

REMARKS BEFORE THE NORTH CAROLINA  
FARM BUREAU FEDERATION  
ASHEVILLE, NORTH CAROLINA  
DECEMBER 5, 1978

AGRICULTURE AND FREEDOM

It is a pleasure to share some thoughts with you today on America and its agriculture.

Before I begin, I would like to acknowledge the outstanding efforts of your very able President, John Sledge.

John's efforts on behalf of Tarheel farmers have been marked by untiring dedication. On every significant farm issue, I turn to him for his well informed and balanced counsel. His recent tour to Europe to discuss important trade and marketing matters is an indication of his commitment and interest in your welfare. I would like to take this opportunity to commend him

and let him know that I will be  
looking to him in the future.

Most of us know that America is  
experiencing very difficult times.  
Certainly, our standard of living has  
never been better. More of us are  
healthier, better educated and have  
a more secure tomorrow than we had a  
generation ago. But there can be no

question that the welfare and vitality of our nation is being threatened, both from without and from within. If we are to meet these threats, then we will have to sacrifice if we are to continue as the world's strongest and most progressive nation.

- There is good reason why the President will seek a significant

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increase in the Defense Budget for the coming fiscal year. The Soviet Union and Warsaw Pact countries have developed a set of weapons and a military strategy on the European Front that demands a strong and concerted NATO response. Unfortunately, we live in a world where we, as a leader of freedom, have no choice but to protect ourselves against possible

aggression and the variety of potential abuses of military power.

Without digressing too far in the military field, I would like to offer one observation. Too many people in our country build their judgments regarding international military stability on their estimations of the intentions of other countries. This

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approach is wrong as we should have learned from the history preceding World War II. We have to make our military judgments based on capabilities -- and it is this change in Soviet and Warsaw Pact military capabilities that worries me greatly.

Our principal threat from within has more to do with the economy than

with security. We, as a nation,  
simply cannot live with our current  
rate of inflation. The American  
people are demanding a reduction of  
taxes and industry and agriculture are  
insistent upon a reduction of  
governmental regulations.

All of the public opinion polls  
that I am aware of show inflation to



be the number one issue on the minds of our people, regardless of where they live or what their income level happens to be. And it is no wonder why they are concerned. The Consumer Price Index has soared to 207 percent above the level of 1967. Virtually every segment of the economy has experienced a doubling of prices.

The Cost of Living Statistics

that were released this past Tuesday  
indicate that the rate of inflation  
will be 9.6 percent for this year.

I submit that this is a rate that we  
cannot tolerate.

We know that our President is  
attempting to cope with this serious  
problem with a set of voluntary wage

and price guidelines. The President has told me that Congress will receive an austere budget for the next year, a budget that will be politically painful. Every program has an interest group backing it and we in Congress can anticipate that everyone will be attempting to finance their programs with other peoples' money. I fully intend to cooperate with our President

as much as I can without forfeiting  
my rights and responsibilities as your  
Senator.

The potential for strife in the  
next Congress is great. There will no  
doubt be continued battles among the  
so-called Sun Belt and Frost Belt  
states. Many Senators, fearing a  
recession that is probably inevitable,

will be favoring large jobs programs, programs that do not lead to meaningful employment and only continue to foster inflation and worsen the budget deficit which fuels even more inflation.

The choice that we have is simple. We can be petty and push our particular interest. Or we can sacrifice in favor of a strengthened nation and

more promising tomorrow.

Your President of the American Farm Bureau Federation, Allan Grant, made a very important point in a recent newsletter. Many Americans continue to blame the farmers of this country for rising food prices even though production farmers receive less than one-third of every food dollar, less

than half of what they received following the second World War. Grant wrote, and I fully concur, that inflation causes rising food prices and that farm prices do not cause inflation.

Indeed, the American farmer, as witnessed in dramatic increases in everything from tractors, to bailing

wire, to fertilizer, to seed, knows of his or her stake in eliminating inflation. In fact, it is clear that inflation drove many of the 66,000 Americans who left farming last year out of agriculture.

An area of important potential conflict in the Congress concerns the area of Labor Law Reform, a subject



that involved a large share of my personal time in this Congress. If the same Labor Law Bill comes up in the next Congress, you can be sure that I will do everything in my power to defeat it.

As we move into 1979, it is clear that there are some bright spots in American agriculture. First, our farm

productivity grew at the rate of three percent last year, a rate higher than any other sector of our economy. In fact, there can be no doubt that much of the inflation we experience is due to the failure of industry and labor to achieve productivity gains. This failure has been due to a lack of new investment in new plants and by a failure of labor to work efficiently

and effectively. I only wish that these other segments of our economy could take a close look at agriculture in the area of productivity and efficiency.

Second, we must work to maintain our high level of exports. In 1978, the U.S. will export a record breaking \$2.8 billion worth of farm commodities.

In terms of our trade balance, agriculture was the only bright spot.

Without these strong exports, we would have experienced a far larger trade deficit, a more drastic drop in the value of a dollar, and a higher rate of inflation.

Fortunately, our export picture for farm commodities is bright.

However, there are clouds over the horizon. First, we cannot assume that the markets that exist today will be there tomorrow. Second, our Nation is completing some very arduous trade negotiations, negotiations that will impact greatly on the fate of the trade of farm commodities throughout the world.

