

SENATE REPUBLICAN LEADER BOB DOLE
MISSOURI GOVERNOR'S CONFERENCE ON AGRICULTURE
LAKE OF THE OZARKS; MONDAY, DECEMBER 14, 1987

THANK YOU VERY MUCH. IT'S GOOD TO BE BACK IN
THE REAL WORLD. I KNOW "HEARTLAND AMERICA"
WATCHED THE JUST-COMPLETED VISIT OF MIKHAIL
GORBACHEV WITH TYPICAL COMMON SENSE
SKEPTICISM, BUT I MUST TELL YOU THAT WASHINGTON IS
STILL RECOVERING FROM ACUTE "GLASNOST FEVER".



FORMIDABLE CUSTOMER

NO DOUBT ABOUT IT, THE REAGAN/GORBACHEV
SUMMIT DOMINATED THE WORLD'S STAGE. AND LET'S
FACE IT, IN MIKHAIL GORBACHEV, UNCLE SAM HAS A
FORMIDABLE CUSTOMER TO DEAL WITH IN THE COMING
YEARS.

BUT PRESIDENT REAGAN MORE THAN HELD HIS
OWN AT THE SUMMIT. IT WAS A "RONALD REAGAN
SUCCESS STORY." HIS STEADY HAND -- HIS SOLID
STRATEGY OF DEALING FROM STRENGTH -- PAID OFF
AGAIN. THIS TIME IN THE SIGNING OF AN HISTORIC
TREATY WITH THE SOVIET UNION.



"SHOW ME, MR. GORBACHEV

I MET MR. GORBACHEV. FIRST, WITH
CONGRESSIONAL LEADERS -- WHERE WE PRESSED HIM
ON MANY FRONTS, INCLUDING HIS DISPOSITION ON
SIGNING ANOTHER "LONG TERM GRAIN AGREEMENT" --
AND LATER, I MET HIM FACE-TO-FACE, IN PRIVATE. HE
WAS IMPRESSIVE. HE WAS ARTICULATE, WELL-VERSED IN
HIS MESSAGE. HE SCORED AN 'A' IN PUBLIC RELATIONS.
BUT IF YOU'RE ASKING ME, DO I BUY IT? DO I TRUST
HIM? WELL, I'LL JUST BORROW SOME WISDOM FROM
THIS WONDERFUL STATE: "SHOW ME!"



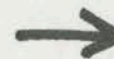
SHOW ME IN HUMAN RIGHTS. SHOW ME IN
NICARAGUA. SHOW ME IN AFGHANISTAN. SHOW ME AT
THE BERLIN WALL. AND SHOW ME IN DEEDS, NOT
WORDS.

DEFICITS -- DOUBLE TROUBLE

BUT, MIKHAIL GORBACHEV ISN'T OUR ONLY WORRY.
THERE ARE TWO PROBLEMS OF OUR OWN MAKING THAT
CONTINUE TO PUT AMERICA -- ESPECIALLY RURAL
AMERICA -- AT RISK: THE FEDERAL DEFICIT AND THE
TRADE DEFICIT.



THIS PAST WEEK, WE GOT SOME BAD NEWS WITH
ANOTHER RECORD-SETTING DEFICIT ON THE TRADE
FRONT: AN ALARMING 17.6 BILLION DOLLAR 'RED INK'
FIGURE FOR OCTOBER. IF WE ARE SERIOUS ABOUT
RESTORING AMERICAN AGRICULTURE'S
COMPETITIVENESS IN THE INTERNATIONAL ARENA, THEN
WE HAD BETTER BE SERIOUS ABOUT REVERSING THE
NUMBERS ON THE TRADE SIDE.

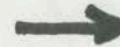


WANTED: LONG TERM POLICIES

WHAT WE NEED ARE SOME TOUGH, NEW, LONG
TERM POLICIES -- POLICIES THAT WILL BUILD ON A NEW
COMMITMENT OF EXCELLENCE FROM OUR PRODUCERS,
AND A NEW COMMITMENT FROM WASHINGTON THAT IT'S
READY TO USE SOME MUSCLE -- NOT PROTECTIONISM --
TO FIGHT UNFAIR TRADE OVERSEAS.



THE 1985 FARM BILL HAS GIVEN US A SHOT-IN-THE
ARM ON THE TRADE FRONT. BUT WE NEED TO DO
MORE. I'M CONTINUING TO LOOK AT A MARKETING
LOAN FOR CORN AND OTHER FEED GRAINS, SOYBEANS
AND OTHER OILSEEDS, AND POSSIBLY WHEAT.
MARKETING LOANS HAVE DONE WONDERS FOR COTTON
AND RICE: EXPORTS ARE UP, STOCKS ARE DOWN, AND
PROGRAM COSTS ARE DROPPING.



