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"ENERGY AND AGRICULTURE"

TODAY I WOULD LIKE TO TALK WITH YOU ABOUT THE IMPACT OF THE ENERGY CRISIS ON THE ECONOMY OF AGRICULTURE. IN THE PROCESS, I WILL RAISE SOME QUESTIONS ABOUT THE POLICIES OF THE DEPARTMENT OF AGRICULTURE UNDER THE INCUMBENT ADMINISTRATION AND SUGGEST SOME SOLUTIONS. FOR I BELIEVE THAT THESE POLICIES WHEN COMBINED WITH THE OIL SHORTAGE, ARE THREATENING A DEATH BLOW TO THE SMALL, FAMILY-TYPE FARM IN NORTH CAROLINA.

BUT, LET ME DEAL WITH ONE ASPECT OF THE ENERGY-FOOD CRISIS FROM A WORLD PERSPECTIVE BEFORE I FOCUS SPECIFICALLY ON OUR ECONOMY IN NORTH CAROLINA.

EVERY ONCE IN A WHILE A WORLD TREND OF PROFOUND IMPORTANCE GETS UNDERWAY WITHOUT MAKING HEADLINES. ACCORDING TO AUTHORITIES ON AGRICULTURAL PRODUCTION, SOMETHING LIKE THAT MAY BE HAPPENING RIGHT NOW. THE CHEMICAL FERTILIZER ON WHICH THE WORLD INCREASINGLY DEPENDS FOR FOOD IS IN SHORT SUPPLY, AND GETTING SHORTER.

THERE IS A VIVID EXAMPLE OF THE PROBLEM IN ASIA. AN EXPERT ON FERTILIZER PRODUCTION -- DR. RAYMOND EWELL AT THE STATE UNIVERSITY OF NEW YORK IN BUFFALO -- STATES THAT INDIA USED ABOUT 3.5 MILLION TONS OF CHEMICAL NUTRIENTS IN 1973. THIS YEAR IT IS ESTIMATED THAT SHE WILL HAVE TO MAKE DO WITH 2.5 MILLION. THE MISSING 1-MILLION TONS OF FERTILIZER WILL REDUCE INDIA'S GRAIN HARVEST BY SOME 10-MILLION TONS, A TENTH OF LAST YEAR'S TOTAL.

UNDERDEVELOPED COUNTRIES ARE BY NO MEANS THE ONLY ONES FEELING THE SCARCITY, THOUGH ITS EFFECT ON THEM MAY BE ESPECIALLY DEVASTATING. FARMERS IN THIS COUNTRY ARE SEARCHING FOR FERTILIZER; THE DEPARTMENT OF AGRICULTURE ESTIMATES WE MAY BE SHORT MORE THAN A MILLION TONS THIS YEAR. THIS WILL MEAN REDUCED CROP PRODUCTION AND, ULTIMATELY, HIGHER FOOD PRICES-- ACCORDING TO SENATOR HUBERT HUMPHREY. HE HAS PREDICTED: "THE FUEL CRISIS OF 1974 WILL LOOK LIKE A SUNDAY AFTERNOON PICNIC COMPARED TO THE FOOD CRISIS OF 1975-76." EVEN IF ONE DISCOUNTS THE RHETORIC, AT BEST IT WOULD APPEAR THAT THERE WILL BE LESS WHEAT FOR BAKED GOODS AND LESS CORN FOR CATTLE FEED, MEANING HIGHER PRICES AT THE SUPERMARKET FOR BREAD AND MEAT. THE PRESIDENT OF THE FERTILIZER INSTITUTE, EDWIN WHEELER, HAS PREDICTED THAT LACK OF ENOUGH FERTILIZER COULD MEAN THE LOSS OF 22.5 MILLION TONS OF GRAIN PRODUCTION -- AT A TIME WHEN U. S. GRAIN STOCKS ARE AT THEIR LOWEST POINT IN MORE THAN 25 YEARS.

THE OIL CRISIS IS AN IMMEDIATE REASON FOR DIFFICULTIES IN FERTILIZER PRODUCTION. BUT THE PROBLEM GOES MUCH DEEPER THAN THAT. IT RELATES TO THE WHOLE PATTERN OF POPULATION GROWTH AND AFFLUENCE, WITH THE RESULTING PRESSURES ON AGRICULTURE.

IN ALL OF HUMAN HISTORY UNTIL RECENTLY, DEMAND FOR MORE FOOD WAS MET BY EXPANDING CROPLAND. BUT NOW THE ARABLE LAND HAS JUST ABOUT RUN OUT; THERE IS NO MORE WORTHWHILE ACREAGE AVAILABLE IN THE MOST DENSELY POPULATED AREAS OF THE WORLD, AND SO, AN INCREASE IN OUR FOOD SUPPLY HAS TO COME FROM MORE INTENSIVE CULTIVATION OF AVAILABLE LAND.

