

REMARKS OF SENATOR HUBERT H. HUMPHREY

NATIONAL MILK PRODUCERS FEDERATION

59TH ANNUAL CONVENTION

New Orleans, Louisiana

November 17, 1975

Today we stand at the crossroads in American Agriculture.

Our farmers often feel neglected, unappreciated and misunderstood. Many urban consumers do not understand agriculture and its modern complexities.

And we have an Administration which is trying to forget lessons learned and legislation developed over this century.

It's not a case of trying to teach an old dog new tricks. It is a case of trying to remind a confused Administration of some basic facts.

I sometimes feel that the Administration resembles a person who is going through an identity crisis and an energy crisis at the same time. It doesn't know who it is, and it is too tired to find out.

The National Milk Producers Federation has every reason to be proud of the role it has played in developing improved agricultural programs for all Americans. And I am delighted to be able to be with you tonight to celebrate your 59th annual meeting.

Time and again, Pat Healy and the Federation have been before Congressional Committees and the Department of Agriculture offering their counsel and advice.

And I have been proud on many occasions to join in supporting these efforts.

I have worked with dairy farmers and their cooperatives for many years. But I cannot recall a period when there were more difficult problems than during the past few years.

The list includes soaring production costs, expanded imports and depressed prices. And government policies have ignored the realities of the industry while attacks were launched on the basic institutions you have built to market your product.

To some, these issues may seem to be an academic exercise. But for the farm family that works 12 or 14 hours every day of the week, or for the struggling cooperative managers these are critical matters. These are problems which can mean the difference between producing the food we need and another statistic detailing declining farm output.

When I first came to the Senate, the farm debates were at least as heated as today. But during the intervening years we developed programs and policies to respond to the needs of the farmers and the consumers of this nation.

Tonight let us review some of these developments and look to the future.

Today we hear a lot of talk about the advantages of the free market. And we are told of the wisdom of removing the shackles of government intervention and interference from the farmer. These speeches do not represent the dawning of a new era in agricultural economics.

They represent an attempt to turn back the clock. Even if these policies were sound, I would expect this Administration to drop the key just as it has so often dropped the ball.

When I came to the Senate in 1949, these policies were urged on us. And the doomsayers have continued to predict disaster if we did not move in that direction.

Let us not kid ourselves. The programs we have fashioned over the years have not been perfect. We did not provide adequate rewards for our farmers, but let's look at the record.

The American farmer--from the Minnesota dairyman to the Louisiana rice producer -- stand before his nation and the entire world with a record of productivity that is unmatched.

The people of America today enjoy a diet unparalleled in the world for quality, variety and -- most important -- abundance at a cost of only about 17 percent of take-home income.

In the years right after World War II, America was looked to as the breadbasket of the world. And we have responded when there were typhoons or famine throughout the world.

Today, the United States plays a major role in helping to feed the world's 4 billion people.

That's a record of which we should all be proud. And it has been achieved by providing agriculture with the stability needed to encourage the farmer to invest in new technology, and to plan his operation for five, ten or more years into the future.

It is a record that has been made possible by developing programs to assure the availability of credit in agriculture.

It is based on agricultural research efforts, market promotion and development, adequate transportation and inputs.

It is also based on a tremendous growth in the ability of the farmer to market his own product. Those of you gathered here know this story better than most, because you have helped to write that history.

The agricultural marketing cooperative of today has given the farmer the ability to compete in the market place. In a sense, the cooperative has given the farmer a more complete operation, from his production on the farm to the marketing that is done by his cooperative.

The average American has been able to improve his diet through a generally rising standard of living, by programs of consumer information and by improved food quality, quantity and safety.

The child nutrition programs have been greatly expanded and extended to reach additional millions with better school lunches, with school breakfasts, and additional milk. A special effort has been made to place these food programs within the reach of all children, regardless of family circumstances.

We also have launched a special supplemental feeding program for the nutritionally vulnerable. This Woman, Infants and Children (W.I.C.) program is designed to make certain that the most needy infants have the opportunity for normal mental development.

The food stamp program has made an adequate diet a reality for millions of people. And it also serves as a buffer during periods of severe unemployment.

All of these efforts to improve agriculture and our national nutrition levels came only because someone was there to argue the case. Someone recognized a need and saw the responsibility of having the government act in the public interest.