AND GETTING BACK TO MR. GORBACHEV FOR A
MOMENT, A MARKETING LOAN WILL WIPE OUT ONCE AND
FOR ALL THE CHARGE THAT WE ARE SOMEHOW
"SUBSIDIZING COMMUNISM" WITH OUR CURRENT BONUS
OFFER TO THE SOVIET UNION.

BUT LET ME GIVE YOU MY BOTTOMLINE ON TRADE:
WE DON'T NEED WALLS. WE NEED WILL.



FEDERAL DEFICIT

AND WE'LL NEED PLENTY OF WILL -- AND COURAGE
-- TO TACKLE THE FEDERAL DEFICIT. AGAIN, THE
NUMBERS ARE STAGGERING: A NATIONAL DEBT OF 2.4
TRILLION DOLLARS; A MONSTROUS NATIONAL CREDIT
CARD BILL THAT IS DEVOURING
200-BILLION-DOLLAR-A-YEAR INTEREST PAYMENTS!



THE OCTOBER STOCK MARKET CRASH WAS AN
EAR-SHATTERING WAKE-UP CALL ON THE DEFICIT; AN
ALARM RURAL AMERICA KNOWS WELL. WE HAD OUR
CRASH A FEW YEARS AGO. BUT DESPITE THE HARD
KNOCKS, RURAL AMERICA IS COMING BACK. IT'S
COMING BACK BECAUSE YOUR CONFERENCE THEME IS
TRUE: "TOUGH TIMES DON'T LAST, BUT TOUGH PEOPLE
DO."



AMERICAN FARMERS ARE TOUGH. BUT I'M GOING
TO DO EVERYTHING I CAN -- NOW, AND IN 1988 AND
BEYOND -- TO MAKE CERTAIN RURAL AMERICA WILL
NEVER BE TESTED AGAIN BY PUNISHING INTEREST
RATES, INFLATION AND DEFICITS.

SOME SMALL STEPS

CONGRESS JUST APPROVED A "BABY STEP" IN THE
RIGHT DIRECTION. A MODEST \$76 BILLION, TWO-YEAR
DEFICIT CUTTER. THERE ISN'T MUCH COURAGE IN IT.



, BUT IT'S A START. PLUS, IT ALSO SAVED SOME
FEDERAL PROGRAMS -- INCLUDING AGRICULTURE --
FROM THE MORE RADICAL AND INDISCRIMINATE CUTS
OF THE GRAMM/RUDMAN BUDGET AX.

I WAS ALSO PLEASED THE SENATE APPROVED A
NEW IDEA ON THE DEFICIT FRONT I INTRODUCED A FEW
WEEKS AGO -- A NATIONAL COMMISSION ON THE
DEFICIT: AN INDEPENDENT TASK FORCE BRINGING
TOGETHER THE BEST MINDS IN THE GOVERNMENT AND
THE PRIVATE SECTOR TO GIVE US FRESH NEW WAYS TO
GET THE BUDGET IN BALANCE.



LET'S FACE IT -- CONGRESS NEEDS ALL THE HELP IT
CAN GET. WE'LL CONSIDER THE COMMISSION'S
RECOMMENDATIONS -- MAYBE TAKE SOME, MAYBE
REJECT SOME -- AND START BALANCING THE BOOKS
LIKE EVERY AMERICAN FAMILY DOES.

GOOD NEWS FROM THE FARMS

BUT THE REALLY BIG STEP FOR RURAL AMERICA
CAME TWO YEARS AGO. THAT'S WHEN WE PASSED THE
1985 FARM BILL. AND IT PASSED ON MY WATCH AS
SENATE MAJORITY LEADER.



EVERYWHERE I GO THESE DAYS, FARMERS ARE
TELLING ME THE BILL IS WORKING. OH, IT'S NOT
PERFECT. BUT IT HAS MADE A DIFFERENCE.

WE SHORED-UP FARM INCOME FOR TWO YEARS. WE
MADE CONSERVATION POLICY LONG TERM INSTEAD OF
A KNEE-JERK RESPONSE TO OVER-PRODUCTION
PROBLEMS. AND WE GAVE THE ADMINISTRATION THE
TOOLS TO MAKE US MORE COMPETITIVE.
UNFORTUNATELY, THE ADMINISTRATION HASN'T
EXACTLY WORN THEM OUT.



AND THANKS TO THE '85 BILL, NET CASH INCOME IS
PROJECTED AT A RECORD \$57 BILLION THIS YEAR; FARM
DEBT IS DOWN 22% SINCE 1982; FARM NET WORTH IS
LIKELY TO INCREASE IN 1987 AFTER 6 YEARS IN THE RED;
AND TOTAL RETURN ON FARM ASSETS HAS TURNED
POSITIVE.

IN ADDITION, EXPORTS ARE UP IN BOTH VOLUME
AND VALUE, AND PRICES FOR SEVERAL COMMODITIES --
CATTLE, HOGS, COTTON AND RICE -- ARE UP.