IN THE DRIVE FOR BIGGER HARVESTS, THE VOLUME OF COMMERCIAL FERTILIZER USED ON FARMLAND HAS INCREASED GREATLY. IN 1945, FOR EXAMPLE, AMERICAN GROWERS OF CORN USED ABOUT 7 POUNDS OF NITROGEN PER ACRE. JUST 25 YEARS LATER, IN 1970, THEY WERE USING 112 POUNDS OF NITROGEN, OR 16 TIMES AS MUCH.

WORLDWIDE DEMAND FOR CHEMICAL FERTILIZER HAS MUSHROOMED, AND PRODUCTION HAS NOT KEPT PACE. THE ENERGY CRISIS IS A MAJOR DISLOCATING FACTOR AT THE MOMENT, BECAUSE IT TAKES ENERGY IN LARGE AMOUNTS TO MAKE NITROGEN FERTILIZER. IT ALL COMES FROM AMMONIA --AS YOU KNOW -- WHICH IN TURN IS MADE WITH A HYDROCARBON, USUALLY GAS OR OIL. IT TAKES A TON OF OIL TO MAKE A TON OF AMMONIA, WHICH CONVERTS TO TWO OR THREE TONS OF FERTILIZER, DEPENDING ON THE TYPE.

IT MAY BE A SURPRISE TO YOU -- AS IT WAS TO ME -- TO LEARN THAT "THE PRINCIPAL RAW MATERIAL OF MODERN U. S. AGRICULTURE IS FOSSIL FUEL" (FROM NOVEMBER ISSUE OF SCIENCE MAGAZINE).

THE RECENT SHORTAGES IN MIDDLE EAST OIL HAVE HAD AN IMMEDIATE EFFECT ON FERTILIZER PRODUCTION. JAPAN, WHICH HAS BEEN THE LARGEST EXPORTER OF NITROGEN NUTRIENTS, IS SAID TO HAVE CUT SHIPMENTS BY ABOUT 30 PER CENT -- TO THE DISTRESS OF COUNTRIES WHICH DEPEND ON HER SUPPLY (SUCH AS INDIA).

THE PROSPECTS ARE NOT GOOD FOR MEETING WORLD FERTILIZER REQUIREMENTS. EVEN IF THE ENERGY CRISIS IS OVERCOME, THERE WILL REMAIN THE FORBIDDING REQUIREMENTS OF CAPITAL AND TECHNICAL MANPOWER TO BUILD FERTILIZER PLANTS ON THE SCALE THAT WOULD BE NEEDED. PERHAPS THE SCALE IS MOST SIGNIFICANT - THE EXPANDING WORLD POPULATION PRESSING ON THE LIMITS OF LAND AND AGRICULTURAL TECHNOLOGY.

WHAT CAN BE DONE? WELL, WE CAN ASSURE FERTILIZER PLANTS OF ENOUGH OIL AND GAS SUPPLIES. THIS IS BASIC. WE CAN CONSIDER NEW WAYS OF USING NATURAL FERTILIZERS, AS OPPOSED TO CHEMICAL FERTILIZERS. AND MAYBE THE LONG

TERM SOLUTION IS TO HOLD DOWN POPULATION GROWTH.

FOR THE OVERRIDING HUMAN PROBLEM WILL CONTINUE TO BE HOW TO FIND ENOUGH FOOD TO FEED ALL THE HUNGRY MOUTHS IN THE WORLD.

I WANT TO MAKE IT CLEAR THAT I BELIEVE AMERICANS MUST ASSUME A MAJOR SHARE OF THE BURDEN OF FEEDING THE WORLD, BUT IT WOULD BE MORALLY CALLOUS AND ECONOMICALLY IRRESPONSIBLE TO ATTEMPT TO DO THIS BY BANKRUPTING OUR SMALL FARMERS AND DRIVING THEM OFF THE LAND. WHAT IS THE POINT OF TRYING TO FEED THE WORLD IF WE GO BROKE HERE AT HOME? ALL I AM SUGGESTING IS THAT, YES, WE SHOULD TRY TO PRODUCE AS MUCH AS THE WORLD WILL BUY, BUT AT A FAIR RETURN FOR LABOR AND CAPITAL INVESTED HERE AT HOME. AND WE SHOULD NOT PRICE OUR OWN HOMEMAKERS OUT OF THE GROCERY STORE IN THE PROCESS.

