

March 5, 1993

TO: SENATOR DOLE

FROM: BRET FOX

SUBJECT: MARCH 10 SPEECH TO ILLINOIS AG LEADERSHIP FOUNDATION

THE GROUP CONSISTS OF 30 LEADERS IN ILLINOIS AGRICULTURE AND AGRIBUSINESS. THE PROGRAM IS DESIGNED LIKE THE KANSAS AGRICULTURAL LEADERSHIP PROGRAM (KARL), FOCUSING ON DEVELOPING KNOWLEDGEABLE AND EFFECTIVE SPOKESPERSONS TO BECOME POLICY AND DECISION MAKERS FOR THE AGRICULTURAL INDUSTRY. THE CURRENT CLASS, THE SIXTH SINCE THE PROGRAM BEGAN, IS IN THE MIDST OF THE FIRST YEAR OF THE TWO-YEAR PROGRAM, AND WILL BE MEETING WITH A VARIETY OF KEY OFFICIALS IN WASHINGTON, INCLUDING USDA, USTR, STATE DEPARTMENT AND DEFENSE DEPARTMENT OFFICIALS, AS WELL AS SPECIALISTS FROM CONGRESSIONAL STAFFS, COMMODITY ORGANIZATIONS AND VARIOUS OTHER INTEREST GROUPS.

**REMARKS OF
SENATOR BOB DOLE
ILLINOIS AGRICULTURAL
LEADERSHIP FOUNDATION**

INTRODUCTION

***THANK YOU. I'M REMINDED THIS MORNING OF THE WORDS OF DWIGHT EISENHOWER, WHO SAID, "FARMING LOOKS MIGHTY EASY WHEN YOUR PLOW IS A PENCIL, AND YOU'RE A THOUSAND MILES FROM A CORN FIELD."**

***WELL, IT'S A PLEASURE TO BE IN A ROOM FULL OF PEOPLE WHO KNOW BETTER--AND WHO ARE TOO OFTEN ON THE RECEIVING END OF WASHINGTON'S PENCIL.**

CLINTON'S TAXING PACKAGE

***LET ME BEGIN WITH THE NUMBER ONE TOPIC IN WASHINGTON AND ACROSS AMERICA--TAXES. PRESIDENT CLINTON'S ECONOMIC PLAN WILL HIT JUST ABOUT EVERYONE WITH SOME FORM OF A TAX INCREASE--AND AGRICULTURE IS CERTAINLY NO EXCEPTION.**

***ONE VERY TROUBLING ASPECT OF THE PRESIDENT'S TAX AND SPEND PLAN IS THE PROPOSED "BTU" TAX. IT WILL HIT AGRICULTURE ESPECIALLY HARD FOR A FEW KEY REASONS, INCLUDING THE LACK OF AN OFF-ROAD EXEMPTION AND THE LARGE AMOUNTS OF ENERGY REQUIRED TO MANUFACTURE FERTILIZER.**

***LET ME GIVE YOU A FEW QUICK NUMBERS THAT SHOW HOW THE PRESIDENT'S ENERGY TAX WILL APPLY TO DIFFERENT KINDS OF FARMS -- SHOWING THE ANNUAL IMPACT OF A \$.10 INCREASE IN DIESEL TAX ALONE:**

-- 700 WHEAT/300 ACRE MILO (KANSAS) -- \$900-1,300

-- 450 ACRE COTTON FARM (CALIFORNIA) -- \$3,000-3,500

***FOR A CORN FARMER, THE NUMBERS I'VE SEEN SHOW THAT ON JUST 430 ACRES, THE ADDITIONAL TAX ON DIESEL, GASOLINE AND LIQUID PROPANE USE WOULD AMOUNT TO \$800 PER YEAR. THESE EXAMPLES DO NOT INCLUDE THE INCREASED COSTS OF ENERGY-INTENSIVE INPUTS SUCH AS FERTILIZER AND CHEMICALS -- IF THOSE COSTS WERE INCLUDED, ALL OF THE ABOVE NUMBERS COULD EASILY DOUBLE.**

***AS A DOUBLE-WHAMMY TO ILLINOIS AND OTHER LARGE CORN-PRODUCING STATES, IT APPEARS THAT THE ADMINISTRATION INTENDS FOR THE BTU TAX TO APPLY TO ETHANOL AS WELL.**

***THE ONLY GOOD NEWS FOR FARMERS IS THE INCLUSION OF AN INVESTMENT TAX CREDIT AND NO REDUCTION--AS OF YET--IN THE \$600,000 ESTATE TAX EXEMPTION.**

***BUT THAT FALLS SHORT OF INCLUDING THE THREE TAX PROVISIONS THAT I'VE ALWAYS FELT COULD BE THE MOST BENEFICIAL TO FARMERS AND RANCHERS -- 1) THE INVESTMENT TAX CREDIT, 2) A RETURN TO INCOME-AVERAGING, AND 3) 100% DEDUCTIBILITY FOR HEALTH INSURANCE PREMIUMS.**

BUDGET CUTS?

