

5/3/86
THECCA BRUCE HALL
MILWAUKEE, WI
SPEECH SUMMARY

GOOD TO BE HERE: SOMEWHERE.

ARE GOOD THINGS: PRESIDENT AND SUPPORTIVE SENATE.

NOT THROUGH: TELL HOW I SEE FUTURE.

BEGAN WITH REAGAN'S LOWER TAXES, LESS REGULATION,
FISCAL DIET -- NOT VODOO.

NOW NEED CONTROL SPENDING, NOT TAXES:

TO BUILD SOLVENCY -- CAN CUT.

DID IN WH/SENATE BUDGET; NOT DRACONIAN.

NEED: BALANCED BUDGET AMENDMENT; LINE ITEM VETO,
REPUBLICAN MAJORITY.

CROSSROADS: REAGAN PROSPERITY OR PRE-1980?

TIME TO TAKE CARE OF REAGAN AMERICA:

ENDURING AMERICA FROM VALLEY FORGE TO GRENADA -- AND
TO FREEDOM FIGHTERS TODAY.

THAT AMERICA IS NOT SPECIAL INTERESTS; BUT FREE COMMUNITIES
WHICH CARE AND SACRIFICE.

FASHIONABLE TO SAY FREEDOM WITHOUT COST. NOT SO.

MY VISION: POISED FOR GREATNESS IF CARE, IF DEVELOP FREEDOM,
AND BUILD ON WHAT HAS BEGUN.

(BOB DOYLE STORY)

I DID GO INTO POLITICS; SPENT LAST TWO DECADES TRYING
TO CARE FOR AMERICA AND ITS IDEAL OF FREEDOM
WHICH MADE IT GREAT -- AND WILL IN FUTURE.

I MAY HAVE BANGED MY HEAD A COUPLE OF TIMES;
BUT I'VE DONE MY BEST.

NOW, LET'S GO FORWARD TOGETHER AND CONTINUE THE JOB
OF CARING FOR AND BUILDING A FREE AMERICA.

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FOR DOLE CONVENTION SPEECH

THEME -- BOB KASTEN IS A WINNER FOR WISCONSIN

1) NUCLEAR WASTE -- KASTEN LED THE FIGHT THAT SAVED WISCONSIN FROM BEING THE LOCATION OF A SECOND NUCLEAR WASTE REPOSITORY. HE INTRODUCED LEGISLATION TO STOP THE SEARCH FOR A SECOND SITE AND JUST THIS WEDNESDAY DOE ANNOUNCED THAT THE SEARCH HAD BEEN TERMINATED.

2) DAIRY -- BOB KASTEN SINGLEHANDIDLY SAVED WISCONSIN DAIRY FARM FAMILIES \$1,000 A YEAR BY SUCCESSFULLY STEERING THROUGH THE SENATE A BILL TO TAKE GRAMM-RUDMAN CUTS THROUGH AN ASSESSMENT RATHER THAN A 4.3 PERCENT CUT IN DAIRY PRICE SUPPORTS.

3) TAX REFORM -- THE TAX BILL RECENTLY VOTED OUT OF THE FINANCE COMMITTEE REFLECTS MANY CHANGES THAT KASTEN FIRST PROPOSED IN HIS KEMP-KASTEN TAX BILL MORE THAN A YEAR AGO.

4) PRODUCT LIABILITY -- KASTEN IS LEADING THE FIGHT IN THE SENATE TO REFORM THE CURRENT UNFAIR PRODUCT LIABILITY SYSTEM, A SYSTEM THAT COULD FORCE UP TO 10 PERCENT OF WISCONSIN'S BUSINESSES TO CLOSE SHOP.

5) IN HIS FIRST YEARS IN THE SENATE, KASTEN SUCCESSFULLY TOOK ON THE WHITE HOUSE AND THE SENATE LEADERSHIP TO REPEAL 10 PERCENT WITHHOLDING.

6) THESE ARE SOME OF THE REASONS WHY THE NATIONAL JOURNAL RECENTLY NAMED KASTEN THE BEST LEGISLATOR OF THE GOP CLASS OF 1980. HE IS TOUGH, HE IS EFFECTIVE, AND HE IS A FIGHTER FOR WISCONSIN.