A CASE IN POINT IS THE RUSSIAN WHEAT DEAL OF 1972. SOMETIMES REFERRED TO AS "THE GREAT AMERICAN GRAIN ROBBERY," MORE THAN 400 MILLION BUSHELS OF WHEAT (1/3 OF THE 1972 AMERICAN CROP) WERE SOLD TO THE RUSSIANS BY SIX BIG GRAIN COMPANIES. MOSCOW REAPED LOW PRICES AND THE COMPANIES REAPED HIGH PROFITS, BOTH DUE TO OUR GOVERNMENT'S INTERVENTION AND SUBSIDIZATION. (AMERICAN TAXPAYERS PAID ALMOST \$400 MILLION IN DIRECT SUBSIDIES IN CONNECTION WITH THE GRAIN SALE.)

THE WHEAT DEAL IS THE BEST EXAMPLE OF SNATCHING DEFEAT FROM THE JAWS OF VICTORY SINCE DEWEY "DEFEATED" TRUMAN A QUARTER OF A CENTURY AGO. AS THE OWNER OF THE WHEAT, THE UNITED STATES HAD A SELLER'S MARKET. HOWEVER, SECRETARY OF AGRICULTURE BUTZ AND ASSISTANT SECRETARY CARROLL BRUNTHAVER MANAGED TO HAVE US SELL AT A LOSS AND FURTHER STRAINED THE BUDGETS OF MILLIONS OF HOUSEHOLDS, ALREADY AT THE BREAKING POINT DUE TO THE CURRENT WAVE OF INFLATION. (IT IS ESTIMATED -- BY SCOOP JACKSON -- THAT THE WHEAT DEAL COST THE AMERICAN CONSUMER OVER \$1 BILLION IN INCREASED FOOD COSTS.)

INCREDIBLE AS IT MAY SEEM, AMERICA -- THE BREADBASKET OF THE WORLD -- MAY NOW BE FACING A WHEAT SHORTAGE. SOME ECONOMISTS THINK THAT BY LATE SPRING THE PRICE OF A LOAF OF BREAD MAY HAVE RISEN -- LIKE YEASTY DOUGH -- TO 75 CENTS. IF THE EARLY WHEAT HARVEST FALLS BELOW EXPECTATIONS, THE SITUATION COULD GET WORSE AND SHOPPERS WILL HAVE TO LINE UP TO BUY BREAD JUST AS MOTORISTS NOW LINE UP TO BUY GAS.

IS IT THE RESPONSIBILITY OF THE FEDERAL GOVERNMENT TO MAINTAIN WHEAT RESERVES ADEQUATE FOR OUR NATION'S NEEDS?

SO FAR THE NIXON ADMINISTRATION HAS SAID "NO." MR. BUTZ SAYS HE FAVORS A FREE-MARKET FARM POLICY (WHILE SUBSIDIZING THE BIG GRAIN COMPANIES) THAT ENCOURAGES WHEAT FARMERS TO GROW ALL THE WHEAT THEY CAN AND ALLOW EXPORTERS

TO SELL ALL THEY CAN TO FOREIGN BUYERS. THIS APPROACH LEAVES IT TO RISING DOMESTIC PRICES TO KEEP ENOUGH AMERICAN WHEAT AT HOME. CLEARLY THE GOVERNMENT IS MORE CONCERNED WITH FARM EXPORTS THAN WITH HOLDING DOWN THE COST OF LIVING IN THE UNITED STATES.

I FAVOR LEGISLATION NOW BEFORE THE SENATE TO PREVENT A RECURRENCE OF THE SOVIET DEAL AND ASSURE THAT ENOUGH AMERICAN WHEAT STAYS AT HOME. IT WOULD REQUIRE THE AGRICULTURE DEPARTMENT TO FORECAST AMERICAN PRODUCTION EACH YEAR, SET ASIDE THE AMOUNT NEEDED FOR DOMESTIC USE, AND ALLOCATE THE REMAINDER FOR FOREIGN SALE AND STOCK-PILING TO MEET EMERGENCY NEEDS. IN MY VIEW, IN OTHER WORDS, WE NEED AGRICULTURAL EXPORT CONTROLS. THE AMERICAN MARKET MUST BE STABLIZED.

THERE IS ONE OTHER AREA OF AGRICULTURAL POLICY IN WHICH "THE FOREIGN POLICY TAIL WAGS THE DOMESTIC POLICY DOG." IT, TOO, HAS A DIRECT IMPACT UPON NORTH CAROLINIANS. OF COURSE, I REFER TO THE RECENT MANIPULATIONS IN THE TOBACCO ALLOTMENT PROGRAM.

