

REMARKS BY SENATOR BOB DOLE
THE NUTRITION FOUNDATION
NATIONAL ACADEMY OF SCIENCES
WASHINGTON, D.C.
DECEMBER 10, 1982

FIRST OF ALL, I WOULD LIKE TO THANK MR. HENRY HEINZ FOR THE INVITATION TO BE WITH YOU THIS AFTERNOON. WHEN WE TALKED A FEW MONTHS AGO, IT WASN'T CLEAR WHETHER CONGRESS WOULD BE IN TOWN THIS WEEK. EVEN NOW, IT'S HARD TO TELL WHETHER WE'LL BE HERE WEEK AFTER NEXT.

I'M SURE MANY OF YOU HAVE BEEN TRYING TO FOLLOW THE LEGISLATIVE ACTIVITY AFFECTING FOOD AND NUTRITION ISSUES DURING THIS LAME DUCK SESSION. WITH SO MANY LOOSE STRINGS AND UNFINISHED BUSINESS, IT CERTAINLY CAN GET CONFUSING--NOT ONLY TO OBSERVERS BUT TO MEMBERS OF CONGRESS AS WELL.

ONE THING IS CLEAR--IT IS DOUBTFUL THAT CONGRESS WILL BE ABLE TO "CLEAN UP" ALL OF THE BILLS AND AMENDMENTS LEFT OVER FROM THE REGULAR SESSION. THIS INCLUDES THE AGRICULTURE AREA, WHERE ONLY

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YESTERDAY THE SENATE AG COMMITTEE HELD HEARINGS ON THE LATEST WASHINGTON ACRONYM--THE "PIK" OR "PAYMENT-IN-KIND" PROGRAM. THE USDA WANTS AUTHORITY FROM CONGRESS TO ADMINISTER A LAND RETIREMENT SCHEME THAT WOULD REIMBURSE FARMERS WITH GOVERNMENT-OWNED FARM COMMODITIES. HOW THE PROGRAM IS SUPPOSED TO WORK IS STILL A LITTLE FUZZY--MAYBE DICK LYNG CAN PROVIDE SOME DETAILS. BUT I THINK CONGRESS IS WILLING TO COOPERATE. I PLAN TO COSPONSOR LEGISLATION NEXT WEEK THAT WILL AUTHORIZE SECRETARY BLOCK TO ADMINISTER THE PIK PROGRAM AND TO MOVE SURPLUS GOVERNMENT INVENTORIES INTO THE EXPORT MARKET.

CONTRAST WITH ROME FOOD CONFERENCE

THE PROBLEM OF DEALING WITH MASSIVE STOCKS OF GRAIN AND OTHER PRODUCTS AND OF REDUCING U.S. FARM PRODUCTION CONTRAST SHARPLY WITH THE SITUATION BACK IN 1975, WHEN I ATTENDED THE WORLD FOOD CONFERENCE IN ROME. THEN, THE WORLD WAS CONFRONTED WITH THE REAL POSSIBILITY OF STARVATION AND FAMINE. OUR CONCERN FOCUSSED ON THE LOW NUTRITIONAL

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VALUE OF DIETS IN MANY DEVELOPING COUNTRIES.

THAT CONCERN FOSTERED THE CREATION OF THE NUTRITION FOUNDATION. SINCE 1975, YOU HAVE LED THE FIGHT AGAINST MALNUTRITION ON A GLOBAL SCALE, PARTICULARLY VITAMIN A DEFICIENCY AND THE DEBILITATING BLINDNESS IT CAUSES, AND ANEMIA RESULTING FROM A LACK OF IRON IN THE DIET. WITH HELP FROM THE FOOD INDUSTRY MEMBERS REPRESENTED HERE TODAY AND FROM THE AGENCY FOR INTERNATIONAL DEVELOPMENT (AID), IMPORTANT STRIDES HAVE BEEN MADE IN OVERCOMING THESE THREATS TO WORLD HEALTH AND THE QUALITY OF LIFE.

THE FACT THAT THERE IS CURRENTLY AN ABUNDANCE OF FOOD IN THE WORLD IS A BLESSING FOR THE VAST MAJORITY OF OUR POPULATION. WE SHOULD NEVER FORGET THE FEARFUL PERIOD WHICH PRECEDED THE ROME CONFERENCE, AND HOW QUICKLY WE COULD FIND OURSELVES AGAIN CONFRONTED WITH SCARCITY RATHER THAN SURPLUS. EVEN NOW, WORLD GRAIN STOCKS REPRESENT ONLY ABOUT TEN PERCENT OF ANNUAL CONSUMPTION. TWO YEARS OF UNFAVORABLE WEATHER IN MAJOR EXPORTING COUNTRIES WOULD QUICKLY EXHAUST THESE SUPPLIES.

