

ADDRESS BY SENATOR ROBERT MORGAN
N.C. COTTON PROMOTION ASSOCIATION
RALEIGH, NORTH CAROLINA
January 11, 1980

COTTON: A FARM
PROGRAM THAT WORKS

It is a pleasure to be here today. I must say that it is one of the pleasant ironies of life that I am here with cotton producers rather than with producers of feed grains. Given the troubled political waters in which we swim these days, I do not think that I could have survived such a challenge.

Seriously, the cotton program is a part of the farm program that works. Today, I hope to share some thoughts with you on

why this program is working and why the future is bright. I would like to discuss several items with you, including the boll weevil eradication program, the checkoff program and the export outlook.

Before I begin, I would be remiss if I did not pay a much deserved tribute to your leadership, especially your very able President, Marshall Grant and Hoke Leggett, President of the National Cotton Council.

Marshall is not only active in leading your organization, but he is a member of the Board of Cotton, Incorporated, and Vice President of the North Carolina Farm Bureau. Without question, he and Hoke Leggett are

well known across this state and nation for their contributions to the well-being of American agriculture. There is no question that Hoke will be missed when he steps down as President at the National Cotton Council's annual meeting in New Orleans later this month.

The Cotton Program has never been stronger than it is today. This is due primarily to you, the farmers. This year, the U.S. will produce 14 million bales--a modern record. To find an equivalent year, one has to go back at least to the early 1950s, when America was the dominant cotton producing nation in the world.

What happened ~~to~~ hurt our role?

Cotton producers were inflicted with a twin problem. On the one hand, our price supports for cotton were increased beyond the world market price. On the other hand, the textile marketplace experienced a sharp increase in polyester fibers. We were unable, mostly for political reasons, to design a cotton program in line with changing realities.

Those who suffered most were the cotton producers themselves. Cotton production fell off during the 1950s and continued to slide during the 60s. Then, we came to our senses and recognized that we were only going to produce cotton in this country

when we had a cotton program that was geared to the world marketplace.

We are beginning only now to see the benefits of this change in approach. This year, we will export seven million bales of cotton, or nearly half of the 14.5 million bales that we produce.

About half of the cotton we export will go to the Far East. Mainland China will receive 2.1 million bales, and more than one million bales are going to both Japan and Korea. The prospects are encouraging for the 1980s if we continue to exercise discipline here at home regarding the loan rate.

Now, I would like to back off for a moment to describe why I think our cotton program is finally beginning to work to the advantage of the farmer. The program is working well because support at the grass-roots level has never been better. It is the farmers--the Marshall Grants and the Hoke Leggetts--that give us our strong cotton program. It was Washington "wisdom" that got us into the troubles we experienced and it is the grassroots that have decided to put the program on a sound basis.

The export policies and programs of our government are undergoing a dramatic shift. Not only in agriculture but in a host of manufactured goods, technology and other items.

I am proud to say that I was a primary sponsor of the Agricultural Trade Export Expansion Act of 1978, a bill which was signed into law September of a year ago. That bill gives the Federal Government the wherewithal to work hand-in-glove with agriculture to boost the exports of our farm commodities. The bill establishes trade centers, promotes agricultural officials to more appropriate levels, and establishes a new intermediate credit program.

On December 20, I introduced legislation that is consistent with the thrust of the Agricultural Trade Expansion Act. My bill would establish a revolving fund for the Commodity Credit Corporation's export financing program.

At present, the CCC export program in part received an annual credit line. The line that has been formulated has had little to do with any economic factors such as export demand, the availability of export financing, or domestic crop production. As a consequence, we have lost a number of sales in key marketplaces.

As far as cotton is concerned, my bill will have a significant impact. In recent years, as much as 14 percent of our cotton exports have been financed through the CCC; in some years, that figure has fallen to about six percent. Establishing a revolving fund like that enumerated in my bill, S.2183, will smooth out the fluctuations and put the kinds of market development programs,

envisioned in the Agricultural Trade Act, on a more even keel.

Some of you are no doubt deeply concerned about the President's embargo of agricultural products to the Soviet Union. Unless you produce feed grains, wheat or broilers, the items that will be embargoed, you do not have a direct stake in the embargo. Nonetheless, I have found that farmers of everything from almonds to pecans to walnuts--and everything in between--are deeply interested in this embargo because of their philosophical concern and because of their feelings about what this signals to the rest of the world about the U.S. as a secure source of food.

I appreciate this concern. Frankly, I do not know if this embargo will have the intended effect of changing the Soviet's policy in Afghanistan. Nonetheless, the options we could take as a nation were extremely limited. Clearly, one of the few areas where we have leverage with the USSR is in the supply of food, especially corn. The question was really of doing something to signal that we as Americans would not tolerate this type of action and that we were willing to sacrifice to achieve this objective. I hope that we will support our President through this difficult period and work to smooth out the economic problems that may result when these problems become apparent.

On another note, I would like to point to another facet of the cotton program that is important to each one of you that is working in your interest. That is the Boll Weevil Eradication Program.

This program, financed half by growers with quarter shares to the state and federal governments, is clearly working. This is demonstrated by the fact that the last boll weevil reported by the North Carolina Department of Agriculture was spotted last September 27, 1979.

This program, which involves biological and chemical control, with altered cultivation practices, has received wide grower

acceptance according to USDA reports. The 1980 crop year will be the last year for this program. At present, it is anticipated that the NCDA will follow this effort with a surveillance and monitoring program--the type of effort that is needed to protect the investment we all have made.

Finally, I have been asked to talk some about the check-off program. As all of you know, there has been considerable controversy surrounding some of the practices of Cotton Incorporated.

To be very honest, I do not want to get into a discussion of personalities at Cotton Incorporated. Clearly, Cotton Incorporated has developed some of the most inno-

vative market development initiatives that have ever been funded through checkoff dollars. The upsurge in the sales of cotton products is sufficient testimony to that.

I believe that most people in the Congress prefer the Cotton Incorporated clean up its own house. We have to understand that it is the checkoff program for all of agriculture that is at stake. If Cotton Incorporated continues to get bad publicity, Congress will be forced to act. There is one thing that I will assure you: I will work to protect the checkoff, regardless of what may happen to some of the people at Cotton Incorporated.

This concludes my comments. It has been a special opportunity to be here today, especially to see my friends Marshall and Hoke. I think that you have outstanding leadership and a sound program because of that leadership. I will continue to work for a strong farm program in every way that I can. I thank you for this opportunity.