-10-

THE \$420 QUOTA LEVEL IS THE LEGAL MINIMUM AND THE "ADDITIONAL" LEVEL IS BASED ON ESTIMATED EXPORT DEMAND AND WORLD PRICES. FOR 1978, THE QUOTA PEANUT LEVEL WILL BE 1,680,000 TONS, SLIGHTLY MORE THAN 90 PERCENT OF THE 1977 PRODUCTION. IT DECREASES 5 PERCENT PER YEAR TO 1,440,000 TONS IN 1981.

THE TWO-TIER LEVEL OF SUPPORT IS NEW AND REQUIRED BY THE FOOD AND AGRICULTURE ACT OF 1977. FOR THE 1977 CROP, THERE WAS ONLY ONE SUPPORT LEVEL OF \$430.50 PER SHORT TON , OR \$410.50 PER TON AFTER A DEDUCTION OF \$20 FOR STORAGE, HANDLING, AND INSPECTION. THIS DEDUCTION WILL NOT BE MADE UNDER THE 1978 PROGRAM.

PRODUCERS ARE GOING TO HAVE TO DECIDE HOW MANY ACRES TO PLANT -- WHETHER TO PLANT THEIR FULL ACREAGE ALLOTMENT OR TO PLANT ONLY ENOUGH TO COVER THEIR QUOTA PRODUCTION. WILL IT BE MORE PROFITABLE TO GROW ANOTHER CROP ON THE APPROXIMATELY 20 PERCENT OF THEIR PRODUCTION ALLOCATED TO "ADDITIONAL" PEANUTS?

-11-

WHAT IS THE POSSIBILITY OF GETTING MORE THAN THE PRICE SUPPORT OF \$250 PER TON ON THE "ADDITIONAL" PEANUTS? THIS PRESENTS SOME MAJOR QUESTIONS TO EXPORTERS AND CRUSHERS, ESPECIALLY IN VIEW OF THE UNCERTAINTIES OF THE WORLD MARKETS FOR PEANUTS AND U.S. MARKETS FOR PEANUT OIL AND PEANUT MEAL. IN THIS AREA YOU ARE MOVING FROM GOVERNMENT SET PRICES AND SPECIAL ARRANGEMENTS INTO AREAS OF RISKS.

IT SEEMS TO ME THAT WE SHOULD DO EVERYTHING FEASIBLE TO MAXIMIZE THE RETURN TO PRODUCERS FOR "ADDITIONAL" PEANUTS IN THE FREE MARKET.

THERE SHOULD NOW BE SUPPORT FROM GROUPS SUCH AS THIS FOR MY LEGISLATIVE PROPOSALS TO:

- (1) EXPAND EXPORT-IMPORT BANK CREDITS;
- (2) AUTHORIZE CCC CREDITS TO NON-MARKET ECONOMIES, SUCH AS THE SOVIET UNION AND THE PEOPLES REPUBLIC OF CHINA;

-12-

- (3) AUTHORIZATION FOR INTERMEDIATE CREDITS TO TAKE ADVANTAGE OF EXPORT OPPORTUNITIES THAT REQUIRE CREDITS WITH TERMS LONGER THAN THE CURRENT 3-YEAR MAXIMUM;
- (4) I WOULD LIKE TO SEE THE ADMINISTRATION SPEND LESS TIME AT INTERNATIONAL COMMODITY AGREEMENT CONFERENCES AND DIRECT MORE OF THEIR RESOURCES INTO MARKET DEVELOPMENT ACTIVITIES. THE USDA-INDUSTRY COOPERATOR MARKET DEVELOPMENT PROGRAM IS NOT RECEIVING THE ATTENTION THAT IT SHOULD BE GETTING. THERE IS FAR LESS REAL ACTIVITY BY THESE PROGRAMS IN WORLD MARKETS THAN THERE WAS 10 YEARS AGO. THE MARKET DEVELOPMENT ACTIVITIES OF THE NATIONAL PEANUT COUNCIL NEED TO BE CARRYING THE MESSAGE TO OVERSEAS MARKETS EVEN MORE VIGOROUSLY THAN CURRENTLY. THE JOB IS DIFFERENT. IF DONE SUCCESSFULLY, IT CAN MEAN MILLIONS OF DOLLARS IN INCREASED INCOME.

