

REMARKS BY SENATOR BOB DOLE
AAM GRASSROOTS CONVENTION
FEBRUARY 20, 1980
WASHINGTON, D.C.

I AM GRATEFUL FOR THIS OPPORTUNITY TO SPEAK TO THE FIRST ANNUAL GRASS ROOTS CONVENTION OF THE AMERICAN AGRICULTURAL MOVEMENT. I REMEMBER SPEAKING TO YOUR FIRST MEETING IN WASHINGTON ON A VERY COLD DAY IN DECEMBER, 1977, AT THE WASHINGTON MONUMENT.

A LOT HAS HAPPENED SINCE YOUR FIRST MEETING IN WASHINGTON. ONE THING FOR SURE WE KNOW IS THAT AGRICULTURAL CONDITIONS HAVE NOT IMPROVED SUBSTANTIALLY SINCE THAT TIME.

AS ALL OF YOU KNOW, AMERICAN FARMERS FACE AN "EXTREMELY DIFFICULT" YEAR IN 1980, WITH SHARPLY RISING PRODUCTION COSTS EXPECTED TO FAR OUTSTRIP FARM PRICES.

ALL FARMERS HAVE BEEN ESPECIALLY HARD HIT BY DOUBLE-DIGIT INFLATION AND SKYROCKETING PRODUCTION COSTS, PARTICULARLY FOR ESSENTIAL ENERGY SUPPLIES.

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THERE IS ALREADY A FORECAST OF A 20 PERCENT DECLINE IN NET FARM INCOME NEXT YEAR. THIS WAS A FORECAST BEFORE THE PRESIDENT'S GRAIN EMBARGO.

EVEN IN TERMS OF TODAY'S DOLLARS, WE ARE LOOKING AT A DECREASE IN NET FARM INCOME FROM \$32 BILLION TO \$25 BILLION. IN REAL TERMS, THIS WOULD TRANSLATE INTO THE LOWEST FARM INCOME SINCE THE GREAT DEPRESSION.

ALL SIGNS ARE POINTING TOWARD AN EXTREMELY DIFFICULT YEAR AHEAD FOR FARMERS IN KANSAS AND THROUGHOUT THE NATION. THIS POSES ANOTHER VIOLENT SHOCK FOR OUR ALREADY BATTERED AND BRUISED NATIONAL ECONOMY.

I AM HERE TODAY BECAUSE I HAVE FOUGHT AND CHAMPIONED THE CAUSE OF THE FARMER AND AGRICULTURE FOR THE LAST 19 YEARS AS A MEMBER OF THE HOUSE AND SENATE AGRICULTURE COMMITTEES.

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I HAVE FOUGHT FOR AGRICULTURE FOR TWO BASIC REASONS:

FIRST, BECAUSE IT IS RIGHT.

FARMERS PRODUCE THE FOOD AND FIBER THAT HAVE HELPED TO GIVE AMERICA THE HIGHEST STANDARD OF LIVING ON THE FACE OF THE GLOBE. THEY ALSO HAVE HELPED FEED MUCH OF THE REST OF THE WORLD AS WELL. THE FARMER IS THUS ENTITLED TO FAIR TREATMENT IN THE AMERICAN ECONOMY. HIS FAMILY IS ENTITLED TO SHARE IN FULL MEASURE IN THE BLESSINGS OF LIFE THAT MOST OTHER AMERICANS TAKE FOR GRANTED.

SECOND, BECAUSE IT IS GOOD ECONOMICS.

FARMING TODAY REMAINS THE LARGEST AND MOST IMPORTANT INDUSTRY IN THE UNITED STATES. MOST OF THE MONEY RECEIVED BY FARMERS IS SPENT IN THEIR LOCAL COMMUNITIES. FROM THERE IT SPREADS AS A RIPPLE IN A POND THROUGHOUT THE ENTIRE ECONOMY.

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GRAIN EMBARGO

I SAID BEFORE PRESIDENT CARTER EMBARGOED GRAIN SALES TO THE SOVIET UNION THAT I FELT SUCH AN ACTION WOULD BE AN INEFFECTIVE TOOL FOR THE U.S. IN DEALING WITH RUSSIAN FOREIGN POLICY AND WOULD BE A DISASTROUS MOVE FOR AMERICAN FARMERS. I STILL FEEL THAT WAY.

I DID NOT FEEL THAT FARMERS IN THIS NATION SHOULD HAVE TO PAY THE TOTAL PRICE FOR THE LACK OF LEADERSHIP AND THREE YEARS OF DRIFTING FOREIGN POLICY BY THE CARTER ADMINISTRATION. I BELIEVE THE EMBARGO WAS THE RESULT OF A LACK OF COHESIVENESS AND CREDIBILITY OF THE CARTER FOREIGN POLICY.