But, in spite of our progress, we face major problems in agriculture today. You folks know this better than I.

Over 5,000 former Minnesota dairymen who could have attended your 1973 convention will not be here tonight. They are no longer in the dairy business because they could not hold on in the face of double digit inflation and price deflation.

Last Spring, Congress passed a one year farm bill. It was not an ideal piece of legislation. We were forced to temper what we felt was needed against what might be acceptable to the White House. But even this modest bill brought forth a Presidential veto, although grain prices were well above the target prices in the bill.

In vetoing the bill, President Ford said that it would cost too much money. He acknowledged that farm costs were 11 percent higher than in 1974, and prices were down 7 percent.

And unfortunately the Department of Agriculture resorted to furnishing highly misleading and distorted information on the cost of the bill in order to defeat it.

The President praised the American farmer for responding to his call for all-out production. And he pledged his personal support to maintain the farmer's access to world markets.

During the fight on the veto override in the House of Representatives, Secretary Butz pledged to make a mid-year review of the dairy price supports.

What has happened since the failure to override that veto?

Grain producers have seen prices for their crops sag -- in the case of corn and soybeans to levels under those of mid-May.

As in 1974, the President ordered an embargo on further grain sales to the Soviet Union -- so much for his promise on having access to world markets. But meanwhile production costs continued to rise.

Dairy farmers have perhaps fared somewhat better with prices recovering from their low level of a year ago. But this has come in the face of declining milk production, which in July was at the lowest point for that month in 20 years.

But even in the face of this improvement, dairymen are concerned that they are still not meeting their production costs. And they are concerned that prices will drop again.

A few weeks ago, the Senate adopted my resolution calling for the quarterly adjustment in the dairy price supports. This is one small item salvaged from the vetoed farm bill of last spring, but it can be an important element in helping to meet the ever-increasing production costs. The House appears ready to act on this measure shortly.

I was encouraged by Secretary Butz's announcement of early last month increasing the dairy price support level. With milk production down almost 5 billion pounds from 1972, I think that the word has finally gotten through to the Administration about what has been happening down on the farm.

The situation with the dairy price support program is a prime example of why we need a national food and agricultural policy.

This policy should be designed to meet the needs of consumers and producers. And it should relate domestic, export and humanitarian requirements.

When milk production fell in 1973, the Department of Agriculture did not encourage production by increasing price support levels. Rather, the Department increased imports which drove prices down and deepened the problem.

And I hardly need to remind you of the Flannigan report which envisioned increased dairy imports in return for European purchases of U.S. grain. I hope the Administration now realizes the folly of that proposal.

Everyone is well aware of the financial crisis of our cities. But how many people are aware of the loss Minnesota dairy farmers suffered just on the value of their herds. In August, 1973, the average dairy cow in the state was worth \$590, and the total milk cow inventory was valued at \$535.7 million. Last August, the average value of a cow was \$355 and the inventory value was down to \$310.6 million.

With a drop in asset value like that, the bankers are about as likely to extend credit as they are to buy New York City bonds.

But it is not just on the farm that we face uncertainty today. In the marketing of agricultural commodities, farmers have made tremendous investments in the development of cooperative associations to market their products.

When the cooperative movement began, it was often subject to attack as a violation of antitrust laws. In 1922, Congress through the Capper-Volstead Act said that farmers needed cooperatives to permit them to compete in the market.

Over the years, Congress has encouraged farmer cooperatives on the basis that they improve the marketing ability of farmers and serve to stimulate competition with private corporations.

But today, the cooperatives are under attack once again, being charged with "unduly enhancing" food prices. It is clear that the Administration would like to restrict cooperatives in the name of stimulating competition.

But let us not be deceived. The talk about limiting cooperatives is really a discussion of how we can limit the farmer in the market place.

It is interesting to note that only 28 percent of all farm output is marketed through cooperatives. In 1973, the combined sales of all cooperatives totaled \$19 billion while General Motors had sales of over \$28 billion.

The cooperative is a force for stability and a means to enable the producer to get a better deal. But today, we hear veiled threats which create concern and confusion.

This is just one more area where this Administration has shown itself to be deficient.