-13-

- (5) I WOULD URGE THAT YOU SEE THAT THE ADMINISTRATION'S TRADE NEGOTIATORS IN GENEVA NOT BE "MOUSETRAPPED" INTO ANY AGREEMENTS THAT WOULD WORK TO THE DETRIMENT OF U.S. FARM EXPORTS. I BELIEVE THAT WE MUST NOT GIVE AWAY EASIER ACCESS TO U.S. MARKETS FOR INDUSTRIAL GOODS OR AGRICULTURAL COMMODITIES BY REDUCED TARIFF OR NON-TARIFF BARRIERS WITHOUT ATTAINING GREATER ACCESS TO THE MARKETS OF THE WORLD FOR U.S. AGRICULTURE. THIS IS THE MOST IMPORTANT OBJECTIVE FOR U.S. AGRICULTURE. BOTH INDUSTRIAL AND FARM ITEMS MUST BE BROUGHT ALONG TOGETHER AS THE TRADE NEGOTIATIONS PROCEED. WE MUST NOT BE THE FORGOTTEN RELATIVES AS WE WERE DURING THE KENNEDY ROUND.

WE ARE MOVING INTO THE EXPERIENCE OF A NEW PROGRAM. IT IS ESSENTIAL FARMERS UNDERSTAND THE NEW PROGRAM. IT IS ESSENTIAL THAT THIS NATIONAL PEANUT COUNCIL NOT ONLY HELP FARMERS UNDERSTAND THE PROGRAM, BUT ALSO HELP THEM MAXIMIZE THEIR RETURNS. HELP FARMERS DEVELOP THE OPPORTUNITIES FOR GREATER DOMESTIC DEMAND, AND HELP THEM GET

-14-

AND UTILIZE EXPORT AUTHORITIES WHICH WILL GIVE THE NATION GREATER
CLOUT IN EXPORT COMPETITION.

I WISH YOU EVERY SUCCESS.

#####

For Immediate Release
Thursday, March 2, 1978

Contact: Janet Anderson

REMARKS OF SENATOR BOB DOLE
NATIONAL PEANUT COUNCIL CONVENTION

Washington Hilton
Washington, D.C.

March 2, 1978

I am deeply grateful for this opportunity to meet with you today. The invitation of the National Peanut Council will enable me for the first time to visit and exchange ideas with you men and women who serve the Nation so well. I cherish this opportunity.

I wish to assure you that I have learned much about this industry from Chairman Talmadge of our Committee on Agriculture, Nutrition, and Forestry. He is a great Chairman, dedicated to the welfare of farmers everywhere. Moreover, his knowledge of your industry and his great interest has meant much economically to all of you. However, I want you to know that I am working day and night to change places with him.

Spurred by the discipline of competition, you are leaders in the global fight for an improving quality of life. I have been much impressed by the fact that despite higher prices to producers, per capita consumption of high quality peanuts has increased in each of the last three decades. Your promotional activities accompanied by excellent products have enabled you to expand your sales. I know that this background of expanding per capita consumption of peanuts and the products will reach even greater heights in the next five years.

I want to pay tribute to you who are leaders in the highly competitive and creative agribusiness system which is second to none in the world. 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, you are part and parcel of the entire modern productive process.

Efficient System of 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. That is the basic reason for my belief in an expanding future for this industry.

I believe in the profit system -- and I also believe that it can work even more effectively than it has in the past for the public good.

For too long, business and government entrenched themselves on opposite sides of an imaginary line -- the line dividing the so-called "private sector" from the so-called "public sector" and glowered at one another.

Some still regard business 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.

-2-

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, 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 the dignity of man, than has been heretofore achieved by any nation in history.

Continuing Revolution

Our revolution did not start and end in 1776. It is a continuing phenomenon. The frontiers of opportunity, of knowledge, of health, of social justice and economic and political progress in our land are still being expanded.

On the facade of the Archives Building, one finds "What Is Past Is Prologue". Many men long ago planted the seeds that produced modern agriculture. The discoverers, explorers, inventors, colonists, and pioneers after them, the farmers, inventors, and especially the scientists -- white and black.

George Washington Carver

It was the agricultural chemist, educator, and botanist, Dr. George Washington Carver (1864-1943) who first appreciated the nutritional contribution of the peanut. Working in his laboratory at Tuskegee Institute in Alabama, Dr. Carver did hundreds of experiments to identify uses of the peanut plant. In his discoveries of over 200 products from peanuts, he is also believed to have produced the first peanut oil in this country.

I'm proud that he spent many of his early years in my home state of Kansas. Born on a farm near Diamond, Missouri, this son of slave parents left home about the age of 14 and went to Fort Scott, Paola, and Olathe, Kansas. He received his high school training in Minneapolis, Kansas and there took the middle name "Washington" to distinguish himself from another George Carver.

From Kansas where he farmed, he went to Iowa. There he received a B.S. degree (1894) and an M.S. degree (1896) in agriculture from Iowa State University. Later he went on to Tuskegee Institute in Alabama to teach.

His work with Southern farmers soon convinced him that their adversities were caused mainly by lack of crop diversification, insufficient knowledge of soil conservation and plant protection, and inadequate utilization of farm products and by-products.