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REASONS FOR RECENT EUROPEAN TRIP

NONETHELESS, THE FOUR PERCENT OF OUR PEOPLE WHO PRODUCE OUR FOOD ARE CONFRONTED TODAY BY A CRISIS THAT THE OTHER NINETY-SIX PERCENT FIND HARD TO UNDERSTAND AFTER THE SHORTAGES OF THE EARLY SEVENTIES. FARM PRICES ARE DEPRESSED, THE WORLD CREDIT CRUNCH HAS DRIED UP MANY FOREIGN MARKETS, AND GOVERNMENT ACTION AND INACTION HAVE TARNISHED OUR REPUTATION AS A RELIABLE SUPPLIER TO OUR OVERSEAS CUSTOMERS. AS WORLD GRAIN SUPPLIES HAVE GROWN, OTHER EXPORTING COUNTRIES HAVE TURNED INCREASINGLY TO THE USE OF EXPORT SUBSIDIES TO ASSURE A MARKET FOR THEIR PRODUCTS. THESE EFFORTS HAVE FURTHER UNDERCUT FARM INCOME IN THE U.S. AND CREATED A FEELING OF DESPERATION AMONG OUR FARM POPULATION. PROTECTIONISM IN OTHER INDUSTRIES, SUCH AS STEEL AND AUTOMOBILES, IS ALSO THREATENING TO CAPSIZE OUR MULTI-LATERAL TRADING STRUCTURE WITH WESTERN TRADING PARTNERS.

EUROPE-SOVIET TRIP

FOR THESE REASONS, I DECIDED TO TRAVEL TO EUROPE AND THE SOVIET UNION LAST MONTH TO ASSESS THE GRAVITY OF TRADE PROBLEMS WITH BOTH

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OUR ALLIES AND OUR ADVERSARIES. I WAS ACCOMPANIED BY FOUR HOUSE MEMBERS--CONGRESSMEN BROYHILL, FRENZEL, BEREUTER AND BREAUX.

ALTOGETHER, WE MET WITH OFFICIALS IN BONN AND FRANKFURT, WEST GERMANY, IN MOSCOW DURING THE U.S.-U.S.S.R. TRADE AND ECONOMIC COUNCIL MEETING, IN PARIS AND IN GENEVA DURING THE GATT MINISTERIAL MEETING. IN ADDITION, I TRAVELLED TO MADRID TO ADDRESS THE CONFERENCE ON SECURITY AND COOPERATION IN EUROPE ON THE STATUS OF THE HELSINKI AGREEMENT.

IMPRESSIONS ON EEC TRADE

THE GENERAL IMPRESSION WE BROUGHT HOME IS THAT THE INTERESTS OF THE UNITED STATES AND ITS PRINCIPAL TRADING PARTNERS ARE SERIOUSLY AT ODDS DURING THE CURRENT RECESSION, AND THAT OUR LONG-RANGE GOAL OF REDUCING BARRIERS TO FREE TRADE MAY BACKSLIDE SOMEWHAT UNTIL THERE IS A GENERAL RENEWAL OF ECONOMIC GROWTH.

I DON'T THINK ANY OF US--INCLUDING THE EUROPEAN COMMUNITY--ARE SPOILING FOR A TRADE WAR. BOTH SIDES REALIZE THE WASTEFUL COST. BUT THE EEC WILL APPARENTLY REFUSE TO NEGOTIATE UNTIL WE DEMONSTRATE

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THE NATIONAL WILL TO DEFEND OUR ECONOMIC BEST INTERESTS ABROAD.
MAYBE IF WE FIRE A FEW WARNING SHOTS ACROSS THEIR BOW, THEY'LL
BECOME MORE REASONABLE.

FINANCE COMMITTEE HEARINGS

AS MOST OF YOU KNOW, THE SENATE FINANCE COMMITTEE HAS GENERAL
JURISDICTION OVER TRADE MATTERS. WHILE IN GENEVA, I CALLED FOR
HEARINGS BEGINNING JANUARY 25 TO REVIEW THE RESULTS OF THE GATT
MINISTERIAL MEETING AND THE CURRENT IMPASSE ON THE AGRICULTURAL
SUBSIDY ISSUE. I HAVE ALSO REFERRED TO 1983 AS THE YEAR IN WHICH
TRADE WILL DOMINATE CONGRESSIONAL ACTIVITY.

I AM NOT ADVOCATING A SHIFT IN OUR TRADE POLICY TOWARD DELIBERATE
PROTECTIONISM. SUCH A COURSE HAS PROVEN DANGEROUS IN THE PAST--
PARTICULARLY IN THE 1930's FOLLOWING ENACTMENT OF THE SMOOT-HAWLEY
TARIFF. INSTEAD, I WOULD ONLY SUGGEST THAT WE CANNOT ALLOW OUR
STAKE IN WORLD TRADE TO BE FURTHER UNDERMINED AND ERODED BY THE UNFAIR
PRACTICES OF OTHER NATIONS. WE SHOULD MAKE A CONSCIOUS EFFORT TO
NEUTRALIZE AND OFFSET SUCH ACTIONS IN AS LOW-KEY A MANNER AS POSSIBLE.