IN THE LONG RUN I BELIEVE THE EMBARGO OF GRAIN TO THE SOVIET UNION WILL HURT THE U.S. MORE THAN IT WILL HURT THE SOVIET UNION.

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AMERICAN FARMERS WILL SUFFER FINANCIALLY AS GRAIN PRICES AND PRODUCTION DROPS, THE U.S. BALANCE OF PAYMENTS WILL SUFFER AND THE VALUE OF THE DOLLAR WILL CONTINUE TO DECLINE.

THE BOTTOM LINE IS: THE ACTION BY PRESIDENT CARTER IN IMPOSING A GRAIN EMBARGO ON RUSSIA WAS IRRESPONSIBLE. IT WAS ONE OF THE WORST ECONOMIC DECISIONS EVER MADE BY THE U.S. GOVERNMENT.

IT IS ANOTHER SAD EXAMPLE OF THE PRESIDENT'S FAILING TO PROVIDE RESPONSIBLE COMMON SENSE LEADERSHIP THAT THE 80'S REQUIRE. IT BREAKS FAITH WITH RURAL AMERICA AND REVERSES A PROMISE "CANDIDATE CARTER" MADE IN DES MOINES, IOWA, IN AUGUST OF 1976.

THE FACT OF THE MATTER IS THAT PRESIDENT CARTER TOOK A SWING AT THE SOVIET UNION AND KNOCKED OUT THE AMERICAN FARMER.

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THE FOLLY OF THE EMBARGO IS THAT THE U.S. FARMER HAD A CASH MARKET FOR THE 650 MILLION BUSHEL OF GRAIN USING SOVIET MONEY. NOW WE HAVE TO USE OUR MONEY AND INCREASE THE FEDERAL BUDGET DEFICIT TO BUY THE GRAIN FOR STORAGE.

EMBARGO HEARINGS

NEXT WEEK IN THE SENATE AGRICULTURE COMMITTEE WE WILL BE HAVING HEARINGS ON LEGISLATION THAT IS NEEDED TO OFFSET THE IMPACT OF THE EMBARGO. I WILL BE VERY INTERESTED IN THE TESTIMONY AND WILL BE WORKING TO SEE THAT EFFECTIVE LEGISLATION IS PASSED. I BELIEVE AAM WILL TESTIFY AT THE HEARING.

I HAVE SUGGESTED A 10 POINT PROGRAM TO DEAL WITH THE GRAIN EMBARGO AND I KNOW AT LEAST 3 OTHER SENATORS WHO ARE WORKING ON BILLS CONCERNING THE EFFECTS OF THE EMBARGO. I WILL BE ASKING SENATOR TALMADGE TO LET THE AGRICULTURE COMMITTEE MARK UP A BILL SOON AFTER THE HEARINGS ARE OVER.

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I PERSONALLY BELIEVE THE ACTIONS TAKEN BY THE CARTER ADMINISTRATION ARE INSUFFICIENT TO PROTECT THE AMERICAN FARMER FROM THE ADVERSE EFFECT OF THE PRESIDENT'S SUSPENSION OF GRAIN AND OTHER AGRICULTURAL TRADE WITH THE SOVIET UNION.

THE FARMERS OF THIS COUNTRY ARE LOYAL AND PATRIOTIC. THEY ARE WILLING AND EAGER TO SHOULDER WHATEVER BURDENS AND SACRIFICE ARE REQUIRED OF AMERICANS IN THE NATIONAL INTEREST. BUT FARMERS HAVE A RIGHT TO EXPECT THAT THE BURDEN AND SACRIFICES WILL BE SHARED BY ALL AMERICANS.

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GASOHOL

WE ALL KNOW THAT AMERICA IS IN DIRE NEED OF AN ALTERNATIVE, RENEWABLE SOURCE OF FUEL, AND I BELIEVE THAT ALCOHOL FUEL PRODUCTION WILL PROVIDE A SIGNIFICANT PART OF THE SOLUTION TO THE NATION'S ENERGY PROBLEM. GASOHOL HAS ARRIVED. IT IS NO PIPE DREAM. GASOHOL HAS A LOT OF POLITICAL CLOUT BEHIND IT.