National attention was focused on Carver in 1921 when he presented testimony for peanut growers in hearings on the Fordney-McCumber Tariff Bill before the House Ways and Means Committee.

Dr. Carver died of anemia in 1943. His career was remarkable for its dedication to teaching and inquiry solely for humanitarian purposes, and probably most notable as an example of exceptional personal triumph over great obstacles. In spite of his fame and many honors, Dr. Carver did not escape discrimination and insults widely suffered by American blacks.

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. Our farm people have been in the front ranks of these great achievements. They are still there. We can count on them. As a matter of fact, many of our national policies rest on the assumption of the continuing miracle called agricultural abundance and its counterpart increasingly efficient agribusiness.

And in a real sense we need to understand that agriculture is in the forefront of the struggle for a better world. And you are helping to make this possible.

-3-

Change As An Ally

Change is inevitable. Agriculture's -- and America's challenge -- is to make change an ally, not an enemy.

Nowhere has there been more marked changes than in agriculture. There is and will continue to be the fact of change which is the chief characteristic of our world. You now have changed legislation which will require a rethinking of your activities and priorities.

Being the Ranking Minority Member of the Senate Nutrition Committee -- the former Select Committee on Nutrition and now the new Subcommittee of the Senate Agriculture Committee -- I've learned many things about nutrition. One is that the peanut is a good source of protein. Its nutritional merits are recognized.

Federal regulations covering school meal programs -- serving more than 26 million student meals daily -- allow the use of peanut butter as a substitute food for fish, poultry, eggs, and other high protein meat alternatives. I believe that other uses should be explored and developed in order to raise the income of peanut producers.

One of the titles of the Food and Agriculture Act of 1977 changes in a substantial way the U.S. peanut price support program. It also changes in a major way the possibilities for producers and how the buyers and users must look at this program. The activities of this Association, yes its very agenda, will be influenced.

Support Levels

The Secretary of Agriculture has announced the National Average Support Levels of \$420 per short ton for 1978-crop quota peanuts, and \$250 per short ton for 1978 crop additional peanuts. The \$420 quota level is the legal minimum and the "additional" level is based on estimated export demand and world prices. For 1978, the quota peanut level will be 1,680,000 tons, slightly more than 90 percent of the 1977 production. It decreases 5 percent per year to 1,440,000 tons in 1981.

The two-tier level of support is new and required by the Food and Agriculture Act of 1977. For the 1977 crop, there was only one support level of \$430.50 per short ton, or \$410.50 per ton after a deduction of \$20 for storage, handling, and inspection. This deduction will not be made under the 1978 program.

Producers are going to have to decide how many acres to plant -- whether to plant their full acreage allotment or to plant only enough to cover their quota production. Will it be more profitable to grow another crop on the approximately 20 percent of their production allocated to "additional" peanuts?

What is the possibility of getting more than the price support of \$250 per ton on the "additional" peanuts? This presents some major questions to exporters and crushers, especially in view of the uncertainties of the world markets for peanuts and U.S. markets for peanut oil and peanut meal. In this area, you are moving from government set prices and special arrangements into areas of risks.

It seems to me that we should do everything feasible to maximize the return to producers for "additional" peanuts in the free market.

There should now be support from groups such as this for my legislative proposals to:

- (1) Expand Export-Import Bank Credits;
- (2) Authorize CCC Credits to non-market economies, such as the Soviet Union and the People's Republic of China;
- (3) Authorization for intermediate credits to take advantage of export opportunities that require credits with terms longer than the current 3-year maximum;
- (4) I would like to see the Administration spend less time at International Commodity Agreement Conferences and direct more of their resources into market development activities. The USDA-Industry Cooperator Market Development Program is not receiving the attention that it should be getting. There is far less real activity by these programs in the world markets than there was 10 years ago. The market development activities of the National Peanut Council need to be carrying the message to overseas markets even more vigorously than currently. The job is different. If done successfully, it can mean millions of dollars in increased income.

-4-

- (5) I would urge that you see that the Administration's trade negotiators in Geneva not be "mousetrapped" into any agreements that would work to the detriment of U.S. farm exports. I believe that we must not give away easier access to U.S. markets for industrial goods or agricultural commodities by reduced tariff or non-tariff barriers without attaining greater access to the markets of the world for U.S. agriculture. This is the most important objective for U.S. agriculture. Both industrial and farm items must be brought along together as the trade negotiations proceed. We must not be the forgotten relatives as we were during the Kennedy Round.

We are moving into the experience of a new program. It is essential farmers understand the new program. It is essential that this National Peanut Council not only help farmers understand the program, but also help them maximize their returns. Help farmers develop the opportunities for greater domestic demand, and help them get and utilize export authorities which will give the Nation greater clout in export competition.

I wish you every success.

-30-