We need not only a new coach and a new team but an entirely different game plan.

Without going into detail, we should establish a balanced policy which would aim at the following specific objectives:

1. Price and income protection for producers of food and fiber;
2. Food supply stability for consumers and at reasonable prices;
3. Adequate supplies of inputs and transportation for producers and at reasonable prices;

4. Assuring the production of adequate supplies of dairy and livestock products for domestic and international needs.

5. The establishment of a reserve program to:

(a) Provide market stability during periods of shortage and surplus;

(b) Maintain the reliability of the U.S. as an exporter; and

(c) Continue the provision of food assistance to needy nations;

And this can be done without depressing farm prices.

We all have seen some of the problems of recent years from rising food prices, embargoes, rising farm indebtedness and foreclosures and volatile export markets to the cost price squeeze on farmers, particularly livestock and dairy producers.

We must get away from the uncertainty as to whether this year will be a bad year for our livestock or grain producers.

It is clear to me that we must put these elements together into a balanced program. I have recommended the establishment of a coordinator of food and agricultural policies at the White House.

In our diverse and complex society, it is no easy task to develop a comprehensive policy to meet the needs of both producers and consumers. It will require the best efforts of your organization, the Congress and the Executive.

I personally am committed to this effort. I am sure I can count on your commitment as well.

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⑦ Cheese Contest -
minn cheese wins (cheddar)
Land o' Lakes

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NATIONAL MILK PRODUCERS FEDERATION

59TH ANNUAL CONVENTION

NEW ORLEANS, LOUISIANA

NOVEMBER 17, 1975

^{Stann}
Glen Lake

Pat. Healey

Lynn Stalbaum
Neal Bjornson

Se P 11

"Down on the farm"
The Saints Come marching in"

Today we stand at the crossroads in American Agriculture.

Our farmers often feel neglected, unappreciated and

misunderstood. Many urban consumers do not understand

agriculture and its modern complexities.

But, I'm afraid

that

~~and~~ we have an administration which is trying to forget

lessons learned and legislation developed over this century.

It's not a case of trying to teach an old dog new tricks.

It is a case of trying to remind a confused administration of

some basic facts.

I sometimes feel that the administration resembles a

person who is going through an identity crisis and an energy

crisis at the same time it doesn't know who it is, and it is

too tired to find out.

THE NATIONAL MILK PRODUCERS FEDERATION HAS EVERY REASON TO
BE PROUD OF THE ROLE IT HAS PLAYED IN DEVELOPING IMPROVED
AGRICULTURAL PROGRAMS FOR ALL AMERICANS. AND I AM DELIGHTED
TO BE ABLE TO BE WITH YOU TONIGHT TO CELEBRATE YOUR 59TH ANNUAL
MEETING. ~~you have never asked~~

59
+2

TIME AND AGAIN, PAT HEALY AND THE FEDERATION HAVE BEEN
BEFORE CONGRESSIONAL COMMITTEES AND THE DEPARTMENT OF AGRICULTURE
OFFERING THEIR COUNSEL AND ADVICE.

(you have never asked
for anything that was
not good for America)

AND I HAVE BEEN PROUD ON MANY OCCASIONS TO JOIN IN
SUPPORTING THESE EFFORTS.

I HAVE WORKED WITH DAIRY FARMERS AND THEIR COOPERATIVES
FOR MANY YEARS. BUT I CANNOT RECALL A PERIOD WHEN THESE WERE
MORE DIFFICULT PROBLEMS THAN DURING THE PAST FEW YEARS.

THE LIST INCLUDES SOARING PRODUCTION COSTS, EXPANDED IMPORTS
AND DEPRESSED PRICES. AND GOVERNMENT POLICIES HAVE IGNORED THE
REALITIES OF THE INDUSTRY WHILE ATTACKS WERE LAUNCHED ON THE
marketing orders, + Producers Coops!
BASIC INSTITUTIONS YOU HAVE BUILT TO MARKET YOUR PRODUCT.

TO SOME, THESE ISSUES MAY SEEM TO BE AN ACADEMIC EXERCISE.