***WE ARE STILL WAITING FOR MANY DETAILS ON THE PRESIDENT'S BUDGET, BUT SOME OF US ARE A LITTLE SUSPICIOUS THAT THE BUDGET DEBATES WITHIN THE ADMINISTRATION ARE GOING ON WITHOUT THE COUNSEL OF THE SECRETARY OF AGRICULTURE.**

***I SAY THAT BECAUSE USDA OFFICIALS -- IF YOU CAN FIND ONE THESE DAYS -- OFFER MOSTLY BLANK STARES WHEN PRESSED FOR DETAILS BEHIND THE NUMBERS. THAT GENERALLY POINTS TO A CASE WHERE POLICY IS BEING**

DRIVEN BY THE NUMBER CRUNCHERS OVER AT THE OFFICE OF MANAGEMENT AND BUDGET, MOST OF WHOM HAVE NO CLUE AS TO THE SERIOUS POLICY CONSIDERATIONS THAT ARE AT STAKE.

*AND, AS ROSS PEROT SAYS, "THE DEVIL'S IN THE DETAILS." FOR EXAMPLE, GRAIN INSPECTION AND OVERTIME INSPECTION FEES ARE TO BE RAISED TO THE TUNE OF \$59 MILLION OVER FOUR YEARS--BUT NO ONE KNOWS THE DETAILS, EXCEPT THAT THESE ARE MORE COSTS WHICH WILL BE PASSED ON TO THE FARMER. AND, YES, THOSE USER FEE INCREASES ARE COUNTED BY THE NUMBER CRUNCHERS AS A BUDGET CUT--WELCOME TO WASHINGTON.

*OF PARTICULAR CONCERN TO YOUR STATE AND OTHERS RELIANT UPON RIVER TRANSPORTATION IS THE PROPOSED 525% HIKE IN INLAND WATERWAY USER FEES. WITHOUT CONSIDERING THE ADDED IMPACT OF THE BTU TAX ON DIESEL PRICES, RAISING THE CURRENT \$.19 FEE TO \$1.19 COULD ADD \$70,000 TO THE COST OF MOVING A 15-BARGE TOW FROM MINNEAPOLIS TO NEW ORLEANS. I'VE BEEN TOLD THAT THAT PENCILS OUT TO ALMOST \$.15 PER BUSHEL, WHICH WOULD COME RIGHT OUT OF THE FARMER'S POCKET.

*BUT THE END RESULT IS CLEAR -- THESE TAXES, DIRECT AND INDIRECT, ALONG WITH INCREASED USER FEES AND OTHER PROVISIONS WILL ADD A TREMENDOUS COST TO THE FOOD INDUSTRY IN THIS COUNTRY. AND THAT DOES NOT ENHANCE COMPETITIVENESS.

ENVIRONMENTAL REGULATIONS

*BESIDES WORRYING ABOUT PRESIDENT CLINTON'S INCLINATION TO TAX, I ALSO WORRY ABOUT VICE-PRESIDENT GORE'S INCLINATION TO REGULATE. OF COURSE, I'M TALKING ABOUT ENVIRONMENTAL LEGISLATION AND MR. GORE'S WELL-KNOWN APOCALYPTIC VIEWS ON THE SUBJECT.

***HOW MUCH OF A ROLE HE WILL HAVE IN SHAPING ADMINISTRATION POLICY ON A WIDE VARIETY OF ENVIRONMENTAL LEGISLATION WHICH WILL LIKELY BE CONSIDERED IN THE 103rd CONGRESS REMAINS TO BE SEEN.**

***BUT, GIVEN ALL OF THE ENVIRONMENTAL ISSUES ON OUR PLATE, IT SEEMS TO ME THAT THE SINGLE MOST IMPORTANT PRIORITY FOR FARMERS AND RANCHERS AND THE ORGANIZATIONS THAT REPRESENT THEM IN WASHINGTON WILL BE UNITY.**

***A SENSE OF BALANCE IN THIS DEBATE IS ALSO OF UTMOST IMPORTANCE. POLICY DECISIONS MUST BE ROOTED IN COMMON SENSE AND SOUND SCIENCE -- AND NOT IN THE ENVIRONMENTAL EXTREMISM THAT WE HEAR FROM THE FRINGE ACTIVIST GROUPS.**

***I'VE ALWAYS THOUGHT OF FARMERS AS THE PIONEER ENVIRONMENTALISTS -- THOSE WHO MAKE A LIVING FROM THE LAND AND THE WATER AND WHO HAVE THE MOST TO LOSE IF THEY DISREGARD THE PRESERVATION AND ENHANCEMENT OF THOSE RESOURCES.**

***BUT, IN SPITE OF THAT, THERE COULD VERY WELL BE A LOT OF ENVIRONMENTAL LEGISLATION COMING THROUGH THE BACK DOOR THAT DOESN'T GIVE AGRICULTURE THE CREDIT THAT IT DESERVES -- AND THAT COULD ALSO PLACE BOTH PERSONAL PROPERTY RIGHTS AND THE PRODUCTIVITY OF AMERICAN AGRICULTURE AT GREAT RISK.**

RUSSIAN CREDITS

***LET ME TURN NOW TO ANOTHER MATTER I KNOW IS OF GREAT INTEREST TO YOU--AND THAT'S GRAIN CREDITS.**

***I MET LAST WEEK WITH A DELEGATION OF RUSSIANS, INCLUDING DEPUTY PRIME MINISTER SHOHKIN, WHO WERE IN WASHINGTON TO DRUM UP SUPPORT FOR ADDITIONAL GRAIN CREDITS.**