AGRICULTURE TALKING POINTS

WISCONSIN

- * Wisconsin has over 80,000 farms (over \$1,000 sales), over half of which have milk cows. Dairy accounts for about \$3 bln in cash receipts or around 60% of all farm cash receipts. Corn and beef, veal and related products, dependent on the dairy industry, bring in over \$1 bln more.
- * No single commodity brings in more money to any state than dairy to Wisconsin except for corn to Illinois and cattle/calves to Texas -- both much larger states.
- * Wisconsin is also #6 in potatoes and #1 in several vegetables for processing, #2 in cranberries, # 7 in corn, #10 in hay sales -- most of it is fed.
- * Wisconsin produces 1/6 of U.S. milk, 1/4 of U.S. butter and 40% of U.S. cheese.
- * Wisconsin was once a wheat state. Wisconsinites led by W.D. Hoard led the switch to dairying, which is better suited to the state's climate and terrain, about a century ago.
- * The whole herd buy-out (Kasten strong supporter) took out 8.7% of the milk marketed nationally in 1985 but only 3.2% in Wisconsin. Due in part to Wisconsin dairies having high fixed cost investments and few alternative use options, meaning bids were higher.
- * Many people wonder what the "next dairy program" will be. Between 1981-84 Congress changed dairy policy no fewer than seven times and again with the 1985 farm bill. Other groups, such as cattlemen, will likely watch dairy policy very closely from now on after the severe market impact of the buy-out announcement.
- * Many within the industry are looking at mandatory controls as an option (Kasten has no position and doesn't want to take one; Gunderson voted for it in early House vote). There may be a lot of support for this approach but probably not a lot of consensus. Canada has had problems with a similar approach: Quotas shift as populations shift, likely to be disadvantage to Wisconsin; milk demand has been stagnant ever since Canada implemented the plan 20 yrs ago - opposite efforts of U.S. promotion program; Quotas take on increasing value - to start a 40-cow dairy in Canada now costs \$180,000 to buy a milk marketing quota.
- * Many Wisconsin farmers are concerned about the impact on small family farmers of the Bovine Growth Hormone (BGH) which could dramatically increase milk production. A sharp increase in production implies lower support prices. A House subcommittee will hold a hearing on BGH on June 11. However, it is difficult to stop technology.
- * Other - Kasten is a cosponsor of Dole farm credit resolution and also the Boschwitz farm credit bill.

Gunderson's Involvement in Agriculture (per phone visit with him)

* I appreciate the work congressman Gunderson did in the conference committee on the 1985 farm bill. It is not an easy job being on the agriculture committee. Steve is the only representative from Wisconsin on the agriculture committee and we as Republicans have to get behind our Republican representatives.

* We are now spending about two and one-half times the amount under President Reagan as we did under Carter for farm programs.

* Congressman Gunderson has also sponsored legislation similar to Senator Kasten's efforts (Kasten has pushed hardest) to restrict foreign investors from using IDB's to invest in U.S. dairy operations and restricting foreign investors from receiving benefits of U.S. farm programs. (The legislation is in response to Irish investors seeking to construct 10-11 2000 cow dairy operations in Georgia using IDB's sponsored by state and local gov'ts.)

* Many people in the upper mid-west favor mandatory supply controls for milk. A mandatory supply program received only 36 votes in the House (Gunderson supported) during farm bill debate. The Administration opposes this approach and they're in office until 1989.

For the Ag. Breakfast Briefing on May 31

- 0 Bob Kasten is aggressive, consistent and willing to fight for Wisconsin farmers.
- 0 He's on the powerful Agriculture Appropriations Subcommittee that controls the Department of Agriculture's budget, and has used his seat to bring agricultural research dollars to Wisconsin.
- 0 He's been very effective in working with his colleagues to get a fair shake for farmers during a very difficult period.
- 0 Bob Kasten and I worked together to prevent a technical error in Gramm-Rudman from causing a dairy price support cut last March -- a cut that would have hit Wisconsin hardest.

Sen. Robert W. Kasten, Jr. (R)



Elected 1980, seat up 1986; b. June 19, 1942, Milwaukee; home, Milwaukee; U. of AZ, B.A. 1964, Columbia U., M.B.A. 1966; Episcopalian; single.