BUT FOR THE FARM FAMILY THAT WORKS 12 OR 14 HOURS EVERY DAY OF
THE WEEK, OR FOR THE STRUGGLING COOPERATIVE MANAGERS THESE ARE
CRITICAL MATTERS. THESE ARE PROBLEMS WHICH CAN MEAN THE DIFFERENCE
BETWEEN PRODUCING THE FOOD WE NEED AND ANOTHER STATISTIC

DETAILING DECLINING FARM OUTPUT and farm income,

WHEN I FIRST CAME TO THE SENATE, THE FARM DEBATES WERE AT
LEAST AS HEATED AS TODAY. BUT DURING THE INTERVENING YEARS
WE DEVELOPED PROGRAMS AND POLICIES TO RESPOND TO THE NEEDS OF
THE FARMERS AND THE CONSUMERS OF THIS NATION.

L TONIGHT LET US REVIEW SOME OF THESE DEVELOPMENTS AND LOOK
TO THE FUTURE.

L TODAY WE HEAR A LOT OF TALK ABOUT THE ADVANTAGES OF THE
FREE MARKET. Free Trade AND WE ARE TOLD OF THE WISDOM OF REMOVING THE

"Free Trade"
SHACKLES OF GOVERNMENT INTERVENTION AND INTERFERENCE FROM THE

but, don't be fooled,
FARMER. THESE SPEECHES DO NOT REPRESENT THE DAWNING OF A NEW

ERA IN AGRICULTURAL ECONOMICS, Free Markets - no milk orders
no supports
Free Trade - floods of imports!

L THEY REPRESENT AN ATTEMPT TO TURN BACK THE CLOCK, EVEN IF
THESE POLICIES WERE SOUND, I WOULD EXPECT THIS ADMINISTRATION TO

DROP THE KEY JUST AS IT HAS SO OFTEN DROPPED THE BALL,

L WHEN I CAME TO THE SENATE IN 1949, THESE POLICIES WERE URGED
ON US. AND THE DOOMSAYERS HAVE CONTINUED TO PREDICT DISASTER

IF WE DID NOT MOVE IN THAT DIRECTION.

We didn't - or there would be any Dairy Industry
Imports that would flood us

L LET'S NOT KID OURSELVES, L THE PROGRAMS WE HAVE FASHIONED
OVER THE YEARS HAVE NOT BEEN PERFECT, L WE DID NOT PROVIDE ADEQUATE
REWARDS FOR OUR FARMERS, BUT LET'S LOOK AT THE RECORD. !

L THE AMERICAN FARMER -- FROM THE MINNESOTA DAIRYMAN TO THE
LOUISIANA RICE PRODUCER -- STAND BEFORE HIS NATION AND THE ENTIRE
WORLD WITH A RECORD OF PRODUCTIVITY THAT IS UNMATCHED.

L THE PEOPLE OF AMERICA TODAY ENJOY A DIET UNPARALLELED IN THE
WORLD FOR QUALITY, VARIETY AND -- MOST IMPORTANT -- ABUNDANCE AT A
COST OF ONLY ABOUT 17 PERCENT OF TAKE-HOME INCOME. @

L IN THE YEARS RIGHT AFTER WORLD WAR II, AMERICA WAS LOOKED
TO AS THE BREADBASKET OF THE WORLD, L AND WE HAVE RESPONDED WHEN
THERE WERE TYPHOONS OR FAMINE THROUGHOUT THE WORLD. @

L TODAY, THE UNITED STATES PLAYS A MAJOR ROLE IN HELPING TO FEED
THE WORLD'S 4 BILLION PEOPLE.

God For
PEACE

Lowest
Food
Costs

↳ THAT'S A RECORD OF WHICH WE SHOULD ALL BE PROUD. AND IT HAS
BEEN ACHIEVED BY PROVIDING AGRICULTURE WITH THE STABILITY NEEDED
TO ENCOURAGE THE FARMER TO INVEST IN NEW TECHNOLOGY, AND TO PLAN
HIS OPERATION FOR FIVE, TEN OR MORE YEARS INTO THE FUTURE.

↳ IT IS A RECORD THAT HAS BEEN MADE POSSIBLE BY DEVELOPING
PROGRAMS TO ASSURE THE AVAILABILITY OF CREDIT IN AGRICULTURE. credit

↳ IT IS BASED ON AGRICULTURAL RESEARCH EFFORTS, MARKET
PROMOTION AND DEVELOPMENT, ADEQUATE TRANSPORTATION AND INPUTS.