***THIS IS A SERIOUS SITUATION FOR BOTH FARMERS AND FOR TAXPAYERS. ALL ALONG WE'VE KNOWN THAT EXTENDING GRAIN CREDITS WAS A RISK, AND NOW WE FIND RUSSIA IN REPAYMENT ARREARS WELL OVER \$400 MILLION. THOSE DEFAULTS, AS YOU WELL KNOW, HAVE SHUT OFF THE CREDIT PIPELINE TO THE DETRIMENT OF GRAIN AND LIVESTOCK PRODUCERS ALIKE.**

***BUT, NO DOUBT ABOUT IT, WE NEED TO FOCUS ON THIS PROBLEM, BECAUSE ALTHOUGH WE MUST PROCEED WITH CAUTION -- A LOT OF MONEY IS AT RISK -- WE SHOULD NOT LOSE SIGHT OF THE BIGGER PICTURE.**

***THAT BIGGER PICTURE SHOWS THAT THE TRANSITION ONGOING IN RUSSIA HAS STILL NOT TAKEN HOLD. YOU'VE PROBABLY HEARD SOME PEOPLE EVEN QUESTIONING HOW LONG PRESIDENT YELTSIN WILL LAST.**

***BUT OUR OPTIONS ARE LIMITED. IT SEEMS TO ME THAT WE CAN EITHER ATTEMPT TO FACILITATE SOME KIND OF LARGE-SCALE BARTERING, OR ELSE WE JUST HAVE TO FACE THE MUSIC -- IT'S A RISKY INVESTMENT, WE MAY NEVER GET PAID BACK, BUT IT IS IN THE LONG-TERM INTERESTS OF THE TAXPAYER WHO DOESN'T WANT TO PAY FOR ANOTHER ARMS RACE AND FOR OUR CHILDREN WHO DON'T WANT TO LIVE THROUGH ONE.**

***I HOPE WE SEE SOME LEADERSHIP ON THIS SOON FROM THE WHITE HOUSE --A COMMITMENT TO DO THE RIGHT THING AND FOLLOW THROUGH BEFORE WE LOSE ALL PRESENCE IN THAT MARKET.**

THE NAFTA

***WHILE THE RUSSIAN MARKET IS VITAL, THERE ARE THOSE CLOSER TO HOME THAT WE ARE STILL TRYING TO TAP UNDER THE NAFTA. THE ADMINISTRATION HAS SAID THEY INTEND TO NEGOTIATE THREE "SIDE AGREEMENTS" TO NAFTA-- ONE ON ENVIRONMENT, ONE ON ASSISTANCE TO WORKERS**

**HURT BY THE IMPLEMENTATION OF THE TRADE AGREEMENT
AND ONE ON IMPORT SURGES TO PROTECT DOMESTIC
INDUSTRIES HURT BY UNEXPECTED INCREASES IN IMPORTS.**

***THE ADMINISTRATION HAS SAID IT PLANS TO NEGOTIATE
THE THREE SIDE AGREEMENTS AND THEN SEND THEM TO
CONGRESS IN JUNE OR JULY THIS YEAR WITH THE ORIGINAL
AGREEMENT, WHICH, THEY SAY, WILL NOT BE CHANGED.**

***THE JUNE OR JULY TIMETABLE--EVEN IF IT'S LIKELY--
WOULD GIVE CONGRESS A NAFTA RIGHT WHEN WE'RE
DEBATING THE NEW BUDGET, HEALTH CARE, APPROPRIATIONS
AND A LOT OF OTHER IMPORTANT ISSUES SO WE MAY NOT SEE
A NAFTA VOTE UNTIL NEXT YEAR.**

***THE BOTTOM LINE IS THAT MEXICO--WITH A NEAR 100
MILLION POPULATION BY THE END OF THIS CENTURY--IS ONE
OF OUR FASTEST GROWING MARKETS. THE MORE PROSPERITY
IN MEXICO, THE MORE THEIR FOOD AND FIBER NEEDS WILL
INCREASE.**

***A FREE TRADE AGREEMENT GIVES US, IN FACT, A
SPECIAL MARKET FOR AMERICAN PRODUCTS RIGHT ACROSS
THE BORDER. IF WE DON'T TAKE THIS OPPORTUNITY TO GIVE
OURSELVES PREFERRED ACCESS, THE MEXICAN MARKET --
AND OTHER VALUABLE MARKETS IN LATIN AMERICA -- WILL BE
UP FOR GRABS BY OUR COMPETITORS.**

***DEVELOPING COUNTRIES ARE THE ONLY REAL GROWTH
MARKETS AMERICAN AGRICULTURE HAS. IF WE DON'T GO
AFTER THOSE MARKETS AGGRESSIVELY, WE'RE JUST NOT
GOING TO HAVE A PLACE TO SELL THE \$20 BILLION WORTH OF
SURPLUS THAT WE NOW PRODUCE.**

***THOSE ARE JUST A FEW OF THE CHALLENGES FACING
AMERICAN AGRICULTURE...I LOOK FORWARD TO WORKING
WITH THE NEW ADMINISTRATION AND YOU TO ENSURE THAT
GOVERNMENT POLICIES WILL NOT PREVENT OUR FARMERS
FROM MEETING THOSE CHALLENGES.**