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THE GOAL IS NOT TO CELEBRATE A TEMPORARY AND DISTASTEFUL BOW TO PROTECTIONIST PRESSURES, BUT ONLY TO CONVINCE OTHERS THAT WE HAVE REACHED THE POINT WHERE A NATIONAL TRADE POLICY CAN BE BEST DEFINED AS SELF-DEFENSE.

THIS IS NOT TO SAY THAT THE U.S. IS BLAMELESS IN TRADE PROTECTIONISM. WE HAVE VARIOUS WAYS OF BENDING THE RULES--INCLUDING SO-CALLED "VOLUNTARY" QUOTA AGREEMENTS--THROUGH WHICH WE RESTRICT ACCESS TO OUR DOMESTIC MARKET. EVEN IN RESPONDING TO ACTIONS BY OTHERS, WE SHOULD TRY TO DEMONSTRATE A CLEAR PREFERENCE FOR MODERATION BY MAKING OUR POINTS IN A WAY THAT ENCOURAGES AN EARLY POLITICAL RESPONSE. THE SOONER WE GET BACK TO THE BARGAINING TABLE, THE BETTER.

EVEN AT THIS LATE DATE, THERE IS STILL SOME LINGERING HOPE OF REACHING A SETTLEMENT "OUT OF COURT." THE ADMINISTRATION HAS SENT AMBASSADOR BROCK AND FOUR SECRETARIES--STATE, TREASURY, AGRICULTURE AND COMMERCE--TO BRUSSELS FOR DISCUSSIONS TODAY WITH THEIR EEC COUNTERPARTS IN AN EFFORT TO BREAK THE DEADLOCK. IT MAY BE THAT THE

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COMING "QUIET PERIOD" BETWEEN CONGRESSES WILL PROVIDE THE RIGHT ENVIRONMENT FOR THE COOLER HEADS TO PREVAIL BEFORE SOME HOTTER ONES RETURN TO WASHINGTON.

STATUS OF U.S.-SOVIET TRADE

ANOTHER RESULT OF OUR NOVEMBER TRIP WAS TO PUT SOME PERSPECTIVE ON THE OUTLOOK FOR U.S.-SOVIET TRADE--PARTICULARLY IN AGRICULTURAL PRODUCTS. WHILE I CAN'T BE TOO OPTIMISTIC AT THIS TIME, I CAN STATE THAT A BASIS FOR RENEWED TRADE EXISTS THAT CAN BE EXPANDED IF BOTH SIDES ARE WILLING TO COOPERATE.

MORE SPECIFICALLY, THE RUSSIANS FEEL THAT THE BURDEN OF PROOF IS ON THE UNITED STATES TO DEMONSTRATE THAT WE CAN AGAIN BE A RELIABLE SUPPLIER. THEY POINT OUT THAT ACTIONS BY THE REAGAN ADMINISTRATION TO DATE HAVE BEEN EITHER HALF-HEARTED CONCESSIONS TO DOMESTIC U.S. PRESSURES OR HAVE RETAINED MANY OF THE OLD "LOOPHOLES" USED BY PAST ADMINISTRATIONS TO IMPOSE TRADE SANCTIONS.

AT THE SAME TIME, THE SOVIETS ARE SHREWD TRADERS THEMSELVES, AND WOULD LIKE NOTHING BETTER THAN TO KEEP OUR COMMODITY MARKETS

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SKITTISH IN ORDER TO KEEP PRICES FOR THEIR IMPORTS LOW. THE U.S. SETS THE WORLD PRICE FOR MANY FARM PRODUCTS. EVEN IF THE RUSSIANS ARE NOT BUYING OUR WHEAT, THE FACT THAT PRICES ON THE KANSAS CITY BOARD OF TRADE ARE BELOW \$4.00 PER BUSHEL MEANS THAT CANADIAN AND ARGENTINE WHEAT WILL BE EQUALLY CHEAP.