↳ IT IS ALSO BASED ON A TREMENDOUS GROWTH IN THE ABILITY
OF THE FARMER TO MARKET HIS OWN PRODUCT. THOSE OF YOU GATHERED

HERE KNOW THIS STORY BETTER THAN MOST, BECAUSE YOU HAVE HELPED

TO WRITE THAT HISTORY. — the Producers marketing
Cooperative — Self Help +
Self Protection, for the Public Good.

THE AGRICULTURAL MARKETING COOPERATIVE OF TODAY HAS GIVEN
THE FARMER THE ABILITY TO COMPETE IN THE MARKET PLACE. IN A
SENSE, THE COOPERATIVE HAS GIVEN THE FARMER A MORE COMPLETE
OPERATION, FROM HIS PRODUCTION ON THE FARM TO THE MARKETING
THAT IS DONE BY HIS COOPERATIVE.

and THE AVERAGE AMERICAN HAS BEEN ABLE TO IMPROVE HIS DIET
THROUGH A GENERALLY RISING STANDARD OF LIVING, BY PROGRAMS OF
CONSUMER INFORMATION AND BY IMPROVED FOOD QUALITY, QUANTITY AND
SAFETY.

THE CHILD NUTRITION PROGRAMS HAVE BEEN GREATLY EXPANDED AND
EXTENDED TO REACH ADDITIONAL MILLIONS WITH BETTER SCHOOL LUNCHES,
WITH SCHOOL BREAKFASTS, AND ADDITIONAL MILK. and, A SPECIAL EFFORT
HAS BEEN MADE TO PLACE THESE FOOD PROGRAMS WITHIN THE REACH OF
ALL CHILDREN, REGARDLESS OF FAMILY CIRCUMSTANCES.

h WE ALSO HAVE LAUNCHED A SPECIAL SUPPLEMENTAL FEEDING
PROGRAM FOR THE NUTRITIONALLY VULNERABLE. THIS WOMAN, INFANTS
AND CHILDREN (W.I.C.) PROGRAM IS DESIGNED TO MAKE CERTAIN THAT
THE MOST NEEDY INFANTS HAVE THE OPPORTUNITY FOR NORMAL MENTAL
DEVELOPMENT. — Health + Development.

h THE FOOD STAMP PROGRAM HAS MADE AN ADEQUATE DIET A REALITY
FOR MILLIONS OF PEOPLE. AND IT ALSO SERVES AS A BUFFER DURING
PERIODS OF SEVERE UNEMPLOYMENT.

h ALL OF THESE EFFORTS TO IMPROVE AGRICULTURE AND OUR NATIONAL
NUTRITION LEVELS CAME ONLY BECAUSE SOMEONE WAS THERE TO ARGUE THE
CASE. SOMEONE RECOGNIZED A NEED AND SAW THE RESPONSIBILITY OF
HAVING THE GOVERNMENT ACT IN THE PUBLIC INTEREST.

h BUT, IN SPITE OF OUR PROGRESS, WE FACE MAJOR PROBLEMS IN
AGRICULTURE TODAY. YOU FOLKS KNOW THIS BETTER THAN I.

L OVER 5,000 FORMER MINNESOTA DAIRYMEN WHO COULD HAVE ATTENDED
YOUR 1973 CONVENTION WILL NOT BE HERE TONIGHT. L THEY ARE NO LONGER
IN THE DAIRY BUSINESS BECAUSE THEY COULD NOT HOLD ON IN THE FACE
OF DOUBLE DIGIT ^{operations} INFLATION AND ^{milk} PRICE DEFLATION.

L LAST SPRING, CONGRESS PASSED A ONE YEAR FARM BILL. L IT WAS
NOT AN IDEAL PIECE OF LEGISLATION. L WE WERE FORCED TO TEMPER WHAT
WE FELT WAS NEEDED AGAINST WHAT MIGHT BE ACCEPTABLE TO THE WHITE
HOUSE. L BUT EVEN THIS MODEST BILL BROUGHT FORTH A PRESIDENTIAL
VETO. ~~AT THE TIME GRAIN PRICES WERE WELL ABOVE THE TARGET PRICES IN~~

~~THE BILL~~
L IN VETOING THE BILL, PRESIDENT FORD SAID THAT IT WOULD COST
TOO MUCH MONEY. ^{yet,} HE ACKNOWLEDGED THAT FARM COSTS WERE 11 PERCENT

HIGHER THAN IN 1974, AND PRICES WERE DOWN 7 PERCENT. ^{He knew}
that grain prices were well above target
prices and loan ratios on the Bill.

yet, he said NO to American farmers.