As many of you know, this past Congress passed the Agricultural Trade Export Expansion Act of 1978, which the President signed into law this past September. I was involved in the initial drafting of this Act, testified for it when hearings were held, sponsored the final version, and spoke for it on the floor of the Senate.

This Act is geared to give the U.S. an aggressive stance in world markets. The importance of obtaining such a goal can be measured in current terms. At present, U.S. farmers export roughly one-third of their production, a statistic that is the difference between minimum viability and a depression in American agriculture. Without these exports, farm income

would drop by half. We all know what this means in dollars and cents.

There are four provisions in this Act. First, there is a new intermediate credit program which is designed to strengthen exports where current financing is inadequate. Second, there is a new program of credit for the Peoples' Republic of China which could



lead to trade with the Chinese in excess of a billion dollars in just the next year. On Secretary Bergland's recent trip to the Far East, the Chinese expressed great interest in this new provision of law. Third, there is the creation of new overseas sales offices, a section which is bound to boost small firms with a limited capacity for involvement in international

trade. Finally, there is a provision upgrading USDA personnel in our Foreign Services.

This final point requires elaboration. Presently, USDA personnel cannot be promoted beyond the title of attache, the lowest rank on the totem pole.

Above attaches are counselors, ministers and, of course, ambassadors. Under the

new legislation, attaches will be able to be promoted to counselor.

This approach may not seem important, but it is. The State Department is one of the most rank conscious organizations I have ever experienced. As a consequence, State Department officials have ignored the views of USDA employees, often resulting in a

loss to American farmers.

The point here really has little to do with the rank of the officials of the Foreign Agriculture Service.

The point that I and the Congress was trying to get across to the State Department was that farm policy should be the provence of USDA, not State. I hope that this message is finally

getting across.

A second area of great concern to me has to do with agriculture research. I know that Dean Legates of North Carolina State University is on your agenda so I do not plan to take up much of your time on this matter. However, I would like to leave a few basic numbers with you, numbers that

frighten me very much.

Since 1970, the USDA has reduced the ranks of its agricultural researchers by 350. Furthermore, another 100 have been reassigned to areas other than production research. As a consequence, the U.S. is fast losing the research base it must have to sustain its high productivity.

When the President's budget comes out, I will give careful attention to what is done in this area.

Closely related to research is, of course, the Extension Service. Quite frankly, I have heard a number of rumors concerning this area of the budget. Given the fact that North Carolina has the best Extension Service

in the country, you can be assured that I will have a strong interest in this portion of the budget as well.

A third area that I worked hard on in 1978 was restoring funds for the Agriculture Conservation Program, a program of the USDA that has had impact on nearly every individual in this room. I do not understand why this program



was cut last year, but the response from Congress was swift and sure, restoring all the cut funds.

While I have strong interest in all facets of the farm program, both domestic and international, I am, first and foremost, a tobacco state Senator. Tobacco is our leading cash farm commodity and North Carolina is the

number one tobacco state in the  
country. We will continue to hold  
this position and, I can assure you,  
there will, as long as I am in the U.S.  
Congress, continue to be a strong  
tobacco price support program.

This past year, I spent much time  
restoring the funds for the Oxford  
Tobacco Research Station. I am sure

that many of the same Senators, many of whom I have invited to our state, will be out to get this program in the next budget. I will do what I have to do to keep this program alive and well, serving the tobacco farmers of the country.

In recent months, there have been a number of developments that concern

the tobacco program. First, there were reports of the marketing of excess tobacco by farmers, particularly in Georgia. I immediately contacted Secretary Bergland about this problem and he assures me that violators will be punished and that new regulations will soon be issued to tighten up this program. I anticipate that these regulations will be announced very

shortly.

The second problem concerns imports of scrap tobacco, an issue that was raised shortly before the election. This is a matter that has concerned me, Governor Jim Hunt and Commissioner Jim Graham for quite some time. My thinking on this problem is relatively simple. If there has been

an illegal change in the regulations  
for scrap tobacco by Customs officials,  
then the source for changing those  
regulations should be located and  
neutralized. All imported tobacco  
should have the proper duty assessed,  
something I will work hard to achieve.

Finally, tobacco is a central  
issue in the Multi-Lateral Trade

Negotiations. As has been reported in the press, the U.S. Government has made gaining broader access for tobacco a high priority. On many occasions Ambassador Bob Strauss, our chief negotiator, has assured me that there will be gains in this area.

The thing I would like to emphasize concerning tobacco is that

we cannot afford to have any facet of our tobacco programs eliminated, be it PL-480, research, or the farm program itself. If one segment is eliminated, then the remaining portions will be under fire. This is something that we all should realize and have utmost on our minds.

At the present time, I am working



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closely with your organization,  
Commissioner Graham and Governor Hunt,  
along with Fleet Sugg of the North  
Carolina Agribusiness Council, to  
expand our weather reporting services  
for farming here in our state. This  
is something that must be done. North  
Carolina is the third most weather  
sensitive state in the Nation.  
Clearly, better weather services can

mean millions in additional farm  
income.

In conclusion, I would like to  
thank all of you who have been so  
helpful to me on farm matters. We  
have a \$10 billion agribusiness  
economy in this state when one includes  
farming, forestry, textiles and  
furniture. This is an achievement that

we all take great pride in. Certainly,  
the key to this success has to be the  
dedication and innovativeness of each  
one of you here.

I thank you for this opportunity  
to share a few thoughts.