Wed, March 10

EXECUTIVE DIRECTOR
Joyce Watson, CAE, CFRE

ASSISTANT DIRECTOR
Kraig A. Wagenecht

BOARD OF DIRECTORS

Chairman
Don McGillivray
President, Retired
CIBA-GEIGY Seed Division
Bloomington

Vice Chairman
Orion Samuelson
Vice President
Agricultural Services
Director, WGN
Chicago

Secretary
R. Gerald Saylor
Director
Market Economics
Deere & Company
Moline

Treasurer
Porter J. Martin
President
Martin, Goodrich & Associates, Inc.
DeKalb

Members of the Board

Martin L. Andreas
Senior Vice President and
Assistant to the CEO
Archer Daniels Midland Company
Decatur

William D. Engelbrecht
Executive Vice President
Leo Burnett Company, Inc.
Chicago

James E. Forster
DeKalb

John L. Huston
President
National Live Stock
and Meat Board
Chicago

Jean A. Ibendahl
Tamaroa

Kenneth McMillan
Bushnell

Donna C. Prevedell
President
Prevedell & Associates
Eagarville

Victoria L. Rickey
Senior Vice President
International Business Group
Case Corporation
Racine, WI

Enid Schlupf
President
Schlupf Farms, Inc.
Gridley

O. Glenn Webb
Chairman of the Board
and President
Growmark, Inc.
Bloomington

March 2, 1993

The Honorable Bob Dole
Senate Republican Leader
141 Senate Hart Office Building
Washington, DC 20510-1601

Dear Senator Dole:

Participants of the Illinois Agricultural Leadership Program (IALP), Class of 1994, will begin their National Travel Seminar on March 3. This year's seminar begins in Arizona and, like all of our National Travel Seminars, will conclude with a comprehensive study of national issues in Washington, D.C. I am enclosing the agenda for the Washington, D.C. segment.

We appreciate your involvement in this seminar, and look forward to your addressing our class participants. Details for your session are:

The U.S. Congressional Agenda
Wednesday, March 10, 8:30 - 9:30 a.m.
628 Dirksen Senate Office Building

In addition to your prepared remarks, we hope you will allow time for a question-and-answer period during your session. This type of exchange has been beneficial to our previous classes as well as our speakers.

I am enclosing information on the IALP and a biographical sketch of each participant to further acquaint you with our mission.

Again, our thanks for agreeing to join us. We are looking forward to an outstanding seminar and are pleased you will be part of it.

Sincerely,

Kraig A. Wagenecht

KAW/vf

Enclosures

**ILLINOIS AGRICULTURAL LEADERSHIP PROGRAM
NATIONAL TRAVEL SEMINAR**
Arizona & Washington, D.C.
March 3-12, 1993

Agenda

GOALS

- To broaden appreciation and understanding for the diversity of agriculture, economic bases and social patterns in the United States
- To focus and gain insight into regional issues (i.e., water, land use, clean air) in Arizona
- To study and better understand the physical and economic composition of the Southwestern United States
- To better understand the economic, social and political issues of our country
- To examine national and international policy with various U.S. agencies and organizations
- To gain insight into legislative functions and priorities

Washington, D.C. Lodging Accommodations: Radisson Park Terrace Hotel, 1515 Rhode Island Ave., N.W (202) 232-700

Day 6. Monday, March 8

Chairpersons: Bert Huftalin & Rick Edwards

8:30 a.m. Meet in hotel lobby & transfer to the National Press Club (F & 14th) via Metro

9:15 - 11:15 a.m. **Media Panel Briefing: A Review of Federal Government Issues**
(National Press Club, Main Lounge)

Jill Olmsted, Washington Correspondent, U.S. Farm Report & WGN Radio -- Assistant Professor, School of Communication, The American University

Nicholas M. Horrock, Washington Bureau Chief, The Chicago Tribune

Tony Snow, Washington Columnist, The Detroit News

Murray Seeger, Assistant Director, Department of External Relations, International Monetary Fund

-2-

Monday, March 8 continued

- 11:15 - 1:00 p.m. **Lunch** at the National Press Club, Murrow Room
Transfer to Capitol Hill via Metro
- 1:30 - 2:30 p.m. **Tax Issues** (1100 Longworth HOB)
Don Longano, Chief Tax Counsel, U.S. House Ways & Means Committee
Transfer to EC Mission via Metro
- 3:45 - 5:00 p.m. **The European Communities: Ag & Trade Matters**
Kaj Mortensen, Agricultural Counselor, Delegation of the Commission of the European Communities
2100 M St., NW, 7th Floor (between M & L, entrance on 21st)
- 6:15 - 8:15 p.m. **Reception** (1300 Longworth HOB)
Hosted by the National Agricultural Chemicals Association, Jay Vroom, President

Day 7. Tuesday, March 9

- Chairpersons: John Greene & Dan Koster*
- 7:15 a.m. Meet in hotel lobby & transfer to Federal Reserve System via Metro
- 8:00 - 9:00 a.m. **Federal Reserve System: The Economy & Credit**
John P. LaWare, Member, Board of Governors of the Federal Reserve System
Walk to U.S. Department of State
- 9:30 - 11:00 a.m. **U.S. Department of State Briefings**, 2201 C Street, NW
(C Street - Diplomatic entrance)
Foreign Policy Overview
Frank Lemay, Member of the Secretary's Policy Planning Staff, U.S. Department of State
State Department's Role in Food Policy
Speaker: TBA
Transfer to USDA via Metro
- 11:30 - 12:30 p.m. **Lunch** at U.S. Department of Agriculture