-10-

L AND UNFORTUNATELY THE DEPARTMENT OF AGRICULTURE RESORTED
TO FURNISHING HIGHLY MISLEADING AND DISTORTED INFORMATION ON
THE COST OF THE BILL IN ORDER TO DEFEAT IT.

L THE PRESIDENT PRAISED THE AMERICAN FARMER FOR RESPONDING TO
HIS CALL FOR ALL-OUT PRODUCTION. AND HE PLEDGED HIS PERSONAL
SUPPORT TO MAINTAIN THE FARMER'S ACCESS TO WORLD MARKETS.

and DURING THE FIGHT ON THE VETO OVERRIDE IN THE HOUSE OF
REPRESENTATIVES, SECRETARY BUTZ PLEDGED TO MAKE A MID-YEAR REVIEW

OF THE DAIRY PRICE SUPPORTS.

*Well - let's look at
the Record*

L WHAT HAS HAPPENED SINCE THE FAILURE TO OVERRIDE THAT VETO?

L GRAIN PRODUCERS HAVE SEEN PRICES FOR THEIR CROPS SAG -- IN
THE CASE OF ^{wheat} CORN AND SOYBEANS TO LEVELS UNDER THOSE OF MID-MAY.

and AS IN 1974, THE PRESIDENT ORDERED AN EMBARGO ON FURTHER GRAIN
SALES TO THE SOVIET UNION -- SO MUCH FOR HIS PROMISE ON
HAVING ACCESS TO WORLD MARKETS.

Watch out for Imports

- Butter ^{\$} 100# Chia
wholesale

- N.Y. - 5/16 - Speculation?

But Price instability - Volatility

But - Ag income (minn)
Draught

*Dairy
price up*

BUT MEANWHILE PRODUCTION COSTS CONTINUED TO RISE.

DAIRY FARMERS HAVE PERHAPS FARED SOMEWHAT BETTER WITH PRICES
RECOVERING FROM THEIR LOW LEVEL OF A YEAR AGO. *But,* THIS HAS COME

IN THE FACE OF DECLINING MILK PRODUCTION, WHICH IN JULY WAS AT THE

LOWEST POINT FOR THAT MONTH IN 20 YEARS.

And then there are those ever higher operating costs.

BUT EVEN IN THE FACE OF THIS IMPROVEMENT, DAIRYMEN ARE

CONCERNED THAT THEY ARE STILL NOT MEETING THEIR PRODUCTION COSTS.

AND THEY ARE CONCERNED THAT PRICES WILL DROP AGAIN.

and the ?

Wisconsin Minnesota base price is in danger.

A FEW WEEKS AGO, THE SENATE ADOPTED MY RESOLUTION CALLING FOR

THE QUARTERLY ADJUSTMENT IN THE DAIRY PRICE SUPPORTS. THIS IS

ONE SMALL ITEM SALVAGED FROM THE VETOED FARM BILL OF LAST SPRING.

BUT IT CAN BE AN IMPORTANT ELEMENT IN HELPING TO MEET THE

EVER-INCREASING PRODUCTION COSTS. THE HOUSE APPEARS READY TO

ACT ON THE MEASURE SHORTLY.

I WAS ENCOURAGED BY SECRETARY BUTZ'S ANNOUNCEMENT OF EARLY
LAST MONTH INCREASING THE DAIRY PRICE SUPPORT LEVEL. WITH MILK
PRODUCTION DOWN ALMOST 5 BILLION POUNDS FROM 1972, *hopefully*
THE WORD HAS FINALLY GOTTEN THROUGH TO THE ADMINISTRATION ABOUT
WHAT HAS BEEN HAPPENING DOWN ON THE FARM.