OUR NATIONAL ENERGY NEEDS MUST BE MET BY DEVELOPING CONTRIBUTIONS FROM A LARGE NUMBER OF ENERGY SUPPLIES, BUILDING ON THIS NATION'S ABUNDANT RESOURCES. ALCOHOL FUELS REPRESENT IMPORTANT SUPPLIES BASED ON THE AMERICAN AGRICULTURE COMMUNITY AND THE POTENTIAL FOR PRODUCTION AND MARKETING BEYOND 1985 WILL BE QUITE LARGE-- ESPECIALLY IF WE DEVELOP FURTHER EXISTING FACILITIES THAT ARE NEEDING ASSISTANCE IN OPERATION. THE PROJECT FACILITIES IN OPERATION AND UNDER CONSTRUCTION TODAY WILL LEAD TO PROVIDING A GREATER PROPORTION OF OUR ENERGY SUPPLY IN THE FUTURE.

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IN LESS THAN A YEAR, THIS NATION HAS WITNESSED AN EXPLOSION OF INTEREST AND INVOLVEMENT IN THE ALCOHOL FUELS INDUSTRY. THE NUMBER OF RETAIL OUTLETS HAVE INCREASED TO MORE THAN 1,500.

IN THE SENATE, I HAVE SEEN OVERWHELMING BIPARTISAN SUPPORT FOR MANY ALCHOL FUEL PROPOSALS.

IN EARLY DECEMBER, DURING CONSIDERATION IN THE SENATE, I INTRODUCED A SUBSTITUTE AMENDMENT TO H.R. 3919, WHICH WOULD PROVIDE FOR EXEMPTION OF THE 4¢ EXCISE TAX TILL THE YEAR 2000, PROVIDE A 40¢ PER GALLON PRODUCTION CREDIT AND SIMPLIFY THE BATF REGULATIONS.

THIS WEEK THE CONFERENCE COMMITTEE MEMBERS HAVE BEEN DEBATING A COMPROMISE ON THIS PROVISION. THE EVIDENCE SUGGESTS THAT WHEN FACED WITH THE END OF THE EXEMPTION IN 1984, MANY PRIVATE SECTORS INVESTROS CONSIDERING CAPITAL INVESTMENTS IN ALCOHOL FUEL PRODUCTION FACILITIES BECAME HESITANT ABOUT MAKING COMMITMENTS OF THE SCALE

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NEEDED TO COMMERCIALIZE ALCOHOL FUELS. LENDING INSTITUTIONS HAVE ALSO BEEN RELUCTANT TO PROVIDE LONG-TERM FINANCING WHICH WOULD OUTLIVE THE DURATION OF THE FEDERAL TAX BENEFIT. EXTENDING THIS TAX EXEMPTION THROUGH 2000 GIVES A CLEAR SIGNAL TO POTENTIAL INVESTORS AND LENDERS OF STABILITY IN FEDERAL TAX POLICY. THIS EXEMPTION IN MY VIEW, IS THE MOST PRACTICAL WAY TO ASSURE THAT THE BENEFITS OF THESE FEDERAL INCENTIVES ARE FELT DIRECTLY BY THOSE PURCHASING GASOLINE AT THE RETAIL LEVEL.

TOGETHER, WE ALL MUST ENCOURAGE THE AMERICAN PEOPLE TO VIEW GASOLINE AS A VIABLE ALTERNATIVE TO MOTOR FUEL, BUT TO PROVIDE TAX ADVANTAGES WHICH DO NOT RESULT IN DIRECT BENEFITS TO THE AMERICAN PEOPLE IS COUNTERPRODUCTIVE TO THIS GOAL.

TODAY, WE HAVE A GROWING GASOLINE MARKET. WE HAVE DISTRIBUTORS ANXIOUS TO MARKET GASOLINE. WE HAVE GASOLINE FEEDSTOCKS TO SUPPLY A MAJOR NATIONAL EFFORT. YET PROJECTED GASOLINE SALES ARE LIMITED BY PRODUCTION CAPABILITY AND CAPACITY EVEN THOUGH WE HAVE ENGINEERING FIRMS THAT CAN

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PROVIDE THE DESIGN AND CONSTRUCTION WORK.

AS A MEMBER OF THE NATIONAL ALCOHOL FUELS COMMISSION,
I TRAVELED LAST NOVEMBER TO KANSAS TO SERVE AS
CHAIRMAN FOR THE FIELD HEARING ON ALCOHOL FUELS PROBLEMS
AS WELL AS THEIR PROSPECTS. THE MANY TESTIMONIES RECEIVED
DURING THIS DAY-LONG HEARING REVEALED THAT THE MARKET IS
THERE, THE FEEDSTOCK IS THERE, THE TECHNOLOGY IS THERE,
THE ROADBLOCK TO THIS DEVELOPMENT IS INVESTMENT SECURITY.