-3-

Tuesday, March 9 continued (USDA)

- 12:30 - 3:00 p.m. **U.S. Department of Agriculture Briefings (Room 108A)**
- Restructuring of USDA**
 Ron Blackley, Chief of Staff for Secretary Espy, USDA
- Remarks from the Secretary**
 The Honorable Michael Espy, Secretary, USDA (invited)
- Food Assistance Programs**
 Andy Hornsby, Acting Administrator, Food & Consumer Service, USDA
- Conservation & Wetlands**
 Gary Margheim, Deputy Chief of Programs - Soil Conservation, USDA
- Budget**
 Steve Dewhurst, Director, Office of Budget and Program Analysis, USDA
- 3:00 - 3:45 p.m. **Global Agricultural Challenges**
 Carol Brookins, President & CEO, World Perspectives, Inc.
- 3:45 - 4:45 p.m. **Working Toward a Humane Sustainable Agriculture**
 Dr. Michael Fox, Vice President, Farm Animals and Bioethics, The Humane Society of the U.S.
- Walk to the American Farm Bureau Federation**
- 5:15 - 6:30 p.m. **Legislative Commodities Briefing (American Farm Bureau Federation, 600 Maryland Ave., SW, Suite 800)**
- Keith Heard, Executive Vice President, National Corn Growers Association
- Hyde Murray, Director of Governmental Affairs, American Farm Bureau Federation
- G. Chandler Keys III, Director of Congressional Relations, National Cattlemen's Association
- 6:30 p.m. **Reception - Sponsored by the American Farm Bureau Federation**
- Remainder of evening on own

-4-

Day 8. Wednesday, March 10

Chairpersons: Dale Hadden & Bill Olson

7:45 a.m.	Meet in hotel lobby & transfer to Capitol Hill via Metro
8:30 - 9:30 a.m.	The U.S. Congressional Agenda (Dirksen SOB 628) The Honorable Bob Dole, (R-KS) Senate Republican Leader
9:45 - 11:00 a.m.	The GATT Negotiations & NAFTA: An Update Suzanne Early, Assistant U.S. Trade Representative for Agricultural Affairs
	Transfer to the Pentagon via Metro
Lunch	On own at Pentagon City
12:40 p.m.	Arrive at the Pentagon
1:00 - 2:00 p.m.	The Reorganization of the U.S. Department of Defense Speaker: TBA
2:00 - 3:00 p.m.	Tour of the Pentagon
	Transfer to the Radisson Park Terrace Hotel
4:00 - 5:30 p.m.	The Animal Rights Issue: A Panel Discussion (Radisson Hotel, Terrace East Room) Mark Larochelle, Press Secretary, Putting People First Wayne Pacelle, National Director, The Fund for Animals Sue Brebner, R.N., Education Director, People for the Ethical Treatment of Animals (PETA)
Evening	On Own

Day 9. Thursday, March 11

Chairpersons: Allen Losey & Greg Hibner

7:45 a.m.	Meet in hotel lobby and transfer to Capitol Hill via Metro
8:30 - 9:15 a.m.	Breakfast with the Honorable Paul Simon, (D-IL) U.S. Senator (Dirksen SOB G18)
9:15 - 10:00 a.m.	A Legislative Staff Perspective Ann Wright, Legislative Assistant to Senator Paul Simon for Ag & Appropriation Issues

-5-

Thursday, March 11 continued

Walk to Congressional Budget Office, 2nd & D Street - Sessions held in Conference Room 407, 4th Floor

10:30 - 12:00 Noon **Budget & Economic Outlook**
Dr. Roger Hitchner, Chief of the Natural Resources Unit of the Natural Resources and Commerce Division, Congressional Budget Office

Eileen Manfredi, Agricultural Budget Analyst, Congressional Budget Office

Lunch on own

2:00 - 2:30 p.m. **A Discussion with the Chairman** (1302 Longworth HOB)
The Honorable E. "Kika" de la Garza, (D-TX), Chairman, Committee on Agriculture, U.S. House of Representatives

Transfer to U.S. Department of Treasury via Metro

3:45 - 4:45 p.m. **U.S. Economics & Finances: A Treasury Perspective**
Alan Cohen, U.S. Department of the Treasury

6:30 p.m. **Reception & Dinner** - Radisson Park Terrace Hotel, Terrace East Room

"Seizing the Last Surge in World Farm Demand"
Dennis T. Avery, Director, Center for Global Food Issues, Hudson Institute

Day 10. Friday, March 12

Chairpersons: Jim Eichhorst & Aaron Quick

7:45 a.m. Meet in hotel lobby and transfer to the U.S. Food & Drug Administration via Metro

Sessions held at the FDA, Room 1813

-6-

Friday, March 12 continued

8:30 - 1:00 p.m.	U.S. Food & Drug Administration and U.S. Environmental Protection Agency Briefings Fred R. Shank, Ph.D., Director, Center for Food Safety & Applied Nutrition, FDA F. Edward Scarbrough, Ph.D., Director for the Office of Food Labeling, FDA John W. Jones, Ph.D., Pesticides & Chemical Contaminants Strategic Manager, FDA Bill Jordan, Deputy Director of the Policy & Special Projects Staff, Office of Pesticide Programs, EPA Michael Fritz, Environmental Protection Specialist, Office of Water, Wetlands Division, EPA
1:00 - 3:00 p.m.	On own for lunch/visits of choice
3:00 p.m.	Meet at National Airport, TWA Ticket Counter
3:54 p.m.	Depart Washington, D.C. for St. Louis - TWA Flight 19
5:11 p.m.	Arrive St. Louis Lambert Airport