Career Air Force, 1967; Businessman; WI Senate, 1972-74; U.S. House of Reps., 1974-78.

Offices 110 HSOB 20510, 202-224-5323. Also 517 E. Wisconsin Ave., Milwaukee 53202, 414-291-4160.

Committees *Appropriations* (10th of 15 R). Subcommittees: Agriculture and Related Agencies; Defense; Energy and Water Development; Foreign Operations (Chairman); Transportation and Related Agencies. *Budget* (9th of 12 R). *Commerce, Science, and Transportation* (8th of 9 R). Subcommittees: Consumer (Chairman); Merchant Marine; Surface Transportation; National Ocean Policy Study. *Small Business* (7th of 10 R). Subcommittee: Entrepreneurship and Special Problems Facing Small Business (Chairman); Export Promotion and Market Development.

Group Ratings

	ADA	ACLU	COPE	CFA	LCV	ACU	NTU	NSI	COC	ACA	CSFC
1984	15	8	14	58	52	90	49	100	89	100	80
1983	10	—	13	17	—	76	48	—	79	89	70

National Journal Ratings

	<i>Economic</i>	<i>Social</i>	<i>Foreign</i>
1984			
Liberal	24%	16%	28%
Conservative	71%	80%	68%
1983			
Liberal	30%	12%	1%
Conservative	69%	86%	98%

Key Votes

1) Cap Tax Cut	AGN	5) OK School Pray	FOR	9) Deploy MX Missile	FOR
2) Extend SS Disab	AGN	6) Limit Abortions	FOR	10) Halt Aid to Contras	AGN
3) Stop Tuition Cred	AGN	7) Approve MLK Hol	FOR	11) Bar Mil Limit El Sal	FOR
4) Lgn Imm Amnsty	AGN	8) Pass Imm Reform	FOR	12) Block Nuclear Freeze	FOR

Election Results

1980 general	Robert W. Kasten, Jr. (R).....	1,106,311	(50%)	(\$686,758)
	Gaylord A. Nelson (D).....	1,065,487	(48%)	(\$897,774)
1980 primary	Robert W. Kasten, Jr. (R).....	134,586	(37%)	
	Terry J. Kohler (R).....	106,270	(29%)	(\$524,929)
	Douglass Cofrin (R).....	84,355	(23%)	(\$1,497,508)
	One other (R).....	40,823	(11%)	
1974 general	Gaylord A. Nelson (D).....	740,700	(62%)	(\$247,555)
	Thomas E. Petri (R).....	429,327	(36%)	(\$80,590)

Kasten's Record on Agriculture

- 0 Sponsored legislation to deny tax-exempt financing (through IDB's) and federal farm program benefits to foreign interests (e.g. Masstock International)
- 0 Sponsored dairy section of Food Security Improvements Act -- avoided 55-cent price support cut for Wisconsin dairy farmers.
- 0 Sponsored legislation to replace current marketing order system with 1 nationwide order, and other legislation to repeal increases in Class I differentials in farm bill. His emphasis is and has been the need to find more markets for Wisconsin milk.
- 0 Voted against farm bill, because of differential increases. (Incidentally, those differential increases have, so far, led to higher prices for Southern dairymen, just as Kasten, and most Wisconsin dairy experts, predicted).
- 0 Sponsored legislation providing for conservation reserve, sodbuster, swampbuster provisions similar to those included in the farm bill. Conservation is historically important to Wisconsinites. Swampbuster, by the way, probably would not have gotten included in the mark-up had Kasten not pushed it on the environmentalists and later the Ag. Committee.
- 0 Sponsored (w/Proxmire) a Wisconsin dairy plan in 1983 that contained the diversion program (which was very popular in Wisconsin).
- 0 Has fought for money for Wisconsin on the Ag Appropriations Subcommittee (example: Dairy Forage Lab in Prairie du Sac, various things for University of Wisconsin College of Agriculture).

Incidentally, Kasten did a Record statement some time ago about the attached article in Farm Futures. The statement (and the article) extolled the cranberry industry -- that is, Ocean Spray -- for aggressively developing new products, competing in the marketplace, etc. I don't mean to be gratuitous, but it's not a bad theme to use -- and it does brag on a Wisconsin industry.