SO WE SHOULD NOT LET FOREIGN BUYERS--EITHER THE SOVIETS OR ANYONE ELSE--CREATE A FALSE IMPRESSION ABOUT OUR ABILITY TO DELIVER ON EXPORT CONTRACTS. THE FACT THAT THE ADMINISTRATION HAS BEEN RELUCTANT TO GIVE UP THE EXECUTIVE'S RIGHT TO REGULATE TRADE AS AN EXTENSION OF FOREIGN POLICY IS NATURAL AND UNDERSTANDABLE. HOWEVER, FARMER CONCERN OVER THE CONTINUING PERCEPTION OF THE U.S. AS AN UNRELIABLE SUPPLIER IS NOW TESTING THIS RELUCTANCE. ONLY YESTERDAY, LANGUAGE ADDED BY SENATOR DURENBERGER TO THE COMMODITY FUTURES TRADING COMMISSION (CFTC) REAUTHORIZATION BILL WAS APPROVED IN A HOUSE-SENATE CONFERENCE. THE AMENDMENT WOULD REQUIRE THE PRESIDENT TO DECLARE A NATIONAL EMERGENCY IN ORDER TO ANNUL PRIVATE SALES CONTRACTS. OTHERWISE, EXPORTS OF AGRICULTURAL PRODUCTS WOULD BE PROTECTED FOR NINE

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MONTHS. THE WHITE HOUSE HAS YET TO INDICATE WHETHER THIS LANGUAGE WILL RESULT IN A VETO. I CERTAINLY HOPE IT WON'T.

ANOTHER THING WE LEARNED IN MOSCOW WAS TO NOT DISAGREE WITH OUR HOSTS. AT DINNER THE SECOND NIGHT, I EXPLAINED THE LONG-STANDING U.S. POLICY THAT CONCESSIONARY TRADE PRIVILEGES--MFN STATUS, SUBSIDIZED CREDIT--SHOULD GO ONLY TO COUNTRIES THAT PROVIDE THEIR CITIZENS WITH A GREATER DEGREE OF INDIVIDUAL FREEDOM. AFTER I FINISHED, THE DEPUTY MINISTER OF FOREIGN TRADE (KOMAROV), WHO HAD SPOKEN AT LENGTH BEFORE THE MEAL, GOT UP AND EXERCISED HIS "RIGHT AS THE HOST" TO RESPOND TO MY REMARKS. AFTER TEN MINUTES OF CRITICISM, HE ADJOURNED THE MEETING.

SO THERE IS STILL A WAYS TO GO IN COOPERATION BETWEEN OUR TWO COUNTRIES. BUT, AS I SAID, I THINK THE SEEDS OF MUTUAL ADVANTAGE THROUGH TRADE ARE THERE AND WILL KEEP US COMING BACK TO THE BARGAINING TABLE FOR ANOTHER TRY. IN THIS REGARD, I AM HOPING THAT PRESIDENT REAGAN WILL CONSIDER GIVING THE GRAIN FARMERS OF THE COUNTRY A CHRISTMAS PRESENT BY LIFTING THE SANCTION IMPOSED LAST DECEMBER ON

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NEGOTIATING ANOTHER LONG-TERM AGREEMENT ON AGRICULTURAL TRADE.

THERE ARE PLENTY OF PEOPLE WHO WOULD JUST AS SOON NOT SELL ANYTHING TO THE RUSSIANS. IF THAT KIND OF ECONOMIC WARFARE WAS EFFECTIVE IN CHANGING THEIR INTERNATIONAL BEHAVIOR, I'D BE MORE SYMPATHETIC. BUT WE'VE LEARNED THROUGH PAINFUL EXPERIENCE THAT EMBARGOES AND TRADE SANCTIONS HURT OURSELVES OR OUR FARMERS FAR MORE THAN ANY INFLUENCE THEY MAY HAVE ON SOVIET ACTIVITY AROUND THE WORLD.

ONE MORE POINT--IT HAS ONLY BEEN THROUGH THE RAPID EXPANSION OF FOREIGN MARKETS AND THE PRODUCTIVITY OF THE AMERICAN FARMER THAT THE U.S. HAS HARNESSSED THE ECONOMIES OF SCALE TO KEEP SUPPLIES OF FOOD AHEAD OF WORLD POPULATION GROWTH. IF WE ARE FORCED TO RETRENCH--EITHER BY INCREASED COMPETITION OVERSEAS OR BY A RESTRICTIVE EXPORT POLICY AT HOME--WE WOULD BE JEOPARDIZING OUR LONG-TERM ABILITY TO RESPOND TO FUTURE SHORTFALLS IN THE GLOBAL FOOD SUPPLY.

IT IS ONLY SEVEN YEARS SINCE THE ROME FOOD CONFERENCE--SEVEN YEARS OF PLENTY IN THE UNITED STATES AND IN MOST OF THE WORLD.

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RECALLING A SIMILAR CIRCUMSTANCE IN HISTORY, I HOPE WE CAN MANAGE
OUR BOUNTIFUL SUPPLIES AND PRODUCTIVE RESOURCES IN A WAY THAT WILL
WITHSTAND THE PERIOD OF SHORTAGES THAT WE FEARED IN 1975, AND WHICH
SOME OF US STILL FEAR TODAY.