**REMARKS OF
SENATOR BOB DOLE
ILLINOIS AGRICULTURAL
LEADERSHIP FOUNDATION**

INTRODUCTION

***THANK YOU. I'M
REMINDED THIS MORNING OF
THE WORDS OF DWIGHT
EISENHOWER, WHO SAID,
"FARMING LOOKS MIGHTY EASY
WHEN YOUR PLOW IS A PENCIL,
AND YOU'RE A THOUSAND MILES
FROM A CORN FIELD."**

***WELL, IT'S A PLEASURE TO
BE IN A ROOM FULL OF PEOPLE
WHO KNOW BETTER--AND WHO
ARE TOO OFTEN ON THE
RECEIVING END OF
WASHINGTON'S PENCIL.**

CLINTON'S TAXING PACKAGE

***LET ME BEGIN WITH THE
NUMBER ONE TOPIC IN**

**WASHINGTON AND ACROSS
AMERICA--TAXES. PRESIDENT
CLINTON'S ECONOMIC PLAN
WILL HIT JUST ABOUT
EVERYONE WITH SOME FORM OF
A TAX INCREASE--AND
AGRICULTURE IS CERTAINLY NO
EXCEPTION.**

***ONE VERY TROUBLING**

**ASPECT OF THE PRESIDENT'S
TAX AND SPEND PLAN IS THE
PROPOSED "BTU" TAX. IT WILL
HIT AGRICULTURE ESPECIALLY
HARD FOR A FEW KEY REASONS,
INCLUDING THE LACK OF AN
OFF-ROAD EXEMPTION AND THE
LARGE AMOUNTS OF ENERGY
REQUIRED TO MANUFACTURE
FERTILIZER.**

***LET ME GIVE YOU A FEW
QUICK NUMBERS THAT SHOW
HOW THE PRESIDENT'S ENERGY
TAX WILL APPLY TO DIFFERENT
KINDS OF FARMS -- SHOWING
THE ANNUAL IMPACT OF A \$.10
INCREASE IN DIESEL TAX ALONE:**

**-- 700 WHEAT/300 ACRE MILO
(KANSAS) -- \$900-1,300**

**-- 450 ACRE COTTON FARM
(CALIFORNIA) -- \$3,000-3,500**

***FOR A CORN FARMER, THE
NUMBERS I'VE SEEN SHOW THAT
ON JUST 430 ACRES, THE
ADDITIONAL TAX ON DIESEL,
GASOLINE AND LIQUID PROPANE
USE WOULD AMOUNT TO \$800
PER YEAR. THESE EXAMPLES**

**DO NOT INCLUDE THE
INCREASED COSTS OF ENERGY-
INTENSIVE INPUTS SUCH AS
FERTILIZER AND CHEMICALS -- IF
THOSE COSTS WERE INCLUDED,
ALL OF THE ABOVE NUMBERS
COULD EASILY DOUBLE.**

***AS A DOUBLE-WHAMMY TO
ILLINOIS AND OTHER LARGE**

**CORN-PRODUCING STATES, IT
APPEARS THAT THE
ADMINISTRATION INTENDS FOR
THE BTU TAX TO APPLY TO
ETHANOL AS WELL.**

***THE ONLY GOOD NEWS
FOR FARMERS IS THE
INCLUSION OF AN INVESTMENT
TAX CREDIT AND NO**

**REDUCTION--AS OF YET--IN THE
\$600,000 ESTATE TAX
EXEMPTION.**

***BUT THAT FALLS SHORT
OF INCLUDING THE THREE TAX
PROVISIONS THAT I'VE ALWAYS
FELT COULD BE THE MOST
BENEFICIAL TO FARMERS AND
RANCHERS -- 1) THE**

**INVESTMENT TAX CREDIT, 2) A
RETURN TO INCOME-
AVERAGING, AND 3) 100%
DEDUCTIBILITY FOR HEALTH
INSURANCE PREMIUMS.**

BUDGET CUTS?

***WE ARE STILL WAITING
FOR MANY DETAILS ON THE
PRESIDENT'S BUDGET, BUT**

**SOME OF US ARE A LITTLE
SUSPICIOUS THAT THE BUDGET
DEBATES WITHIN THE
ADMINISTRATION ARE GOING ON
WITHOUT THE COUNSEL OF THE
SECRETARY OF AGRICULTURE.**

***I SAY THAT BECAUSE USDA
OFFICIALS -- IF YOU CAN FIND
ONE THESE DAYS -- OFFER**

**MOSTLY BLANK STARES WHEN
PRESSED FOR DETAILS BEHIND
THE NUMBERS. THAT
GENERALLY POINTS TO A CASE
WHERE POLICY IS BEING DRIVEN
BY THE NUMBER CRUNCHERS
OVER AT THE OFFICE OF
MANAGEMENT AND BUDGET,
MOST OF WHOM HAVE NO CLUE
AS TO THE SERIOUS POLICY**

CONSIDERATIONS THAT ARE AT STAKE.