THE SITUATION WITH THE DAIRY PRICE SUPPORT PROGRAM IS A PRIME
EXAMPLE OF WHY WE NEED A NATIONAL FOOD AND AGRICULTURAL POLICY.

THIS POLICY SHOULD BE DESIGNED TO MEET THE NEEDS OF CONSUMERS
alike.
AND PRODUCERS AND IT SHOULD RELATE DOMESTIC, EXPORT AND
HUMANITARIAN REQUIREMENTS.

WHEN MILK PRODUCTION FELL IN 1973, THE DEPARTMENT OF
AGRICULTURE DID NOT ENCOURAGE *domestic* PRODUCTION BY INCREASING PRICE
oh no!
SUPPORT LEVELS. *rather,* THE DEPARTMENT INCREASED IMPORTS
WHICH DROVE PRICES DOWN AND DEEPENED THE PROBLEM. *import*

Flannigan Rept.

L AND I HARDLY NEED TO REMIND YOU OF THE FLANNIGAN REPORT

WHICH ENVISIONED INCREASED DAIRY IMPORTS IN RETURN FOR EUROPEAN

A signed this!
PURCHASES OF U.S. GRAIN L I HOPE THE ADMINISTRATION NOW

REALIZES THE FOLLY OF THAT PROPOSAL.

*Phased liquidation
of the American
Dairyman!*

L L EVERYONE IS WELL AWARE OF THE FINANCIAL CRISIS OF OUR CITIES,

L BUT HOW MANY PEOPLE ARE AWARE OF THE LOSS MINNESOTA DAIRY FARMERS

SUFFERED JUST ON THE VALUE OF THEIR HERDS. L IN AUGUST, 1973,

THE AVERAGE DAIRY COW IN THE STATE WAS WORTH \$590, AND THE TOTAL

MILK COW INVENTORY WAS VALUED AT \$535.7 MILLION. L LAST AUGUST,

THE AVERAGE VALUE OF A COW WAS \$355 AND THE INVENTORY VALUE WAS

DOWN TO \$310.6 MILLION.

- Loss of \$225 million

L WITH A DROP IN ASSET VALUE LIKE THAT, THE BANKERS ARE ABOUT

AS LIKELY TO EXTEND CREDIT AS THEY ARE TO BUY NEW YORK CITY BONDS.

L BUT IT IS NOT JUST ON THE FARM THAT WE FACE UNCERTAINTY TODAY.

L IN THE MARKETING OF AGRICULTURAL COMMODITIES, FARMERS HAVE MADE
TREMENDOUS INVESTMENTS IN THE DEVELOPMENT OF COOPERATIVE
ASSOCIATIONS TO MARKET THEIR PRODUCTS.

L WHEN THE COOPERATIVE MOVEMENT BEGAN, IT WAS OFTEN SUBJECT
TO ATTACK AS A VIOLATION OF ANTITRUST LAWS. L IN 1922, CONGRESS
THROUGH THE CAPPER-VOLSTEAD ACT SAID THAT FARMERS NEEDED COOPERATIVES
TO PERMIT THEM TO COMPETE IN THE MARKET.

L OVER THE YEARS, CONGRESS HAS ENCOURAGED FARMER COOPERATIVES
ON THE BASIS THAT THEY IMPROVE THE MARKETING ABILITY OF FARMERS
AND SERVE TO STIMULATE COMPETITION WITH PRIVATE CORPORATIONS.

L BUT TODAY, THE COOPERATIVES ARE UNDER ATTACK ONCE AGAIN,
BEING CHARGED WITH "UNDULY ENHANCING" FOOD PRICES. L IT IS CLEAR

THAT THE ADMINISTRATION WOULD LIKE TO RESTRICT COOPERATIVES IN THE

their operations and thereby
NAME OF CONTROLLING ORGANIZATION

and lowering farm prices

L BUT LET US NOT BE DECEIVED. THE TALK ABOUT LIMITING
COOPERATIVES IS REALLY A DISCUSSION OF HOW WE CAN LIMIT THE
FARMER IN THE MARKET PLACE.