Of Cattle and

Once the cranberry was as big a loser as beef
But Ocean Spray revived it after a cancer scare,
and now it's making growers big money.

Not long ago, cranberry growers' balance sheets were as red as their crop. They struggled under low prices and tons of surplus berries.

But members of Ocean Spray Cranberries Inc., the growers cooperative that produces about 80% of the cranberries sold in the U.S., didn't let their industry wither on the vine.

They decided that there was nothing wrong with the cranberry that a little imagination couldn't solve. Ocean Spray found new uses for the cranberry, and brought in talent from such corporate marketing giants as Philip Morris Cos. and PepsiCo to promote them.

The little-known cranberry, once thought to cause cancer, was reborn the source of a line of health drinks. Launched by the slogan "It's good for you, America," Ocean Spray juices and related products restored profitability to the ailing industry and pushed the co-op into the Fortune 500 list of the nation's largest corporations.

"Ocean Spray shows what marketing your own product can do," says Mel Potter, a Bancroft, WI, cranberry grower who also raises cattle. It's a lesson in producing profitably that he thinks cattlemen would do well to copy (see sidebar, p. 22).

They clearly need some lesson. The typical cattle producer lost about \$20 on every beef animal sold in 1985. Cranberry growers, 80% of whom live in Wisconsin or Massachusetts, made about \$1,000 an acre.

Cranberry growers accomplished this by overcoming the plagues of seasonal demand and huge surpluses that sickened the market after World

Cranberries

War II, when the U.S. government quit buying the cheap, plentiful fruit.

There is no plague, however, to match a cancer scare. Just before Thanksgiving of 1959, federal officials warned that some West Coast berries were contaminated with the herbicide aminotriazole, a chemical reported to have caused thyroid cancer in laboratory rats. Every cranberry in the country became suspect. Sales crashed, and prices followed.

Buried Cranberries

"Our storehouse was full right to the doors," says Clark Griffith, a South Carver, MA, grower. "We had to bury cranberries because it was too costly to freeze or store them."

The government eventually paid growers \$8 for each barrel of uncontaminated berries they had destroyed. Reverberations from the cancer scare squashed the cranberry market for the next few years, but some growers now call the incident a blessing in disguise.

It forced them to look beyond sauce and fresh fruit, industry mainstays at that time. So tarnished was the berry's reputation that "we were jolted into trying to find another use for our crop," says Jay Normington, a City Point, WI, Ocean Spray grower.

But it was a painful search, which cost members dearly in earnings plowed back into the cooperative rather than taken out as badly needed cash dividends. They also had to swallow the advice of professional management. "That's tough for farmers to do," notes Paul Morse, a Rochester, MA, grower.

It was made tougher when their efforts got off to a rocky start. Attempts

to promote cranberries as more than a holiday curiosity flopped. And sales of Cranberry Juice Cocktail, reformulated from the tart drink growers had enjoyed since the 1930s, were so slow that "you could hardly give it away," says Tomah, WI, grower-member Bruce Potter.

New Management Team

A new course was plotted for Ocean Spray after Hal Thorkilsen became president in 1972. Thorkilsen had been wooed to the co-op's Plymouth, MA, headquarters four years earlier from Philip Morris, maker of Marlboro and Virginia Slims. Now he laid his plan on the boardroom table.

Cranberry sauce was fine, he told members, but juices were the path to profitability. "It was not a popular recommendation," Thorkilsen recounts. "And it would take substantial investment."

Once again, growers reinvested profits and incurred substantial debt. They expanded processing plants and poured money into promoting cranberry juice. Ocean Spray's 800 members now spend \$14 million a year on advertising and promotions. That compares to the Beef Industry Council's \$10.7 million, spread among 1.2 million cattle producers.

Ocean Spray's market research revealed consumers' interest in "natural" products when that interest was



By Barbara Dietrich

continued ►

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still budding. "There's no question that with the juices' glass bottle, no artificial ingredients and aura of healthfulness, they were going to appeal to consumers," says Edward Gelsthorpe, a one-time president of Ocean Spray and now president of H.P. Hood Inc., a dairy, citrus, and cheese processing company.

Ocean Spray's 14 juices—including Cranapple and Cran-Raspberry—now comprise about 70% of its \$540 million annual sales. Since 1979, Ocean Spray has been the biggest U.S. seller of canned and bottled juice drinks.