***AND, AS ROSS PEROT
SAYS, "THE DEVIL'S IN THE
DETAILS." FOR EXAMPLE, GRAIN
INSPECTION AND OVERTIME
INSPECTION FEES ARE TO BE
RAISED TO THE TUNE OF \$59
MILLION OVER FOUR YEARS--**

**BUT NO ONE KNOWS THE
DETAILS, EXCEPT THAT THESE
ARE MORE COSTS WHICH WILL
BE PASSED ON TO THE FARMER.
AND, YES, THOSE USER FEE
INCREASES ARE COUNTED BY
THE NUMBER CRUNCHERS AS A
BUDGET CUT--WELCOME TO
WASHINGTON.**

***OF PARTICULAR CONCERN
TO YOUR STATE AND OTHERS
RELIANT UPON RIVER
TRANSPORTATION IS THE
PROPOSED 525% HIKE IN INLAND
WATERWAY USER FEES.**

**WITHOUT CONSIDERING THE
ADDED IMPACT OF THE BTU TAX
ON DIESEL PRICES, RAISING THE
CURRENT \$.19 FEE TO \$1.19**

**COULD ADD \$70,000 TO THE
COST OF MOVING A 15-BARGE
TOW FROM MINNEAPOLIS TO
NEW ORLEANS. I'VE BEEN TOLD
THAT THAT PENCILS OUT TO
ALMOST \$.15 PER BUSHEL,
WHICH WOULD COME RIGHT
OUT OF THE FARMER'S HIDE.**

***BUT THE END RESULT IS
CLEAR -- THESE TAXES, DIRECT
AND INDIRECT, ALONG WITH
INCREASED USER FEES AND
OTHER PROVISIONS WILL ADD A
TREMENDOUS COST TO THE
FOOD INDUSTRY IN THIS
COUNTRY. AND THAT DOES NOT
ENHANCE COMPETITIVENESS.**

ENVIRONMENTAL REGULATIONS

***BESIDES WORRYING
ABOUT PRESIDENT CLINTON'S
INCLINATION TO TAX, I ALSO
WORRY ABOUT VICE-PRESIDENT
GORE'S INCLINATION TO
REGULATE. OF COURSE, I'M
TALKING ABOUT
ENVIRONMENTAL LEGISLATION
AND MR. GORE'S WELL-KNOWN**

APOCALYPTIC VIEWS ON THE SUBJECT.

***HOW MUCH OF A ROLE HE
WILL HAVE IN SHAPING
ADMINISTRATION POLICY ON A
WIDE VARIETY OF
ENVIRONMENTAL LEGISLATION
WHICH WILL LIKELY BE
CONSIDERED IN THE 103rd**

**CONGRESS REMAINS TO BE
SEEN.**

***BUT, GIVEN ALL OF THE
ENVIRONMENTAL ISSUES ON
OUR PLATE, IT SEEMS TO ME
THAT THE SINGLE MOST
IMPORTANT PRIORITY FOR
FARMERS AND RANCHERS AND
THE ORGANIZATIONS THAT**

**REPRESENT THEM IN
WASHINGTON WILL BE UNITY.**

***A SENSE OF BALANCE IN
THIS DEBATE IS ALSO OF
UTMOST IMPORTANCE. POLICY
DECISIONS MUST BE ROOTED IN
COMMON SENSE AND SOUND
SCIENCE -- AND NOT IN THE
ENVIRONMENTAL EXTREMISM**

**THAT WE HEAR FROM THE
FRINGE ACTIVIST GROUPS.**

***I'VE ALWAYS THOUGHT OF
FARMERS AS THE PIONEER
ENVIRONMENTALISTS -- THOSE
WHO MAKE A LIVING FROM THE
LAND AND THE WATER AND WHO
HAVE THE MOST TO LOSE IF
THEY DISREGARD THE**

**PRESERVATION AND
ENHANCEMENT OF THOSE
RESOURCES.**

***BUT, IN SPITE OF THAT,
THERE COULD VERY WELL BE A
LOT OF ENVIRONMENTAL
LEGISLATION COMING THROUGH
THE BACK DOOR THAT DOESN'T
GIVE AGRICULTURE THE CREDIT**

**THAT IT DESERVES -- AND THAT
COULD ALSO PLACE BOTH
PERSONAL PROPERTY RIGHTS
AND THE PRODUCTIVITY OF
AMERICAN AGRICULTURE AT
GREAT RISK.**

RUSSIAN CREDITS

***LET ME TURN NOW TO
ANOTHER MATTER I KNOW IS OF**

**GREAT INTEREST TO THIS
AUDIENCE--AND THAT'S GRAIN
CREDITS.**

***I MET LAST WEEK WITH A
DELEGATION OF RUSSIANS,
INCLUDING DEPUTY PRIME
MINISTER SHOHKIN, WHO WERE
IN WASHINGTON TO DRUM UP
SUPPORT FOR ADDITIONAL**

GRAIN CREDITS.