AS YOU ARE WELL AWARE, LAST DECEMBER -- IN ONE OF THOSE "SNEAK PLAYS" THE ADMINISTRATION IS INCLINED TO RUN -- SECRETARY BUTZ THREATENED TO USE HIS LEGAL AUTHORITY TO TERMINATE THE MARKETING QUOTA AND ACREAGE ALLOTMENT FOR FLUE-CURED TOBACCO FOR THE 1974-1975 YEAR. AFTER A NOTICE WAS QUIETLY SLIPPED INTO THE FEDERAL REGISTER -- A PUBLICATION CONTAINING MORE AUTHORITATIVE RULINGS THAN THE LAWS PASSED BY CONGRESS IT APPEARS -- SAYING THAT "CONSIDERATION" WAS BEING GIVEN TO ENDING THE PROGRAM, THE SECRETARY TURNED AROUND IN JANUARY AND ANNOUNCED AN INCREASE OF 10 PER CENT IN TOBACCO QUOTAS.

DESIGNED TO INCREASE EXPORTS AND IMPROVE OUR BALANCE OF PAYMENTS POSITION; THIS ACTION IN PURSUIT OF FOREIGN POLICY OBJECTIVES MAY SERVE TO DRIVE MORE FARMERS OFF THE FARM AND PLACE ESPECIALLY HEAVY BURDENS ON THE SMALL AND ELDERLY FARMERS WHO DEPEND ON THE LEASE AND TRANSFER PROVISION OF THE PROGRAM.

THE WISHES OF THE GROWERS HAVE BEEN IGNORED (IN JULY OF 1973 98% OF FLUE-CURED TOBACCO FARMERS VOTED IN FAVOR OF RETAINING THE PROGRAM AS IT WAS) AND THE REPRESENTATIVES OF THE PEOPLE IN CONGRESS ARE CHECKED BY PAST DELEGATIONS OF LAWMAKING AUTHORITY. THEREFORE, I HAVE CALLED ON CONGRESS TO REPEAL THE LEGISLATION GRANTING THE SECRETARY OF AGRICULTURE SO MUCH POWER.

EXPANDED PRODUCTION OF TOBACCO WILL LIKELY DRIVE THE PRICE DOWN, WHILE FUEL AND FERTILIZER COSTS ARE RISING RAPIDLY. (THE PRICE OF PROPANE USED TO CURE TOBACCO HAS INCREASED FROM 17¢ PER GALLON IN 1971 TO 31¢ IN 1974. GASOLINE HAS RISEN FROM 31¢ PER GALLON TO OVER 50¢ PER GALLON IN ONE YEAR. FERTILIZER HAS RISEN FROM \$68 PER TON TO \$112 SINCE 1973, ETC.) AND THERE WILL BE AN EVEN SMALLER CHANCE OF THE MARKETING SYSTEM IMPROVING. IN SHORT, THE TOBACCO FARMER WILL BE SQUEEZED ON BOTH ENDS AND IN THE MIDDLE.

ONLY THE LARGE FARMERS WILL BE ABLE TO SURVIVE. THE FAMILY FARM WILL RAPIDLY DISAPPEAR.

IT MAY BE ARGUED THAT WORLD TRADE CONSIDERATIONS SHOULD TAKE PRECEDENCE. AND THAT GREATER PRODUCTION MAKES FOR FREER TRADE. BUT WE WILL BE CUTTING OFF OUR NOSE TO SPITE OUR FACE.

THE TRUTH IS THIS: IF FARMING IS LEFT TO THE LARGE CORPORATE FARMS, AMERICANS WILL PAY MORE FOR EVERYTHING WHILE EXPERIENCING SHORTAGES. A DEVALUED CURRENCY WILL NOT STRENGTHEN OUR BALANCE OF PAYMENTS, BUT HARM IT INSTEAD. AND FAR FROM HAVING A FREER MARKET, WE WILL HAVE OLIGOPOLY IN AGRICULTURE. NOT TO MENTION WHAT WE WILL HAVE DONE TO DEVASTATE OUR RURAL SOCIETY.

I HAVE TRIED TO GIVE YOU MY THINKING ON THE COMPLEX INTER-RELATIONSHIPS BETWEEN THE ENERGY CRISIS, THE FARM CRISIS, AND AMERICA'S FOREIGN ENTANGLEMENTS. I AM FULLY AWARE THAT POLICIES THAT DIRECTLY AFFECT THE WAY OF LIFE OF NORTH CAROLINIANS ARE MADE IN WASHINGTON. THERE IS THE PLACE TO FIGHT. THAT IS WHY I AM SEEKING A SEAT IN THE UNITED STATES SENATE.