L IT IS INTERESTING TO NOTE THAT ONLY 28 PERCENT OF ALL FARM
OUTPUT IS MARKETED THROUGH COOPERATIVES. L IN 1973, THE COMBINED
SALES OF ALL ^{farm} COOPERATIVES TOTALED \$19 BILLION WHILE GENERAL
MOTORS HAD SALES OF OVER \$28 BILLION

L THE COOPERATIVE IS A FORCE FOR STABILITY AND A MEANS TO
ENABLE THE PRODUCER TO GET A BETTER DEAL. BUT TODAY, WE HEAR

VEILED THREATS ^{from the Dept of Justice & the Federal} ~~WHICH CREATE CONCERN AND CONFUSION.~~

Trade Commission - ambitious young lawyers!

~~THIS IS JUST ONE MORE AREA WHERE THIS ADMINISTRATION HAS~~

~~SHOWN ITSELF TO BE DEFICIENT.~~

*Let them study the law -
the Capper Volstead
Act!*

~~WE NEED NOT ONLY A NEW COACH AND A NEW TEAM BUT AN ENTIRELY~~

*Respect the law - if they want to change
it, then come to Congress -
but in the meantime STOP this*

~~DIFFERENT GAME PLAN.~~

Keep in Mind -
Population Statistics

151 million out of 210
million

live in Metropolitan
Areas - 73%

Farmers are Small
Percentage of Popul

House of Repres

~~to~~ badgering and harassing our farm cooperatives! (National Ag Policy)

WITHOUT GOING INTO DETAIL, WE SHOULD ESTABLISH A BALANCED

POLICY WHICH WOULD AIM AT THE FOLLOWING SPECIFIC OBJECTIVES:

L 1. PRICE AND INCOME PROTECTION FOR PRODUCERS OF FOOD

AND FIBER;

T 2. FOOD SUPPLY STABILITY FOR CONSUMERS ~~AND AT REASONABLE~~

~~PRICES;~~

L 3. ADEQUATE SUPPLIES OF INPUTS ^{fertilizers credit} AND TRANSPORTATION FOR

PRODUCERS ~~AND AT REASONABLE PRICES;~~

L 4. ASSURING THE PRODUCTION OF ADEQUATE SUPPLIES OF DAIRY
AND LIVESTOCK PRODUCTS FOR DOMESTIC AND INTERNATIONAL NEEDS,

5. ^{grain} THE ESTABLISHMENT OF A RESERVE PROGRAM TO:

(A) PROVIDE MARKET STABILITY DURING PERIODS OF SHORTAGE

AND SURPLUS;

(B) MAINTAIN THE RELIABILITY OF THE U.S. AS AN

EXPORTER; AND

(C) CONTINUE THE PROVISION OF FOOD ASSISTANCE TO NEEDY

NATIONS *and people.*

AND THIS CAN BE DONE WITHOUT DEPRESSING FARM PRICES *or income.*

WE ALL HAVE SEEN SOME OF THE PROBLEMS OF RECENT YEARS FROM
RISING FOOD PRICES, EMBARGOES, RISING FARM INDEBTEDNESS AND
FORECLOSURES AND VOLATILE EXPORT MARKETS TO THE COST PRICE SQUEEZE
ON FARMERS, PARTICULARLY LIVESTOCK AND DAIRY PRODUCERS.

WE MUST GET AWAY FROM THE UNCERTAINTY AS TO WHETHER THIS YEAR
WILL BE A BAD YEAR FOR OUR LIVESTOCK OR GRAIN PRODUCERS.

IT IS CLEAR TO ME THAT WE MUST PUT THESE ELEMENTS TOGETHER
INTO A BALANCED PROGRAM. I HAVE RECOMMENDED THE ESTABLISHMENT
OF A COORDINATOR OF FOOD AND AGRICULTURAL POLICIES AT THE WHITE
HOUSE.

IN OUR DIVERSE AND COMPLEX SOCIETY, IT IS NO EASY TASK TO
DEVELOP A COMPREHENSIVE POLICY TO MEET THE NEEDS OF BOTH
PRODUCERS AND CONSUMERS. IT WILL REQUIRE THE BEST EFFORTS OF
YOUR ORGANIZATION, THE CONGRESS AND THE EXECUTIVE.

I PERSONALLY AM COMMITTED TO THIS EFFORT. I AM SURE I CAN
COUNT ON YOUR COMMITMENT AS WELL.

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