

*Tuesday, March 17, 1987*

NATIONAL GRAIN AND FEED DEALERS

TALKING POINTS

- O REGRET LOSS OF ED ZORINSKY. GOOD FRIEND OF RURAL AMERICA. APPOINTMENT OF DAVID KARNES BY GOVERNOR ORR CHANGES THE SENATE RATIO ONLY SLIGHTLY TO 54:46. COMMITTEE ASSIGNMENTS HAVE NOT BEEN MADE YET.
  
- O SENATOR KARNES WAS THE EXECUTIVE VP, GENERAL COUNSEL AND PRESIDENT OF THE SCOLAR GRAIN COMPANY IN OMAHA, NEB.

FARM PROGRAM

- O 1985 FARM BILL MOVING IN RIGHT DIRECTION, BUT SLOWLY. LOW FARM PRICES RESULTING IN HIGH PROGRAM COSTS (\$25.6 BILLION IN FY 86; ESTIMATED \$25.2 BILLION IN FY 87).
  
- O FEDERAL AG OUTLAYS EQUAL ABOUT 2.8% OF FY 87 BUDGET COMPARED TO 5% BACK IN 1955. ALSO, CONSUMER GROCERY BILLS NOW TAKE 11 CENTS OF EACH DOLLAR OF DISPOSABLE INCOME COMPARED TO 16 1/2 CENTS A DECADE AGO.
  
- O ADMINISTRATION PROPOSAL TO CUT TARGET PRICES AN ADDITIONAL 10% ISN'T GOING ANYWHERE. FARM PROGRAM COSTS MAY NEED TO BE REDUCED, BUT ONLY AS PART OF MEANINGFUL DEFICIT REDUCTION INVOLVING ALL FEDERAL PROGRAMS.

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- O DOUBTFUL CONGRESS WILL PRODUCE MAJOR REWRITE OF 1985 FARM BILL. NEW LEGISLATION USUALLY CREATES MORE PROBLEMS AND CONFUSION THAN IT RESOLVES, AND NEVER SATISFIED CRITICS. OTHER PRESSING PROBLEMS FACING RURAL COMMUNITIES NEED IMMEDIATE ATTENTION --NOT ANOTHER DEBATE OVER FARM PHILOSOPHY.
  
- O HAVE CO-SPONSORED LEGISLATION WITH SENATOR GRASSLEY TO ADVANCE THE FINAL DEFICIENCY PAYMENT FOR 1986 FEED GRAINS CROPS. WOULD HELP FARMERS IN FINANCING SPRING PLANTING.
  
- O WORKING WITH REPUBLICAN GOVERNORS AND MEMBERS OF CONGRESS ON FARM AND RURAL AMERICA TASK FORCE. RECOMMENDATIONS WILL BE INTRODUCED BY END OF MARCH OR EARLY APRIL, HOPEFULLY WITH BIPARTISAN SUPPORT.

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- O ONE RECOMMENDATION IS URGE ADMINISTRATION TO ESTABLISH NATIONAL COMMISSION ON AGRICULTURAL POLICY MANDATED BY FARM BILL. REPORT TO COVER COMMODITY PROGRAMS, FARM CREDIT, TRADE AND RURAL DEVELOPMENT TO TAKE A LONG-TERM LOOK AT AGRICULTURE.

FARM CREDIT

- O FARM CREDIT SYSTEM LOST \$1.9 BILLION IN 1986 AFTER \$2.7 BILLION IN 1985. EXPECT MORE SENATE HEARINGS ON SYSTEM BY END OF MARCH, WITH LEGISLATION POSSIBLE BY APRIL OR MAY. HOUSE AG CREDIT SUBCOMMITTEE IS MOVING TOWARD GREATER CENTRAL CONTROL.

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- O TASK FORCE URGES SYSTEM TO MOVE QUICKLY IN DEVELOPING A PLAN FOR RECAPITALIZATION, NOT DELAY UNTIL LAST MINUTE. ANY RESTRUCTURING SHOULD RETAIN BORROWER VOICE IN LOCAL INSTITUTIONS. SECONDARY MARKET SHOULD BE SERIOUSLY CONSIDERED TO PROVIDE LIQUIDITY.
  
- O URGE ADMINISTRATION TO NAME NATIONAL AG FINANCE COMMISSION, MANDATED BY FARM BILL.

TRADE/EXPORTS

- O FARM EXPORTS HAVE FALLEN 40 PERCENT FROM THEIR PEAK OF \$44 BILLION TO ONLY \$26 BILLION LAST YEAR, REDUCING AGRICULTURE'S POSITIVE NET CONTRIBUTION TO THE U.S. TRADE BALANCE FROM \$26.6 BILLION TO \$5.4 BILLION.

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- O PRESENT POLICY OF TARGETED EXPORT ENHANCEMENT PROGRAM, TARGETED EXPORT ASSISTANCE PROGRAM, PRICES DEPENDENT ON REDEMPTION VALUE OF COMMODITY CERTIFICATES IS COMPLICATED PATCHWORK.
  
- O NEED NON-DISCRIMINATORY EXPORT POLICIES, REFLECTING THE PRACTICES OF OUR COMPETITORS IN WORLD TRADE.
  
- O I HAVE ASKED SECRETARY LYNG TO USE DISCRETIONARY AUTHORITY FOR A MARKETING LOAN FOR WHEAT, FEED GRAINS AND SOYBEANS. TASK FORCE PROPOSAL WILL MANDATE ACROSS-THE-BOARD EXPORT ENHANCEMENT PROGRAM, INCLUDING PROCESSED PRODUCTS, UNLESS MARKETING LOAN IS IN PLACE OR UNTIL SECRETARY CERTIFIES THAT U.S. LOAN RATES ARE COMPETITIVE.
  
- O BOTTOM LINE IS WE NEED TO MAKE EXPORTS COMPETITIVE IF FARMERS AND AGRI-BUSINESS IS TO SURVIVE.

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STORAGE

- O WITH 1.8 BILLION BUSHELS OF CARRYOVER WHEAT STOCKS AND A PROJECTED 6.0 BILLION BUSHELS OF CORN CARRYOVER THIS FALL, WE WILL NEED TO ASSURE ADEQUATE STORAGE IS AVAILABLE.
  
- O WILL LOOK FORWARD TO WORKING WITH YOUR ASSOCIATION TO ENSURE ALL OPTIONS ARE EXPLORED.
  
- O I UNDERSTAND THE SOVIET UNION HAS BOUGHT UPWARDS OF 1.0 MILLION TONS OF CORN AND COULD BUY MUCH MORE. ALSO, THERE HAVE BEEN RUMORS THE ADMINISTRATION MAY FINALLY OFFER WHEAT UNDER THE EXPORT ENHANCEMENT PROGRAM THE SOVIETS ON A PRICE-COMPETITIVE BASIS.

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O I HAVE TRIED TO GET EEP ON AN ACROSS-THE-BROAD  
BASIS SINCE IT WAS CREATED

BACK IN JUNE 1985. LAST AUGUST, THE STATE  
DEPARTMENT RESTRICTED THE WHEAT EXPORT BONSUS TO  
\$13-15 PER TON, AND OUR COMPETITORS CHORTLED. I  
HOPE THE RUMOR IS TRUE, BECAUSE THEY ARE STILL  
CHORTLING.