CANADA, ARGENTINA AND OTHER COUNTRIES ARE
NOW FEELING THE SQUEEZE, AS WE'VE TAKEN THEIR
GUARANTEED PRICE PROTECTION AWAY. FOREIGN
PRODUCTION OF SOME COMMODITIES, SUCH AS WHEAT,
IS STARTING TO DECLINE.


EQUALLY GOOD NEWS -- FOR BOTH SUPPORTERS
AND CRITICS OF FARM PROGRAMS -- IS THAT THE COSTS
OF FARM PROGRAMS ARE TRENDING DOWNWARD:
FROM A HIGH OF \$26 BILLION IN FISCAL YEAR 1986,
COSTS DECLINED TO \$23 BILLION LAST YEAR, AND ARE
PROJECTED AT \$17 BILLION BY 1990.



LOOKING TO THE FUTURE

AS THE TWENTY-FIRST CENTURY APPROACHES, WE
MUST KEEP RURAL AMERICA'S ECONOMIC BASE FROM
LAGGING BEHIND OUR OWN EXPECTATIONS AND
DREAMS FOR A BETTER FUTURE. WE'LL NEED NEW
PROGRAMS AND NEW INITIATIVES TO MAKE IT HAPPEN.

**RURAL RECOVERY: ONE INITIATIVE I'VE
DEVELOPED CALLS ON TWO THINGS WE HAVE IN
ABUNDANCE IN RURAL AMERICA: COMMODITIES AND
COMMON SENSE. THE GOVERNMENT OWNS ABOUT \$9
BILLION IN SURPLUS COMMODITIES. AND THE



TAXPAYERS ARE SPENDING ABOUT \$1 BILLION EVERY
YEAR JUST TO STORE THEM. MY PLAN WOULD TURN
THOSE MOUNTAINS OF SURPLUS GRAIN INTO THE
COLLATERAL NEEDED TO BACKSTOP \$1 BILLION IN
PRIVATE INVESTMENT IN RURAL AMERICA.

****EDUCATION**: WE MUST RECOMMIT OURSELVES TO
ANOTHER KIND OF INVESTMENT--EDUCATION.

AGRICULTURAL EDUCATION MUST BE EXPANDED TO
REFLECT THE HIGH-TECH WORLD OF TOMORROW. OUR
FARMERS AND RANCHERS MUST BE FULLY ATTUNED TO
MODERN MARKETING, MANAGEMENT, AND FINANCIAL
INNOVATIONS. ➡

WE MUST ALSO EXPAND THE NATIONAL ACADEMIC
CURRICULUM TO INCLUDE VOCATIONAL INSTRUCTION IN
AGRICULTURE -- FROM KINDERGARTEN THROUGH HIGH
SCHOOL AND BEYOND. AND, AS PART OF THE EFFORT
TO INCREASE ACCESS TO AGRICULTURAL TRAINING, WE
SHOULD ESTABLISH SPECIALIZED "MAGNET" HIGH
SCHOOLS FOR THE AGRI-SCIENCES AND
AGRI-BUSINESSES IN MAJOR URBAN CENTERS.



**ALTERNATIVE FUELS: THE CONTINUING TENSION

IN THE PERSIAN GULF IS ANOTHER REMINDER HOW
VULNERABLE OUR OIL SUPPLY CAN BE. I HAVE BEEN
WORKING FOR NEARLY 20 YEARS TO PROMOTE THE
DEVELOPMENT OF ALTERNATIVE FUELS FROM OUR
RURAL AMERICAN RESOURCES. I WAS ONE OF THE
FIRST TO RECOGNIZE THE OPPORTUNITY OUR SURPLUS
GRAINS PRESENTED IN DEVELOPING AN AMERICAN
ALCOHOL FUELS INDUSTRY.



THIS YEAR, I HAVE INTRODUCED LEGISLATION TO
EXTEND ETHANOL'S PARTIAL EXEMPTION TO THE
GASOLINE SALES TAX THROUGH THE YEAR 2000.

CONCLUSION

I APPRECIATE THIS OPPORTUNITY TO TOUCH BASE
WITH THE REAL AGRICULTURE EXPERTS -- THE PEOPLE
HERE TODAY. YOUR REPRESENTATIVES IN WASHINGTON,
YOUR GOVERNOR AND YOUR AG LEADERS IN THIS STATE
ARE DOING SUPERB WORK ON BEHALF OF RURAL
AMERICA.

THERE IS MUCH, MUCH WORK TO BE DONE. BUT AS
YOU'VE SAID SO ELOQUENTLY, THE TIMES MAY BE
TOUGH, BUT OUR PEOPLE ARE EVEN TOUGHER. THAT'S
THE KIND OF FIGHTING SPIRIT THAT MAKES RURAL
AMERICA MY KIND OF PLACE.

THANK YOU VERY MUCH. I'LL BE HAPPY TO ANSWER
QUESTIONS.