THE PROPOSAL I HAVE FOUGHT FOR IN THE SENATE AND IN THE
WINDFALL PROFITS CONFERENCE, WILL PROVIDE THAT INVESTMENT
SECURITY AND ELIMINATE THAT ROADBLOCK. THE FACT THAT
ALCOHOL FUELS ARE PRODUCED FROM RENEWABLE FARM AND
FOREST RESOURCES ARE ONE OF THE VERY FEW ALTERNATIVE FUELS
TODAY WHICH ARE IMMEDIATELY AVAILABLE AND CAN REDUCE OUR

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LONG DEPENDENCE ON IMPORTED ENERGY FROM THE OPEC CARTEL.

AS WE MOVE TOWARD THE TWENTY-FIRST CENTURY OUR ENERGY SUPPLIES ARE GOING TO COME FROM MANY SOURCES, AND EVERY CONTRIBUTION IS GOING TO COUNT. WE MAY WELL FIND DIFFERENT FUEL MIXES IN DIFFERENT REGIONS, DEPENDING ON LOCAL RESOURCES AND NEEDS. MY BELIEVE IS THAT DIVERSE, LOCALLY OR REGIONALLY TAILORED ENERGY FACILITIES, FED BY THE AGRICULTURE COMMUNITY, IS NOT ONLY FEASIBLE AND PRACTICAL, BUT DESIRABLE.

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ENERGY NEEDS

I BELIEVE THAT ONE-FOURTH OF THE NATION'S CURRENT ENERGY NEEDS COULD BE MET FROM AGRICULTURE AND FORESTRY PRODUCTS IF THESE RESOURCES WERE FULLY UTILIZED.

ENERGY FROM AGRICULTURE OFFERS THE MOST PRACTICAL AND AVAILABLE MEANS OF FREEING OURSELVES FROM THE CAPTIVITY OF OPEC.

THE SENATE HAS PASSED A BILL I CO-SPONSORED TO SET UP A 1.4 BILLION DOLLAR PROGRAM TO RUSH DEVELOPMENT OF ALTERNATIVE FUELS FROM AGRICULTURAL AND FOREST PRODUCTS TO HELP MEET THE NATION'S GROWING ENERGY SHORTAGE.

THE AGRICULTURE AND FORESTRY BIOMASS PROGRAM IS AIMED AT PUTTING A NATION-WIDE NETWORK OF ON-FARM AND SMALL-SCALE COMMERCIAL ENERGY PLANTS INTO PRODUCTION RELATIVELY QUICKLY.

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THE BILL ESTABLISHES A NATIONAL GOAL OF NET ENERGY INDEPENDENCE FOR AGRICULTURE AND FORESTRY PRODUCTION BY THE YEAR 2000, AND A 50 PERCENT REDUCTION IN FOSSIL FUEL CONSUMPTION IN RURAL AMERICA WITHIN THE SAME TIME PERIOD.

NEXT TWO YEARS

DURING THE COMING TWO YEARS, WE WILL BE CALLED UPON TO WRITE A NEW FARM LAW TO REPLACE THE EXISTING PROGRAMS THAT EXPIRE WITH THE 1981 CROPS.

THE PRESENT LAW NEEDS MANY IMPROVEMENTS.

THE TASK OF WRITING A FAIR FARM LAW IS VASTLY COMPLICATED BY THE GROWING CONSUMER INFLUENCE IN CONGRESS AND OVER AT THE ADMINISTRATION.

IN THE HOUSE OF REPRESENTATIVES ONLY ABOUT 35 OF THE 435 MEMBERS REPRESENT DISTRICTS THAT ARE ESSENTIALLY AGRICULTURAL.

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WE ARE IN SOMEWHAT BETTER SHAPE IN THE SENATE. EVERY STATE HAS SOME FARMING INTERESTS, AND WE MUST TRY OUR BEST TO MOBILIZE THESE INTERESTS TO THE COMMON ADVANTAGE OF ALL AGRICULTURE.

THE CHALLENGE OF PASSING A LAW THAT PROTECTS THE JUST AND LEGITIMATE INTERESTS OF THE AMERICAN FARMER WILL NOT BE EASY.

BUT I PLEDGE TO YOU THAT I WILL GIVE IT THE BEST THAT I HAVE AND ALL THAT I AM.

I WILL NOT BE MOVED FROM MY CONVICTION THAT THE FARMER'S WELFARE AND INTEREST AND THE NATION'S WELFARE AND INTEREST ARE ONE AND THE SAME.

I WILL NEVER ABANDON THE FARMERS OF AMERICA.