Neither general success nor the

occasional failure—such as its "Cran-prune" juice, flushed in 1980—has turned Ocean Spray conservative. Ocean Spray helped pioneer the "paper bottle," an aseptic container that's become the rage of the lunch-box crowd. It introduced the first shelf-stable liquid concentrate earlier this year. And it plans to add a cran-blueberry juice to its line of mixed fruit beverages this summer.

A shift in marketing strategy from bulk commodities to "value-added" products has been one key to Ocean Spray's turnaround. "Management knew we had to put a product on the

shelf that consumers could identify a brand name with," says Paul Jonjak, a Wascott, WI, cranberry grower.

Supply Management

Controlling supplies of cranberries has been another factor, a built-in advantage of Ocean Spray's cooperative structure.

Ocean Spray contracts for a specified number of acres with each member. Unless a grower has failed to comply, the contracts are renewed every three years. That guarantees a market for growers.

Members must apply to the board of directors, composed of 25 growers, if they want to expand contracted acreage. Ocean Spray has never cut its total number of acres, but this year the co-op is not granting any new acres.

Another advantage: Besides controlling production, Ocean Spray also owns 84% of the U.S. cranberry processing capacity. The co-op can control its products from grower to consumer. "The typical food processor tries to keep payments to farmers down to increase return to stockholders," Jonjak says. "We are the stockholders, and we recognize that things work best when working for mutual benefit."

The cooperative is not a flawless organization, however. "It's a democracy, and the farmer has to give up some of his independence," says Paul Morse, the Massachusetts grower. Ocean Spray members are generally content, though, and the figures tell why. The juice revolution helped boost growers' cash prices from below 15 cents a pound in the early 1970s to more than 40 cents recently.

"Ocean Spray has become so successful, I'm probably making more now than I ever have," says Jay Normington, the City Point, WI, grower. "With an innovative management that's constantly trying new products, it's going to keep getting better." FF

A Lesson for the Cattle Industry

David Bean



Mel Potter is tired of letting middlemen hog profits on beef. He wants cattle producers to create the Ocean Spray of the beef industry.

"Cattle producers have to take charge of marketing their own product like Ocean Spray growers have," says Potter, who raises cattle near Marana, AZ, and cranberries near Bancroft, WI. "The cattle industry isn't going to become profitable for us until we do."

He circulated his plan in a mailing to 3,000 cattlemen last July. It calls for members to buy stock based on their annual production—\$4 a head

for cow-calf producers, \$2.50 a head for stockers, and \$3.50 a head for feedlot operators. Other options are also being studied.

The co-op would aim at developing and promoting new products, such as "natural" (chemical-free) beef, and beef that's microwave-ready and packaged in individual portions. The co-op would buy cattle from members to market under its brand name, and someday could even sell the beef products directly to consumers through franchised stores.

His plan has brought him "thousands of letters and phone calls," Potter says. It hasn't, however, excited the National Cattlemen's Association. NCA spokesman Roger Berglund calls it "a private effort," just one of many items to be considered by an NCA alternative marketing task force.

In the meantime, moving the plan ahead is up to Better Beef Marketing of Ames, IA, a group established after Potter met with 42 producers from 13 states last November. "They wanted to put an organization together right away to do a feasibility study," Potter says.

That will take \$150,000, though, and the group has collected just half of that—"a disappointment," Potter admits.

But spurring him on is what he learned in examining 10 years of records from his cattle operation. Says Potter, "I could've had a job in a gas station, and made more money."

— B.D.