***THIS IS A SERIOUS
SITUATION FOR BOTH FARMERS
AND FOR TAXPAYERS. ALL
ALONG WE'VE KNOWN THAT
EXTENDING GRAIN CREDITS WAS
A RISK, AND NOW WE FIND
RUSSIA IN REPAYMENT
ARREARS WELL OVER \$400**

**MILLION. THOSE DEFAULTS, AS
YOU WELL KNOW, HAVE SHUT
OFF THE CREDIT PIPELINE TO
THE DETRIMENT OF GRAIN AND
LIVESTOCK PRODUCERS ALIKE.**

***BUT, NO DOUBT ABOUT IT,
WE NEED TO FOCUS ON THIS
PROBLEM, BECAUSE ALTHOUGH
WE MUST PROCEED WITH**

**CAUTION -- A LOT OF MONEY IS
AT RISK -- WE SHOULD NOT
LOSE SIGHT OF THE BIGGER
PICTURE.**

***THAT BIGGER PICTURE
SHOWS THAT THE TRANSITION
ONGOING IN RUSSIA HAS STILL
NOT TAKEN HOLD. YOU'VE
PROBABLY HEARD SOME**

**PEOPLE EVEN QUESTIONING
HOW LONG PRESIDENT YELTSIN
WILL LAST.**

***BUT OUR OPTIONS ARE
LIMITED. IT SEEMS TO ME THAT
WE CAN EITHER ATTEMPT TO
FACILITATE SOME KIND OF
LARGE-SCALE BARTERING, OR
ELSE WE JUST HAVE TO FACE**

**THE MUSIC -- IT'S A RISKY
INVESTMENT, WE MAY NEVER
GET PAID BACK, BUT IT IS IN THE
LONG-TERM INTERESTS OF THE
TAXPAYER WHO DOESN'T WANT
TO PAY FOR ANOTHER ARMS
RACE AND FOR OUR CHILDREN
WHO DON'T WANT TO LIVE
THROUGH ONE.**

***I HOPE WE SEE SOME
LEADERSHIP ON THIS SOON
FROM THE WHITE HOUSE --A
COMMITMENT TO DO THE RIGHT
THING AND FOLLOW THROUGH
BEFORE WE LOSE ALL
PRESENCE IN THAT MARKET.**

THE NAFTA

***WHILE THE RUSSIAN**

**MARKET IS VITAL, THERE ARE
THOSE CLOSER TO HOME THAT
WE ARE STILL TRYING TO TAP
UNDER THE NAFTA. THE
CLINTON ADMINISTRATION HAS
SAID IT INTENDS TO NEGOTIATE
THREE "SIDE AGREEMENTS" TO
THE NAFTA -- ONE ON
ENVIRONMENT, ONE ON
ASSISTANCE TO WORKERS HURT**

**BY THE IMPLEMENTATION OF
THE TRADE AGREEMENT AND
ONE ON IMPORT SURGES TO
PROTECT DOMESTIC
INDUSTRIES HURT BY
UNEXPECTED INCREASES IN
IMPORTS.**

***THE ADMINISTRATION HAS
SAID IT PLANS TO NEGOTIATE**

**THE THREE SIDE AGREEMENTS
AND THEN SEND THEM TO
CONGRESS IN JUNE OR JULY
THIS YEAR WITH THE ORIGINAL
AGREEMENT, WHICH, THEY SAY,
WILL NOT BE CHANGED.**

***THE JUNE OR JULY
TIMETABLE -- EVEN IF IT'S
LIKELY -- WOULD GIVE**

**CONGRESS A NAFTA RIGHT
WHEN WE'RE DEBATING THE
NEW BUDGET, HEALTH CARE,
APPROPRIATIONS AND A LOT OF
OTHER IMPORTANT ISSUES SO
WE MAY NOT SEE A NAFTA VOTE
UNTIL NEXT YEAR.**

***THE BOTTOM LINE IS THAT
MEXICO -- WITH A NEAR 100**

**MILLION POPULATION BY THE
END OF THIS CENTURY -- IS ONE
OF OUR FASTEST GROWING
MARKETS. THE MORE
PROSPERITY IN MEXICO, THE
MORE THEIR FOOD AND FIBER
NEEDS WILL INCREASE.**

***A FREE TRADE
AGREEMENT GIVES US, IN FACT,**

**A SPECIAL MARKET FOR
AMERICAN PRODUCTS RIGHT
ACROSS THE BORDER. IF WE
DON'T TAKE THIS OPPORTUNITY
TO GIVE OURSELVES
PREFERRED ACCESS, THE
MEXICAN MARKET -- AND OTHER
VALUABLE MARKETS IN LATIN
AMERICA -- WILL BE UP FOR
GRABS BY OUR COMPETITORS.**

***DEVELOPING COUNTRIES
ARE THE ONLY REAL GROWTH
MARKETS AMERICAN
AGRICULTURE HAS. IF WE
DON'T GO AFTER THOSE
MARKETS AGGRESSIVELY,
WE'RE JUST NOT GOING TO
HAVE A PLACE TO SELL THE \$20
BILLION WORTH OF SURPLUS
THAT WE NOW PRODUCE.**

***THOSE ARE JUST A FEW
OF THE CHALLENGES FACING
AMERICAN AGRICULTURE...I
LOOK FORWARD TO WORKING
WITH THE NEW ADMINISTRATION
AND YOU TO ENSURE THAT
GOVERNMENT POLICIES WILL
NOT PREVENT OUR FARMERS
FROM MEETING THOSE
CHALLENGES.**