Wisconsin

I. General			V. Farmers		
	Population:	4.74 mil.		average age (yrs.):	49.0
	U.S. rank:	16th		percent with nonfarm occupation:	29.5
	Total land area (mil. ac.):	34.8		percent with nonfarm income:	87.7
	percent in farmland:	49.5		percent in federal set aside programs:	6.8
II. Farmland			VI. Tenure of farmers		
	CROPLAND (mil. ac.):	11.8		FULL OWNER:	48,511.0
	percent of total:	68.3		percent of total:	59.0
	percent irrigated:	2.2			
	percent in pasture:	10.4		PART OWNER:	26,609.0
	percent set aside in federal farm programs:	0.7		percent of total:	32.4
	WOODLAND (mil. ac.):	3.5		TENANTS:	7,053.0
	percent of total:	20.3		percent of total:	8.6
	percent in pasture:	36.4	VII. Farm organization		
	PASTURELAND (mil. ac.):	0.9		INDIVIDUAL/FAMILY:	70,842.0
				percent of total:	86.2
	OTHER LAND (mil. ac.):	1.1		PARTNERSHIP:	8,937.0
	percent of total:	6.5		percent of total:	10.9
	TOTAL (mil. ac.):	17.3		CORPORATION:	2,193.0
				percent of total:	2.7
III. Farms by size				OTHER:	201.0
	Percent			percent of total:	0.2
	1 TO 99 ACRES		VIII. Major commodities produced, 1984		
	farms:	32.3	Commodity	U.S. rank	Cash receipts Mil. dol.
	land in farms:	7.0			
	100 TO 499		1. Dairy prod.	1	3,008.0
	farms:	60.9	2. Cattle/calves	13	612.0
	land in farms:	66.5	3. Corn	7	445.0
	500 TO 999		4. Hogs	11	249.0
	farms:	5.7	5. Soybeans	22	101.0
	land in farms:	17.6	Overall	5	
	1,000 TO 1,999		IX. Major U.S. export commodities, 1984		
	farms:	0.9	Commodity	U.S. rank	Cash receipts Mil. dol.
	land in farms:	5.8			
	2,000 AND UP		1. Oil Crops	24	101.5
	farms:	0.2	2. Corn	7	445.1
	land in farms:	3.1	3. Wheat	31	30.2
IV. Agricultural universities			4. Cotton	NA	0.0
			5. Tobacco	13	17.6
	UNIVERSITY OF WISCONSIN, MADISON		Overall	23	



X. Farms

NUMBER OF FARMS: 82,173.0
percent of U.S.: 3.7

Percent

BY SALES CLASS

less than \$40,000: 55.2
from \$40,000 to 99,999: 27.9
from \$100,000 to 499,999: 16.3
greater than \$500,000: 0.6

XI. Farm acreage

ACRES IN FARMS (mil. ac.): 17.2
percent of U.S.: 1.8

AVERAGE FARM SIZE (ac.): 210.0

XII. Cash receipts from farm marketings

Mil. dol.

1980: 4,643.5
1981: 5,224.4
1982: 5,096.3
1983: 5,125.8
1984: 5,135.8

XIII. Government payments

Mil. dol.

1980: 12.4
1981: 16.9
1982: 46.5
1983: 166.0
1984: 237.8

XIV. Other farm income

Mil. dol.

1980: 629.7
1981: 707.3
1982: 742.5
1983: 695.6
1984: 692.0

XV. Farm production expenses

Mil. dol.

1980: 4,120.3
1981: 4,568.6
1982: 4,722.9
1983: 4,914.8
1984: 4,902.6

XVI. Net farm income after inventory adjustment

Mil. dol.

1980: 1,382.2
1981: 1,326.8
1982: 1,194.9
1983: 781.9
1984: 1,561.6

XVII. Total assets

Mil. dol.

1980: 33,733.6
1981: 33,482.2
1982: 32,830.3
1983: 30,778.3
1984: 27,131.4

XVIII. Total debt

Mil. dol.

1980	TOTAL:	6,158.1
	real estate:	3,189.6
	nonreal estate:	2,968.5
1981	TOTAL:	6,920.9
	real estate:	3,599.9
	nonreal estate:	3,321.0
1982	TOTAL:	7,447.0
	real estate:	3,788.5
	nonreal estate:	3,658.5
1983	TOTAL:	7,583.5
	real estate:	3,948.9
	nonreal estate:	3,634.6
1984	TOTAL:	7,435.1
	real estate:	3,923.3
	nonreal estate:	3,502.1

XIX. Equity

Mil. dol.

1980: 27,575.6
1981: 26,561.3
1982: 25,383.4
1983: 23,194.8
1984: 19,696.3

XX. Top 5 counties in agricultural sales and county seat

1. Dane/Madison
2. Grant/Lancaster
3. Dodge/Juneau
4. Marathon/Wausau
5. Barron/Barron

XXI. State statistical office

Madison
(608) 264-5317